NEW ISSUES – BOOK-ENTRY ONLY

$377,635,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
STATE PERSONAL INCOME TAX REVENUE BONDS (GENERAL PURPOSE)

$91,110,000	$286,525,000
Series 2009G	Series 2009H
	(Federally Taxable – Build America Bonds)

Dated: Date of Delivery **Due**: As Shown on the Inside Cover

The Dormitory Authority of the State of New York State Personal Income Tax Revenue Bonds (General Purpose), Series 2009G (the "Series 2009G Bonds") and the Dormitory Authority of the State of New York State Personal Income Tax Revenue Bonds (General Purpose), Series 2009H (Federally Taxable – Build America Bonds) (the "Series 2009H Bonds", together with the Series 2009G Bonds, the "Series 2009 Bonds"), are special obligations of the Dormitory Authority of the State of New York (the "Authority"). The Series 2009 Bonds are secured by a pledge of certain payments (the "Financing Agreement Payments") to be made to the Trustee on behalf of the Authority by the State of New York (the "State") under a Financing Agreement between the Authority and the State. Financing Agreement Payments are payable from amounts legally required to be deposited into the Revenue Bond Tax Fund (as hereinafter defined) to provide for the payment of the Series 2009 Bonds and all other State Personal Income Tax Revenue Bonds (as hereinafter defined). The Revenue Bond Tax Fund receives a statutory allocation of 25 percent of State personal income tax receipts imposed by Article 22 of the Tax Law (the "New York State Personal Income Tax Receipts") as more fully described herein.

The Authority is one of five Authorized Issuers (hereinafter defined) that can issue State Personal Income Tax Revenue Bonds. All financing agreements entered into by the State to secure State Personal Income Tax Revenue Bonds shall be executory only to the extent of the revenues available in the Revenue Bond Tax Fund (as hereinafter defined). The obligation of the State to make financing agreement payments is subject to the State Legislature making annual appropriations for such purpose and such obligation does not constitute or create a debt of the State, nor a contractual obligation in excess of the amounts appropriated therefor. In addition, the State has no continuing legal or moral obligation to appropriate money for payments due under any financing agreement. Nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the State Personal Income Tax.

The Series 2009 Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall the Series 2009 Bonds be payable out of any funds other than those of the Authority pledged therefor. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of, premium, if any, or interest on the Series 2009 Bonds. The Authority has no taxing power.

The Series 2009 Bonds will be issued as fixed rate obligations, fully registered, in denominations of $5,000 or any integral multiple thereof. The Series 2009 Bonds will bear interest at the rates and mature at the times shown on the inside cover page hereof. Interest on the Series 2009 Bonds is payable on each March 15 and September 15, commencing March 15, 2010.

The Series 2009 Bonds will be initially issued under a book-entry only system and will be registered in the name of Cede & Co., as Bondholder and nominee of The Depository Trust Company, New York, New York. See "PART 7—BOOK-ENTRY ONLY SYSTEM" herein. Principal and premium, if any, and interest on the Series 2009 Bonds will be payable through U.S. Bank National Association, as Trustee and Paying Agent.

The Series 2009 Bonds are subject to redemption prior to maturity as more fully described herein.

In the opinion of Sidley Austin LLP, Special Tax Counsel, under current law and assuming compliance with certain covenants in the documents pertaining to the Series 2009G Bonds and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), as described herein, interest on the Series 2009G Bonds is not includable in the gross income of the owners of the Series 2009G Bonds for federal income tax purposes. In the opinion of Special Tax Counsel, under current law, interest on the Series 2009H Bonds is includable in gross income for federal income tax purposes. Special Tax Counsel is also of the opinion that under current law, interest on the Series 2009 Bonds is exempt from personal income taxes imposed by the State and any political subdivision thereof (including The City of New York and the City of Yonkers). In rendering the opinions described above, Special Tax Counsel is relying on the opinion of Harris Beach PLLC, Bond Counsel, to be delivered in connection with the issuance of the Series 2009 Bonds that the Series 2009 Bonds are valid and legally binding special limited obligations of the Authority. Special Tax Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2009 Bonds. See "PART 12—TAX MATTERS" herein.

The Series 2009 Bonds are offered, when, as and if issued and delivered to the Underwriters. The issuance of the Series 2009 Bonds is subject to approval of legality by Harris Beach PLLC, New York, New York, Bond Counsel to the Authority, and an opinion with respect to certain tax matters by Sidley Austin LLP, New York, New York, Special Tax Counsel, and to certain other conditions. Certain legal matters will be passed upon for the Underwriters by their counsel, Arent Fox LLP, New York, New York. It is expected that the Series 2009 Bonds will be available for delivery to The Depository Trust Company in New York, New York on or about October 20, 2009.

Series 2009G Bonds	Series 2009H Bonds
Goldman, Sachs & Co.	**Goldman, Sachs & Co.**
Citi **Merrill Lynch & Co.** **MR Beal & Company**	**Citi** **Merrill Lynch & Co.** **MR Beal & Company**
	Morgan Keegan & Company, Inc. **Rice Financial Products Company**
	Siebert Branford Shank & Co., LLC **Wachovia Bank, National Association**

October 8, 2009

MATURITIES, AMOUNTS, INTEREST RATES, PRICES OR YIELDS AND CUSIP NUMBERS

$91,110,000
State Personal Income Tax Revenue Bonds (General Purpose)
Series 2009G

Due March 15	Amount	Interest Rate	Yield	CUSIP Numbers†	Due March 15	Amount	Interest Rate	Yield	CUSIP Number†
2010	$1,200,000	1.50%	0.40%	649902 H55	2015	120,000	4.00%	2.32%	649902 J87
2011	3,270,000	2.50	0.84	649902 H63	2015	7,465,000	5.00	2.32	649902 J95
2011	7,025,000	3.00	0.84	649902 H71	2016	1,670,000	4.00	2.62	649902 K28
2012	1,785,000	2.50	1.28	649902 H89	2016	150,000	5.00	2.62	649902 K36
2012	1,275,000	3.00	1.28	649902 H97	2017	10,745,000	5.00	2.88	649902 K44
2013	425,000	3.00	1.64	649902 J20	2018	12,870,000	5.00	3.06	649902 K51
2013	275,000	4.00	1.64	649902 J38	2019	710,000	4.00	3.19	649902 K69
2013	6,280,000	5.00	1.64	649902 J46	2019	8,510,000	5.00	3.19	649902 K77
2014	1,085,000	3.00	2.00	649902 J53	2020*	300,000	4.00	3.31	649902 K85
2014	315,000	4.00	2.00	649902 J61	2020*	9,465,000	5.00	3.31	649902 K93
2014	5,920,000	5.00	2.00	649902 J79	2021*	10,250,000	5.00	3.42	649902 L27

$286,525,000
State Personal Income Tax Revenue Bonds (General Purpose)
Series 2009H (Federally Taxable - Build America Bonds)

$36,525,000 4.723% Term Bonds due March 15, 2024 Price 100% CUSIP Number 649902 H30†

$250,000,000 5.427% Term Bonds due March 15, 2039 Price 100% CUSIP Number 649902 H48†

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* Priced to the March 15, 2019 par call.

† Copyright, American Bankers Association. CUSIP numbers have been assigned by Standard & Poor's, CUSIP Service Bureau and are provided solely for the convenience of the holders of the Series 2009 Bonds. The Authority is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series 2009 Bonds or as indicated above. The CUSIP numbers are subject to change after the issuance of the Series 2009 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of the Series 2009 Bonds.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2009 Bonds by any person in any jurisdiction in which it is unlawful for the person to make such offer, solicitation or sale. The information set forth herein has been provided by the Authority, the State and other sources which are believed to be reliable by the Authority, and with respect to the information supplied or authorized by the State, is not to be construed as a representation by the Authority. The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in the Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information. The information herein is subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the State. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2009 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS WHICH, TO THE EXTENT THEY ARE NOT RECITATIONS OF HISTORICAL FACT, CONSTITUTE “FORWARD LOOKING STATEMENTS.” IN THIS RESPECT, THE WORDS “ESTIMATE”, “PROJECT”, “ANTICIPATE”, “EXPECT”, “INTEND”, “BELIEVE” AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. A NUMBER OF IMPORTANT FACTORS AFFECTING THE AUTHORITY AND THE STATE’S FINANCIAL RESULTS COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE STATED IN THE FORWARD-LOOKING STATEMENTS.

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PART 1—SUMMARY STATEMENT

This Summary Statement is subject in all respects to more complete information contained in this Official Statement and should not be considered a complete statement of the facts material to making an investment decision. The offering of the Series 2009 Bonds to potential investors is made only by means of the entire Official Statement. Capitalized terms used in this Summary Statement and not defined in this Summary Statement will have the meanings given to such terms elsewhere in this Official Statement.

State Personal Income Tax Revenue Bond Financing Program	Part I of Chapter 383 of the Laws of New York of 2001, as amended from time to time (the "Enabling Act"), provides for the issuance of, and a source of payment for, State Personal Income Tax Revenue Bonds (the "State Personal Income Tax Revenue Bonds") by establishing the Revenue Bond Tax Fund (the "Revenue Bond Tax Fund") held separate and apart from all other moneys of New York State (the "State") in the joint custody of the State Commissioner of Taxation and Finance (the "Commissioner") and the Comptroller of the State (the "State Comptroller"). The Enabling Act authorizes the Dormitory Authority of the State of New York (the "Authority"), the New York State Environmental Facilities Corporation, the New York State Housing Finance Agency, the New York State Thruway Authority and the New York State Urban Development Corporation (collectively, the "Authorized Issuers") to issue State Personal Income Tax Revenue Bonds for certain authorized purposes (the "Authorized Purposes"). All five Authorized Issuers have adopted one or more general resolutions and have executed financing agreements with the Director of the Division of the Budget of the State (the "Director of the Budget") pursuant to the Enabling Act. The financing agreements and the general resolutions for State Personal Income Tax Revenue Bonds issued by the Authorized Issuers have substantially identical terms except for applicable references to, and requirements of, the Authorized Issuer and the Authorized Purposes. References to financing agreements, financing agreement payments and general resolutions contained in this Official Statement mean generically the financing agreements, financing agreement payments and general resolutions of all Authorized Issuers, including the Authority. State Personal Income Tax Revenue Bonds issued by an Authorized Issuer are secured by a pledge of (i) the payments made pursuant to a financing agreement entered into by such Authorized Issuer with the Director of the Budget and (ii) certain funds held by the applicable trustee or Authorized Issuer under a general resolution and the investment earnings thereon; which together constitute the pledged property under the applicable general resolution.
Purpose of Issue; Security for Series 2009 Bonds	The Series 2009 Bonds are being issued to fund projects and capital expenditures for City University of New York Senior and Community College facilities. In addition, proceeds of the Series 2009 Bonds will be used to pay all or part of the cost of issuance of the Series 2009 Bonds. See "PART 2—INTRODUCTION" and "PART 6—THE PROJECTS" for a more complete description of the application of proceeds of the Series 2009 Bonds.

Purpose of Issue; Security for Series 2009 Bonds (continued)

The Series 2009 Bonds are special obligations of the Authority, secured by a pledge of the financing agreement payments (the "Financing Agreement Payments") to be made by the State Comptroller to the Trustee pursuant to the a financing agreement entered into by the Authority with the Director of the Budget (the "Financing Agreement").

The Series 2009 Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall the Series 2009 Bonds be payable out of any funds other than those of the Authority pledged therefor. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of or interest on the Series 2009 Bonds. The Authority has no taxing power.

The Series 2009 Bonds are not secured by the projects financed with the proceeds of the Series 2009 Bonds or any interest therein.

Sources of Payment and Security for State Personal Income Tax Revenue Bonds— Revenue Bond Tax Fund Receipts

The Enabling Act provides that 25 percent of the receipts from the New York State personal income tax, which exclude refunds owed to taxpayers (the "New York State Personal Income Tax Receipts"), shall be deposited in the Revenue Bond Tax Fund. Legislation, effective April 1, 2007, increased deposits to the Revenue Bond Tax Fund by amending the Enabling Act to provide that deposits to the Revenue Bond Tax Fund be calculated before the deposit of New York State personal income tax receipts to the School Tax Relief Fund (the "STAR Fund"). Prior to such date, New York State Personal Income Tax Receipts were also net of STAR Fund deposits.

The State Comptroller is required by the Enabling Act to deposit in the Revenue Bond Tax Fund all of the receipts collected from payroll withholding taxes (the "Withholding Component") until an amount equal to 25 percent of the estimated monthly New York State Personal Income Tax Receipts has been deposited into the Revenue Bond Tax Fund (the "Revenue Bond Tax Fund Receipts").

New York State Personal Income Tax Receipts, the Withholding Component and the Revenue Bond Tax Fund Receipts for State Fiscal Years 2007-08 through 2009-10 are as follows:

State Fiscal Year	New York State Personal Income Tax Receipts	Withholding Component	Revenue Bond Tax Fund Receipts**
		in billions	
2007-08	$36.6	$28.4	$9.1
2008-09	36.8	27.7	9.2
2009-10*	36.1	29.3	9.0

* As estimated in the First Quarterly Update to the 2009-10 Financial Plan.
** Reflects legislation effective April 1, 2007 that calculates Revenue Bond Tax Fund Receipts prior to the deposit of New York State personal income tax receipts to the STAR Fund.

The Series 2009 Bonds are special obligations of the Authority, being secured by, among other things, a pledge of Financing Agreement Payments to be made by the State Comptroller to the Trustee on behalf of the Authority and certain funds held by the Trustee under the Authority's State Personal Income Tax Revenue Bonds (General Purpose) General Bond Resolution (the "General Resolution").

Sources of Payment and Security for State Personal Income Tax Revenue Bonds—Revenue Bond Tax Fund Receipts (continued)	The Series 2009 Bonds are issued on a parity with all other Bonds which may be issued under the General Resolution. All State Personal Income Tax Revenue Bonds are on a parity with each other as to payments from the Revenue Bond Tax Fund, subject to annual appropriation from the State. Financing agreement payments are made from certain personal income taxes imposed by the State of New York on a statewide basis and deposited, as required by the Enabling Act, to the Revenue Bond Tax Fund. The financing agreement payments are to be paid by the State Comptroller to the applicable trustees on behalf of the Authorized Issuers from amounts deposited to the Revenue Bond Tax Fund. Financing agreement payments are to equal amounts necessary to pay the debt service and other cash requirements on all State Personal Income Tax Revenue Bonds. **All payments required by financing agreements entered into by the State are executory only to the extent of the revenues available in the Revenue Bond Tax Fund. The obligation of the State to make financing agreement payments is subject to the State Legislature (the "State Legislature") making annual appropriations for such purpose and such obligation does not constitute or create a debt of the State, nor a contractual obligation in excess of the amounts appropriated therefor. In addition, the State has no continuing legal or moral obligation to appropriate money for payments due under any financing agreement.** The Enabling Act provides that: (i) no person (including the Authorized Issuers or the holders of State Personal Income Tax Revenue Bonds) shall have any lien on amounts on deposit in the Revenue Bond Tax Fund; (ii) Revenue Bond Tax Fund Receipts, which have been set aside in sufficient amounts to pay when due the financing agreement payments of all Authorized Issuers, shall remain in the Revenue Bond Tax Fund (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until they are appropriated and used to make financing agreement payments; and (iii) nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the New York State Personal Income Tax. For additional information, see "PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS" and "PART 4—SOURCES OF NEW YORK STATE PERSONAL INCOME TAX RECEIPTS FOR THE REVENUE BOND TAX FUND." The Series 2009 Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall the Series 2009 Bonds be payable out of any funds other than those of the Authority pledged therefor. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of or interest on the Series 2009 Bonds. The Authority has no taxing power.

Set Aside for Purpose of Making Financing Agreement Payments	The Enabling Act, general resolutions and financing agreements provide procedures for setting aside Revenue Bond Tax Fund Receipts designed to ensure that sufficient amounts are available in the Revenue Bond Tax Fund to make financing agreement payments to the applicable trustees on behalf of all Authorized Issuers, subject to annual appropriation by the State Legislature. The Enabling Act requires the Director of the Budget to annually prepare a certificate (which may be amended as necessary or required) which estimates monthly Revenue Bond Tax Fund Receipts anticipated to be deposited to the Revenue Bond Tax Fund and the amount of all set-asides necessary to make all financing agreement payments of all the Authorized Issuers. The Director of the Budget has prepared such certificate for State Fiscal Year 2009-10. See "PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS."
Availability of General Fund to Satisfy Set-Aside of Revenue Bond Tax Fund Receipts	If at any time the amount of Revenue Bond Tax Fund Receipts set aside, as certified by the Director of the Budget, is insufficient to make all appropriated financing agreement payments on all State Personal Income Tax Revenue Bonds, the State Comptroller is required by the Enabling Act, without further appropriation, to immediately transfer amounts from the General Fund of the State to the Revenue Bond Tax Fund sufficient to satisfy the cash requirements of the Authorized Issuers. Subject to annual appropriation, amounts so transferred to the Revenue Bond Tax Fund will be applied to pay the required financing agreement payments.
Moneys Held in Revenue Bond Tax Fund if State Fails to Appropriate or Pay Required Amounts	In the event that (i) the State Legislature fails to appropriate all amounts required to make financing agreement payments on State Personal Income Tax Revenue Bonds to all Authorized Issuers or (ii) having been appropriated and set aside pursuant to a certificate of the Director of the Budget, financing agreement payments have not been made when due on any State Personal Income Tax Revenue Bonds, the Enabling Act requires that all of the receipts from the Withholding Component shall continue to be set aside in the Revenue Bond Tax Fund until amounts on deposit in the Revenue Bond Tax Fund equal the greater of 25 percent of annual New York State Personal Income Tax Receipts or six billion dollars ($6,000,000,000). Other than to make financing agreement payments from appropriated amounts, the Enabling Act prohibits the transfer of moneys in the Revenue Bond Tax Fund to any other fund or account or use of such moneys by the State for any other purpose (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until such time as the required appropriations and all required financing agreement payments have been made to the trustees, on behalf of each Authorized Issuer, including the Authority. After the required appropriations and financing agreement payments have been made, excess moneys in the Revenue Bond Tax Fund are paid over and distributed to the credit of the State's General Fund. See "PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS—Moneys Held in the Revenue Bond Tax Fund."

Additional Bonds and Debt Service Coverage	As provided in each of the general resolutions, additional bonds may be issued only if the amount of Revenue Bond Tax Fund Receipts for any 12 consecutive calendar months ended not more than six months prior to the date of such calculation, as certified by the Director of the Budget, is at least 2.0 times the maximum Calculated Debt Service on all outstanding State Personal Income Tax Revenue Bonds, additional State Personal Income Tax Revenue Bonds proposed to be issued and any additional amounts payable with respect to parity reimbursement obligations. Subject to: (i) statutory limitations on the maximum amount of bonds permitted to be issued by Authorized Issuers for Authorized Purposes and (ii) the additional bonds test described above, the Authority and other Authorized Issuers may issue additional State Personal Income Tax Revenue Bonds. In accordance with the additional bonds test above, Revenue Bond Tax Fund Receipts of approximately $9.2 billion are available to pay financing agreement payments on a pro forma basis, which amount represents 5.9 times the maximum annual Debt Service for all Outstanding State Personal Income Tax Revenue Bonds, including the debt service on the Series 2009 Bonds and the $58.56 million of State Personal Income Tax Revenue Bonds (Education) (the "Authority PIT Education Bonds") to be issued by the Authority on the same day as the date of delivery of the Series 2009 Bonds. Assuming the issuance of approximately $1.5 billion of State Personal Income Tax Revenue Bonds by the New York State Urban Development Corporation (the "UDC PIT Bonds") contemporaneously with the issuance of the Series 2009 Bonds, the Revenue Bond Tax Fund Receipts that would be available in Fiscal Year 2009-10 to pay financing agreement payments would be approximately 5.3 times the maximum aggregate Debt Service for all Outstanding State Personal Income Tax Revenue Bonds, including the debt service on the Series 2009 Bonds, the Authority PIT Education Bonds and the projected debt service on the UDC PIT Bonds. As noted above, however, additional bonds may not be issued unless the additional bonds test under the respective general resolution has been met. See "PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS—Additional Bonds." As of September 15, 2009, approximately $16.4 billion of State Personal Income Tax Revenue Bonds were outstanding.
Continuing Disclosure	In order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission, all Authorized Issuers, the State and each applicable trustee, including the Trustee have entered into a Master Continuing Disclosure Agreement, as amended and restated. See "PART 18—CONTINUING DISCLOSURE."

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DORMITORY AUTHORITY – STATE OF NEW YORK 515 BROADWAY, ALBANY, N.Y. 12207
PAUL T. WILLIAMS, JR. – EXECUTIVE DIRECTOR ALFONSO L. CARNEY, JR., ESQ. – CHAIR

OFFICIAL STATEMENT

Relating to

$377,635,000
DORMITORY AUTHORITY OF THE STATE OF NEW YORK
STATE PERSONAL INCOME TAX REVENUE BONDS (GENERAL PURPOSE)

$91,110,000 **Series 2009G**	**$286,525,000** **Series 2009H** **(Federally Taxable – Build America Bonds)**

PART 2—INTRODUCTION

The purpose of this Official Statement, including the cover page, the inside cover page and appendices, is to set forth certain information concerning the Dormitory Authority of the State of New York (the "Authority"), a public benefit corporation of the State of New York (the "State"), in connection with the offering by the Authority of its $91,110,000 State Personal Income Tax Revenue Bonds (General Purpose), Series 2009G (the "Series 2009G Bonds") and $286,525,000 State Personal Income Tax Revenue Bonds (General Purpose), Series 2009H (Federally Taxable – Build America Bonds) (the "Series 2009H Bonds", together with the Series 2009G Bonds, the "Series 2009 Bonds"). The interest rates, maturity dates, and prices or yields of the Series 2009 Bonds being offered hereby are set forth on the inside cover page of this Official Statement.

This Official Statement also summarizes certain information concerning the provisions of the State Finance Law with respect to the issuance of State Personal Income Tax Revenue Bonds (the "State Personal Income Tax Revenue Bonds"), including the Series 2009 Bonds, and the statutory allocation of 25 percent of the receipts from the New York State Personal Income Tax imposed by Article 22 of the New York State Tax Law ("Tax Law") which, pursuant to Section 171-a of the Tax Law (the "New York State Personal Income Tax Receipts"), are required to be deposited in the Revenue Bond Tax Fund (the "Revenue Bond Tax Fund") to provide for the payment of State Personal Income Tax Revenue Bonds. Such New York State Personal Income Tax Receipts currently exclude refunds owed to taxpayers.

The State expects that State Personal Income Tax Revenue Bonds will continue to be the primary financing vehicle for a broad range of State-supported financing programs secured by service contract, financing agreement or lease-purchase payments subject to appropriation by the State Legislature.

The Authority is a public benefit corporation of the State, created for the purpose of financing and constructing a variety of public-purpose facilities for certain educational, governmental and not-for-profit institutions. The Authority has no taxing power. See "PART 10—THE AUTHORITY."

The Series 2009 Bonds are authorized to be issued pursuant to Part I of Chapter 383 of the Laws of New York of 2001, as amended from time to time (the "Enabling Act"), and the Dormitory Authority Act, constituting Title 4 of Article 8 of the Public Authorities Law of the State of New York, as amended and supplemented (the "Authority Act"), and other provisions of State law. The Enabling Act authorizes the Authority, the New York State Environmental Facilities Corporation, the New York State Housing Finance Agency, the New York State Thruway Authority and the New York State Urban Development Corporation (collectively, the "Authorized Issuers") to issue State Personal Income Tax Revenue Bonds for certain purposes for which State-supported Debt (as defined by Section 67-a of the State Finance Law and as limited by the Enabling Act) may be issued ("Authorized Purposes"). Legislation has been enacted permitting the transfer of other monies into the Revenue Bond Tax Fund.

The Series 2009 Bonds are additionally authorized under the Authority's State Personal Income Tax Revenue Bonds (General Purpose) General Bond Resolution, adopted by the Authority on April 29, 2009 (the "General Resolution"), as supplemented by the Authority's Supplemental Resolution 2009-6 Authorizing State Personal Income Tax Revenue Bonds (General Purpose), adopted by the Authority on September 23, 2009 (the "Series 2009 Supplemental Resolution") and a Certificate of Determination delivered by an Authorized Officer of the Authority, dated October 8, 2009, setting forth certain terms of the Series 2009 Bonds. Such Certificate of Determination, together with the General Resolution and the Supplemental Resolution, except as the context otherwise indicates, are collectively referred to as the "Resolutions", and any bonds issued pursuant to the General Resolution, including the Series 2009 Bonds, being herein referred to as the "Bonds").

The Series 2009 Bonds, and any additional series of Bonds which have heretofore been issued and which may hereafter be issued under the General Resolution, will be equally and ratably secured thereunder. The Series 2009 Bonds and all other State Personal Income Tax Revenue Bonds issued by an Authorized Issuer are secured by a pledge of (i) the payments made pursuant to one or more financing agreements entered into by such Authorized Issuer with the Director of the Division of the Budget of the State (the "Director of the Budget") and (ii) certain funds held by the applicable trustee or Authorized Issuer under a general resolution and the investment earnings thereon; collectively the "Pledged Property." The financing agreements and the general resolutions for State Personal Income Tax Revenue Bonds issued by the Authorized Issuers have substantially identical terms except for applicable references to, and requirements of, the Authorized Issuer and the Authorized Purposes. The financing agreement payments are to equal amounts necessary to pay the debt service and other cash requirements on all State Personal Income Tax Revenue Bonds. The making of financing agreement payments to the Authorized Issuers is subject to annual appropriation by the State Legislature.

References to financing agreements, financing agreement payments and general resolutions contained in this Official Statement mean generically the financing agreements, financing agreement payments and general resolutions of all Authorized Issuers, including the Authority. Descriptions of the provisions of the Enabling Act contained in this Official Statement are of the Enabling Act as it exists on the date of this Official Statement.

All State Personal Income Tax Revenue Bonds are on a parity with each other as to payments from the Revenue Bond Tax Fund, subject to annual appropriation by the State. As of September 15, 2009, approximately $16.4 billion of State Personal Income Tax Revenue Bonds were Outstanding. See "PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS—Series 2009 Bonds" and "—Additional Bonds."

The Series 2009 Bonds are being issued for the purpose of funding capital expenditures for City University of New York ("CUNY") Senior and Community College facilities. Additionally, all or a portion of the cost of issuance of the Series 2009 Bonds will be financed with the proceeds thereof. **The Series 2009 Bonds are not secured by the Projects or any interest therein.**

The Series 2009 Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall the Series 2009 Bonds be payable out of any funds other than those of the Authority pledged therefor. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of, premium, if any, or interest on the Series 2009 Bonds. The Authority has no taxing power.

Capitalized terms used herein unless otherwise defined have the same meaning as ascribed to them in the General Resolution. See "APPENDIX B—SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION—Certain Defined Terms."

PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS

The Revenue Bond Tax Fund

The Enabling Act provides a source of payment for State Personal Income Tax Revenue Bonds by establishing the Revenue Bond Tax Fund for the purpose of setting aside New York State Personal Income Tax Receipts sufficient to make financing agreement payments to Authorized Issuers. The Enabling Act establishes the Revenue Bond Tax Fund to be held in the joint custody of the Comptroller of the State (the "State Comptroller") and the State Commissioner of Taxation and Finance (the "Commissioner") and requires that all moneys on deposit in the Revenue Bond Tax Fund be held separate and apart from all other moneys in the joint custody of the State Comptroller and the Commissioner. The source of the financing agreement payments is a statutory allocation of 25 percent of the receipts from the New York State Personal Income Tax imposed by Article 22 of the New York State Tax Law which, pursuant to Section 171-a of the Tax Law, are deposited in the Revenue Bond Tax Fund. Legislation, effective April 1, 2007, increased deposits to the Revenue Bond Tax Fund by amending the Enabling Act to provide that deposits to the Revenue Bond Tax Fund be calculated before the deposit of New York State personal income tax receipts to the School Tax Relief Fund (the "STAR Fund"). Prior to such date New York State personal income tax receipts were net of refunds and deposits to the STAR Fund. See "PART 4—SOURCES OF NEW YORK STATE PERSONAL INCOME TAX RECEIPTS FOR THE REVENUE BOND TAX FUND—Revenue Bond Tax Fund Receipts."

Financing agreement payments made from amounts set aside in the Revenue Bond Tax Fund are subject to annual appropriation for such purpose by the State Legislature. The Enabling Act provides that: (i) no person (including the Authorized Issuers or the holders of State Personal Income Tax Revenue Bonds) shall have any lien on amounts on deposit in the Revenue Bond Tax Fund; (ii) Revenue Bond Tax Fund Receipts, which have been set aside in sufficient amounts to pay when due the financing agreement payments of all Authorized Issuers, shall remain in the Revenue Bond Tax Fund (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until they are appropriated and used to make financing agreement payments; and (iii) nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes imposed by Article 22 of the Tax Law.

Series 2009 Bonds

The Series 2009 Bonds are special obligations of the Authority, secured by and payable solely from Financing Agreement Payments payable by the State Comptroller to U.S. Bank National Association, as Trustee and Paying Agent (the "Trustee" or "Paying Agent") on behalf of the Authority in accordance with the terms and provisions of a Financing Agreement by and between the Authority and the Director of the Budget, subject to annual appropriation by the State Legislature, and the Funds and accounts established under the General Resolution (other than the Rebate Fund and other Funds as provided in such Resolution). A copy of the form of the Financing Agreement relating to the Series 2009 Bonds is included as Appendix C hereto. The Series 2009 Bonds are entitled to a lien, created by a pledge under the General Resolution, on the Pledged Property.

The Enabling Act permits the Authority and the other Authorized Issuers to issue additional State Personal Income Tax Revenue Bonds subject to statutory limitations on the maximum amount of bonds permitted to be issued by Authorized Issuers for Authorized Purposes and the additional bonds test described herein included in each of the general resolutions authorizing State Personal Income Tax Revenue Bonds.

In accordance with the additional bonds test above, Revenue Bond Tax Fund Receipts of approximately $9.2 billion are available to pay financing agreement payments on a pro forma basis, which amount represents approximately 5.9 times the maximum annual Debt Service for all Outstanding State Personal Income Tax Revenue Bonds, including the debt service on the Series 2009 Bonds and the $58.56 million of State Personal Income Tax Revenue Bonds (Education) (the "Authority PIT Education Bonds") to be issued by the Authority on the same day as the date of delivery of the Series 2009 Bonds. Assuming the issuance of approximately $1.5 billion of State Personal Income Tax Revenue Bonds by the New York State Urban Development Corporation (the "UDC PIT Bonds") contemporaneously with the issuance of the Series 2009 Bonds, the Revenue Bond Tax Fund Receipts that would be available in Fiscal Year 2009-10 to pay financing agreement payments would be approximately 5.3 times the maximum aggregate Debt Service for all Outstanding State Personal Income Tax Revenue Bonds, including the debt service on the Series 2009 Bonds, the Authority PIT Education Bonds and the projected debt service on the UDC PIT Bonds. As noted above, however, additional bonds may not be issued unless the additional bonds test under the respective general resolution has been met. See "—Additional Bonds" below.

The revenues, facilities, properties and any and all other assets of the Authority of any name and nature, other than the Pledged Property, may not be used for, or, as a result of any court proceeding or otherwise applied to, the payment of State Personal Income Tax Revenue Bonds, any redemption premium therefor or the interest thereon or any other obligations under the General Resolution, and under no circumstances shall these be available for such purposes. See "PART 10—THE AUTHORITY" for a further description of the Authority.

Designation of Series 2009H Bonds as "Build America Bonds"

The Authority intends to make irrevocable elections to treat the Series 2009H Bonds as "Build America Bonds" under Section 54AA of the Internal Revenue Code of 1986, as amended (the "Code") for which it will receive, pursuant to Sections 54AA(g) and 6431 of the Code, a cash subsidy payment from the United States Treasury equal to thirty-five percent (35%) of the interest payable by the Authority on the Series 2009H Bonds. It is expected that any cash subsidy payments received will be deposited, upon receipt, to the credit of the State. **Such subsidy payment will not constitute Revenues under the Resolutions, and will not be pledged as security for the Bonds, including the Series 2009 Bonds.**

Certification of Payments to be Set Aside in Revenue Bond Tax Fund

The Enabling Act, the general resolutions and the financing agreements provide procedures for setting aside amounts from the New York State Personal Income Tax Receipts deposited to the Revenue Bond Tax Fund to ensure that sufficient amounts will be available to make financing agreement payments, when due, to the applicable trustees on behalf of the Authority and the other Authorized Issuers.

The Enabling Act provides that:

1. No later than October 1 of each year, each Authorized Issuer must submit its State Personal Income Tax Revenue Bond cash requirements (which shall include financing agreement payments) for the following State Fiscal Year and, as required by the financing agreements, each of the subsequent four State Fiscal Years to the Division of the Budget.

2. No later than thirty (30) days after the submission of the Executive Budget in accordance with Article VII of the State Constitution, the Director of the Budget shall prepare a certificate which sets forth an estimate of:

    (a) 25 percent of the amount of the estimated monthly New York State Personal Income Tax Receipts to be deposited in the Revenue Bond Tax Fund pursuant to the Enabling Act during that State Fiscal Year; and

    (b) the monthly amounts necessary to be set aside in the Revenue Bond Tax Fund to make the financing agreement payments required to meet the cash requirements of the Authorized Issuers.

3. In the case of financing agreement payments due semi-annually, Revenue Bond Tax Fund Receipts shall be set aside monthly until such amount is equal to not less than the financing agreement payments for State Personal Income Tax Revenue Bonds of all Authorized Issuers in the following month as certified by the Director of the Budget.

4. In the case of financing agreement payments due on a more frequent basis, monthly Revenue Bond Tax Fund Receipts shall be set aside monthly until such amount is, in accordance with the certificate of the Director of the Budget, sufficient to pay the required payment on each issue on or before the date such payment is due.

In addition, the general resolutions and the financing agreements require the State Comptroller to set aside, monthly, in the Revenue Bond Tax Fund, amounts such that the combined total of the (i) amounts previously set aside and on deposit in the Revenue Bond Tax Fund and (ii) amount of estimated monthly New York State Personal Income Tax Receipts required to be deposited to the Revenue Bond Tax Fund as provided in 2(a) above, are not less than 125 percent of the financing agreement payments required to be paid by the State Comptroller to the trustees on behalf of the Authorized Issuers in the following month.

The Director of the Budget may amend such certification as shall be necessary, provided that the Director of the Budget shall amend such certification no later than thirty (30) days after the issuance of any State Personal Income Tax Revenue Bonds, including refunding bonds, or after the execution of any interest rate exchange (or “swap”) agreements or other financial arrangements which may affect the cash requirements of any Authorized Issuer.

The Enabling Act provides that on or before the twelfth day of each month, the Commissioner shall certify to the State Comptroller the actual New York State Personal Income Tax Receipts for the prior month and, in addition, no later than March 31 of each State Fiscal Year, the Commissioner shall certify such amounts relating to the last month of the State Fiscal Year. At such times, the Enabling Act provides that the State Comptroller shall adjust the amount of estimated New York State Personal Income Tax Receipts deposited to the Revenue Bond Tax Fund from the Withholding Component to the actual amount certified by the Commissioner.

Set Aside of Revenue Bond Tax Fund Receipts

As provided by the Enabling Act, the general resolutions, the financing agreements, and the certificate of the Director of the Budget, the State Comptroller is required to:

1. Beginning on the first day of each month, deposit all of the daily receipts from the Withholding Component to the Revenue Bond Tax Fund until there is on deposit in the Revenue Bond Tax Fund an amount equal to 25 percent of estimated monthly New York State Personal Income Tax Receipts.

2. Set aside, monthly, amounts on deposit in the Revenue Bond Tax Fund, such that the combined total of the (i) amounts previously set aside and on deposit in the Revenue Bond Tax Fund and (ii) amount of estimated monthly New York State Personal Income Tax Receipts required to be deposited to the Revenue Bond Tax Fund in such month, are not less than 125 percent of the financing agreement payments required to be paid by the State Comptroller to the trustees on behalf of all the Authorized Issuers in the following month.

The Enabling Act provides that Revenue Bond Tax Fund Receipts which have been set aside in sufficient amounts to pay, when due, the financing agreement payments of all Authorized Issuers shall remain in the Revenue Bond Tax Fund (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until they are appropriated and used to make financing agreement payments.

Subject to appropriation by the State Legislature, upon receipt of a request for payment from any Authorized Issuer pursuant to a financing agreement, the State Comptroller shall pay over to the trustee, on behalf of such Authorized Issuer, such amount. In the event that Revenue Bond Tax Fund Receipts are insufficient to meet the debt service and other cash requirements of all the Authorized Issuers as set forth in the certificate of the Director of the Budget, the State Comptroller is required by the Enabling Act, without further appropriation, to immediately transfer amounts from the General Fund of the State to the Revenue Bond Tax Fund. Amounts so transferred to the Revenue Bond Tax Fund can only be used to pay financing agreement payments (except, if necessary, for payments authorized to be made to the holders of State general obligation debt).

Flow of Revenue Bond Tax Fund Receipts

The following chart summarizes the flow of Revenue Bond Tax Fund Receipts.

On or Before October 1

Authorized Issuers submit State Personal Income Tax Revenue Bond cash requirements (which include financing agreement payments) for the following State Fiscal Year and four subsequent State Fiscal Years to the Division of the Budget

No later than 30 Days after Budget Submission (Mid-February)

Director of the Budget submits certificate to State Comptroller which estimates for the following fiscal year:*

- 25% of monthly State Personal Income Tax Receipts to be deposited in Revenue Bond Tax Fund
- Monthly set-asides for financing agreement payments and other cash requirements (for outstanding bonds and projected issuances)

Beginning on the First Day of Each Month

100% of daily receipts from the Withholding Component flow to Revenue Bond Tax Fund until 25% of estimated monthly New York State Personal Income Tax Receipts has been deposited**

State Personal Income Tax Receipts, which have been set aside to make financing agreement payments and meet other cash requirements, are required to remain in Revenue Bond Tax Fund until appropriated and paid to the Trustee on behalf of the Authorized Issuers

After the monthly amounts necessary to make financing agreement payments and meet other cash requirements have been set aside, and assuming appropriations have been enacted and any required payments have been made by the State Comptroller, excess moneys in Revenue Bond Tax Fund flow to the General Fund

12th Day of the following Month

Commissioner of Taxation and Finance certifies to the State Comptroller 25% of actual New York State Personal Income Tax Receipts for prior month and the State Comptroller adjusts deposits to the Revenue Bond Tax Fund accordingly

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* The Director of the Budget can amend the certification at any time to more precisely account for a revised New York State Personal Income Tax Receipts estimate or actual debt service and other cash requirements, and to the extent necessary, shall do so not later than thirty days after the issuance of any State Personal Income Tax Revenue Bonds.

** The State can certify and set aside New York State Personal Income Tax Receipts in excess of the next month's financing agreement payment requirements to ensure amounts previously set aside and on deposit in the Revenue Bond Tax Fund together with 25 percent of estimated monthly New York State Personal Income Tax Receipts to be deposited in such month are not less than 125 percent of all financing agreement payments due in the following month.

Moneys Held in the Revenue Bond Tax Fund

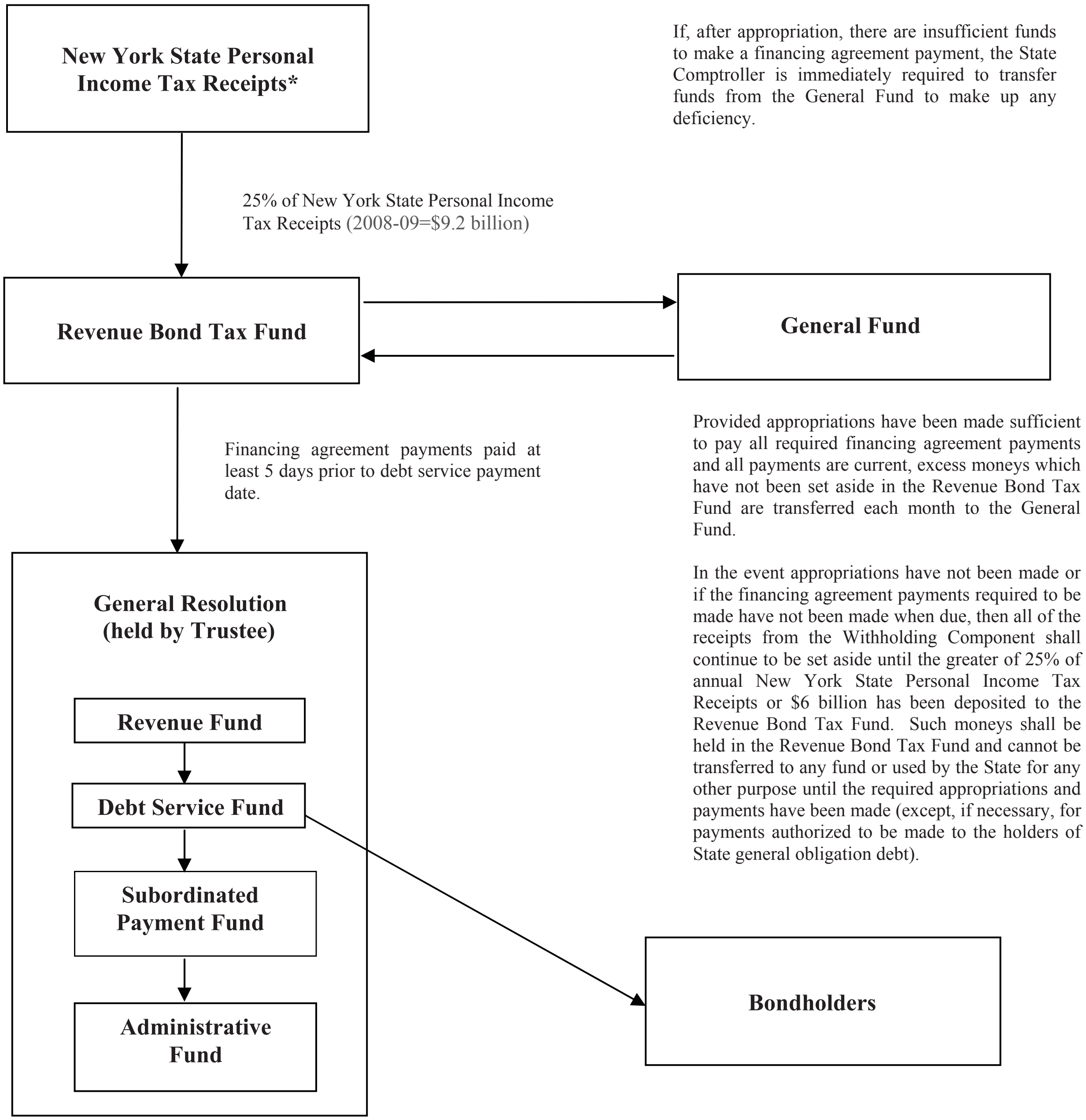
The Enabling Act prohibits the State Comptroller from paying over or distributing any amounts deposited in the Revenue Bond Tax Fund (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) other than to the Authority and other Authorized Issuers (which are paid to the applicable trustees on behalf of the Authority and the other Authorized Issuers), unless two requirements are met. First, all payments as certified by the Director of the Budget for a State Fiscal Year must have been appropriated to the Authority and other Authorized Issuers for the payment of financing agreement payments (including debt service) in the full amount specified in the certificate of the Director of the Budget. Second, each certified and appropriated payment for which moneys are required to be set aside as provided in the Enabling Act must have been made to the trustees on behalf of the Authority and other Authorized Issuers when due.

If such appropriations have been made to pay all annual amounts specified in the certificate of the Director of the Budget as being required by the Authority and all other Authorized Issuers for a State Fiscal Year and all such payments to the applicable trustees on behalf of the Authority and all other Authorized Issuers are current, then the State Comptroller is required by the Enabling Act to pay over and distribute to the credit of the General Fund of the State (the "General Fund"), at least once a month, all amounts in the Revenue Bond Tax Fund, if any, in excess of the aggregate amount required to be set aside. The Enabling Act also requires the State Comptroller to pay to the General Fund all sums remaining in the Revenue Bond Tax Fund on the last day of each State Fiscal Year, but only if the State has appropriated and paid to the applicable trustees on behalf of the Authority and all other Authorized Issuers the amounts necessary for the Authority and all other Authorized Issuers to meet their cash requirements for the current State Fiscal Year and, to the extent certified by the Director of the Budget, set aside any cash requirements required for the next State Fiscal Year.

In the event that (i) the State Legislature fails to appropriate all amounts required to make financing agreement payments on State Personal Income Tax Revenue Bonds to all Authorized Issuers or (ii) having been appropriated and set aside pursuant to a certificate of the Director of the Budget, any financing agreement payments have not been made when due on State Personal Income Tax Revenue Bonds, the Enabling Act requires that all of the receipts from the Withholding Component shall continue to be set aside in the Revenue Bond Tax Fund until amounts on deposit in the Revenue Bond Tax Fund equal the greater of 25 percent of annual New York State Personal Income Tax Receipts or six billion dollars ($6,000,000,000). Other than to make financing agreement payments from appropriated amounts, the Enabling Act prohibits the transfer of moneys in the Revenue Bond Tax Fund to any other fund or account or use of such moneys by the State for any other purpose (except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until such time as the required appropriations and all required financing agreement payments have been made to the trustees on behalf of each Authorized Issuer, including the Authority.

The Enabling Act provides that no person (including the Authorized Issuers or the holders of State Personal Income Tax Revenue Bonds) shall have any lien on moneys on deposit in the Revenue Bond Tax Fund and that the State's agreement to make financing agreement payments shall be executory only to the extent such payments have been appropriated.

Flow of Revenues



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* Nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the New York State Personal Income Tax.

Appropriation by the State Legislature

The State may not expend money without an appropriation, except for the payment of debt service on general obligation bonds or notes issued by the State. An appropriation is an authorization approved by the State Legislature to expend money. The State Constitution requires all appropriations of State funds, including funds in the Revenue Bond Tax Fund, to be approved by the State Legislature at least every two years. In addition, the State Finance Law generally provides that appropriations shall cease to have force and effect, except as to liabilities incurred thereunder, at the close of the State Fiscal Year for which they were enacted and that to the extent of liabilities incurred thereunder, such appropriations shall lapse on the succeeding June 30th or September 15th depending on the nature of the appropriation. See "– Moneys Held in the Revenue Bond Tax Fund" in this section.

The Authority expects that the State Legislature will make an appropriation from amounts on deposit in the Revenue Bond Tax Fund sufficient to pay financing agreement payments when due. Revenue Bond Tax Fund Receipts are expected to exceed the amounts necessary to pay financing agreement payments. In addition, in the event that the State Legislature fails to provide an appropriation, the Enabling Act requires that all of the receipts from the Withholding Component shall continue to be deposited in the Revenue Bond Tax Fund until amounts on deposit in the Revenue Bond Tax Fund equal the greater of 25 percent of the annual New York State Personal Income Tax Receipts or six billion dollars ($6,000,000,000). The Enabling Act prohibits the transfer of moneys in the Revenue Bond Tax Fund to any other fund or account or the use of such moneys by the State for any other purpose (other than to make financing agreement payments from appropriated amounts, and except, if necessary, for payments authorized to be made to the holders of State general obligation debt) until such time as the required appropriations and all required financing agreement payments have been made to the trustees on behalf of each Authorized Issuer. The State Legislature may not be bound in advance to make an appropriation, and there can be no assurances that the State Legislature will appropriate the necessary funds as anticipated. Nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes imposed pursuant to Article 22 of the Tax Law.

All payments required by financing agreements entered into by the State shall be executory only to the extent of the revenues available in the Revenue Bond Tax Fund. The obligation of the State to make financing agreement payments is subject to the State Legislature making annual appropriations for such purpose and such obligation does not constitute or create a debt of the State, nor a contractual obligation in excess of the amounts appropriated therefor. In addition, the State has no continuing legal or moral obligation to appropriate money for payments due under any financing agreement.

State Personal Income Tax Revenue Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall State Personal Income Tax Revenue Bonds be payable out of any funds other than those pledged therefor. Neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of, premium, if any, or interest on State Personal Income Tax Revenue Bonds.

Pursuant to the Enabling Act, Revenue Bond Tax Fund Receipts which have been set aside to pay when due the financing agreement payments of all Authorized Issuers shall remain in the Revenue Bond Tax Fund until they are appropriated and used to make financing agreement payments. However, the Enabling Act also provides that the use of such Revenue Bond Tax Fund Receipts by the State Comptroller is "subject to the rights of holders of debt of the state" (i.e., general obligation bondholders who benefit from the faith and credit pledge of the State). Pursuant to Article VII Section 16 of the State Constitution, if at any time the State Legislature fails to make an appropriation for general obligation debt service, the State Comptroller is required to set apart from the first revenues thereafter received, applicable to the General Fund, sums sufficient to pay debt service on such general obligation debt. In the event that such revenues and other amounts in the General Fund are insufficient to so pay general obligation bondholders, the State may also use amounts on deposit in the Revenue Bond Tax Fund to pay debt service on general obligation bonds.

The Division of the Budget is not aware of any existing circumstances that would cause Revenue Bond Tax Fund Receipts to be used to pay debt service on general obligation bonds in the future. The Director of the Budget believes that any failure by the State Legislature to make annual appropriations as contemplated would have a serious impact on the ability of the State and the Authorized Issuers to issue State-supported bonds to raise funds in the public credit markets and, as a result, on the ability of the State to meet its non-debt obligations.

Additional Bonds

Pursuant to each general resolution, additional bonds may be issued by the related Authorized Issuer, *provided* that the amount of Revenue Bond Tax Fund Receipts for any 12 consecutive calendar months ended not more than six months prior to the date of such calculation, as certified by the Director of the Budget, is at least 2.0 times the maximum Calculated Debt Service on all Outstanding State Personal Income Tax Revenue Bonds, the State Personal Income Tax Revenue Bonds proposed to be issued, and any additional amounts payable with respect to parity reimbursement obligations, as certified by the Director of the Budget.

For additional information, see "APPENDIX B - SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION – Summary of Certain Provisions of the State Personal Income Tax Revenue Bonds Standard Resolution Provisions – Special Provisions for Additional Bonds" and " – Refunding Bonds."

Parity Reimbursement Obligations

An Authorized Issuer, including the Authority, may incur Parity Reimbursement Obligations pursuant to the terms of the general resolution which, subject to certain exceptions, would be secured by a pledge of, and a lien on, the pledged property on a parity with the lien created by the related general resolution with respect to bonds issued thereunder. A Parity Reimbursement Obligation may be incurred in connection with obtaining a Credit Facility and represents the obligation to repay amounts advanced under the Credit Facility. It may include interest calculated at a rate higher than the interest rate on the related State Personal Income Tax Revenue Bond and may be secured by a pledge of, and a lien on, pledged property on a parity with the lien created by the general resolution for the State Personal Income Tax Revenue Bonds only to the extent that principal amortization requirements of the Parity Reimbursement Obligation are equal to the amortization requirements for the related State Personal Income Tax Revenue Bonds, without acceleration. See "APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION."

Certain Covenants of the State

Pursuant to the general resolutions, the State pledges and agrees with the holders of State Personal Income Tax Revenue Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations or other obligations issued or incurred thereunder that the State will not in any way impair the rights and remedies of holders of such State Personal Income Tax Revenue Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations or other obligations until such State Personal Income Tax Revenue Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations or other obligations issued or incurred thereunder, together with interest thereon, with interest, if any, on any unpaid installments of interest and all costs and expenses in connection with any action or proceeding by or on behalf of the holders are fully met and discharged.

Pursuant to the Enabling Act and the general resolutions, nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the State personal income taxes imposed pursuant to Article 22 of the Tax Law. An Event of Default under the general resolutions would not occur solely as a result of the State exercising its right to amend, repeal, modify or otherwise alter the statutes imposing or relating to such taxes. However, the Director of the Budget believes that any materially adverse amendment, modification or alteration of, or the repeal of, statutes imposing or related to the State personal income tax imposed pursuant to Article 22 of the Tax Law could have a serious impact on the flow of New York State Personal Income Tax Receipts to the Revenue Bond Tax Fund, the ability of the Authorized Issuers to issue Additional Bonds and the marketability of outstanding State Personal Income Tax Revenue Bonds.

Reservation of State's Right to Substitute Credit

Pursuant to the Enabling Act, the State reserves the right, upon amendment of the State Constitution to permit the issuance of State Revenue Bonds, which may be payable from or secured by revenues that may include the Revenues pledged under the general resolutions, (i) to assume, in whole or in part, State Personal Income Tax Revenue Bonds, (ii) to extinguish the existing lien on the pledged property created under the general resolutions, and (iii) to substitute security for State Personal Income Tax Revenue Bonds, in each case only so long as the assumption, extinguishment and substitution is accomplished in accordance with either of two provisions of the general resolutions. (For these purposes, any State Personal Income Tax Revenue Bonds paid or deemed to have been paid in accordance with the applicable general resolution on or before the date of any assumption, extinguishment and substitution are not to be taken into account in determining compliance with those provisions.) The first provision of the general resolutions is intended to permit an assumption, extinguishment and substitution, without any right of consent of Bondholders or other parties, if certain conditions are satisfied. The second provision of the general resolutions permitting such an assumption, extinguishment and substitution is intended to permit a broader range of changes with the consent of issuers of Credit Facilities and the consent of certain Bondholders. It provides that any such assumption, extinguishment and substitution may be effected if certain conditions are satisfied.

In the event a constitutional amendment becomes a part of the State Constitution, there can be no assurance that the State will exercise its rights of assumption, extinguishment, and substitution with respect to State Personal Income Tax Revenue Bonds. There can be no assurance that the Authority or any other Authorized Issuer would be the issuer of any such State Revenue Bonds upon any such assumption, extinguishment and substitution and, if not the Authority or any other Authorized Issuer, the issuer of such State Revenue Bonds could be the State or another public entity.

See "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION – Summary of Certain Provisions of the State Personal Income Tax Revenue Bonds Standard Resolution Provisions – Reservation of State Rights of Assumption, Extinguishment and Substitution."

PART 4—SOURCES OF NEW YORK STATE PERSONAL INCOME TAX RECEIPTS FOR THE REVENUE BOND TAX FUND

General History of the State Personal Income Tax

In 1919, New York State became the seventh state to enact a personal income tax. The present system of conformity to Federal Law with respect to income and deductions was adopted in 1960. The personal income tax is New York's largest source of tax revenue and consistently accounts for more than one-half of all State tax receipts.

The State's personal income tax structure adheres closely to the definitions of adjusted gross income and itemized deductions used for Federal personal income tax purposes, with certain modifications, such as: (1) the inclusion of investment income from debt instruments issued by other states and municipalities and the exclusion of income on certain Federal obligations; and (2) the exclusion of pension income received by Federal, New York State and local government employees, private pension and annuity income up to $20,000 ($40,000 for married couples filing jointly), and any Social Security income and refunds otherwise included in Federal adjusted gross income.

Changes in Federal tax law from time to time may positively or negatively affect the amount of personal income tax receipts collected by the State. State Tax Law changes may also impact personal income tax receipts by authorizing a wide variety of credits against the personal income tax liability of taxpayers.

Major tax credits include: Empire State Child Credit (enacted and effective in 2006); Earned Income Tax Credit; Child and Dependent Care Credit; Household Credit; College Tuition Credit; Long-term Care Insurance Credit; Investment Credits; and, Empire Zone Credits.

Personal Income Tax Rates

Taxable income equals New York adjusted gross income (AGI) less deductions and exemptions. The tax provides separate rate schedules for married couples, single individuals and heads of households. For the 1989 through 1994 tax years, the State income tax was imposed at rates ranging from 4.0 percent to 7.875 percent on the taxable income of individuals, estates and trusts. For taxpayers with $100,000 or more of AGI, the benefit of the marginal tax rates in the lower brackets was recaptured through a supplementary mechanism in effect since 1991. Beginning in 1995, a major personal income tax cut program was phased in over three years which cut the top State personal income tax rate from 7.875 to 6.85 percent. For tax years 1997 through 2002, New York imposed a graduated income tax with rates ranging between 4.0 and 6.85 percent of taxable income. Legislation enacted with the 2003-04 Budget temporarily added two additional top brackets for the 2003 through 2005 tax years. For tax years 2006 through 2008, the rate schedules reverted to the rate schedule in effect for the 2002 tax year. For tax years 2009 through 2011, a temporary tax rate increase applies, adding two additional rates and brackets. The following tables set forth the rate schedules for tax years 2009 through 2011 and for tax years after 2011.

New York State Personal Income Tax Rates for Tax Years 2009 Through 2011

Married Filing Jointly Taxable Income:	Tax*
Not over $16,000	4% of taxable income
Over $16,000 but not over $22,000	$640 plus 4.50% of excess over $16,000
Over $22,000 but not over $26,000	$910 plus 5.25% of excess over $22,000
Over $26,000 but not over $40,000	$1,120 plus 5.90% of excess over $26,000
Over $40,000 but not over $300,000	$1,946 plus 6.85% of excess over $40,000
Over $300,000 but not over $500,000	$19,756 plus 7.85% of excess over $300,000
Over $500,000	$35,456 plus 8.97% of excess over $500,000
Single, Married Filing Separately, Estates and Trusts Taxable Income:	
Not over $8,000	4% of taxable income
Over $8,000 but not over $11,000	$320 plus 4.50% of excess over $8,000
Over $11,000 but not over $13,000	$455 plus 5.25% of excess over $11,000
Over $13,000 but not over $20,000	$560 plus 5.90% of excess over $13,000
Over $20,000 but not over $200,000	$973 plus 6.85% of excess over $20,000
Over $200,000 but not over $500,000	$13,303 plus 7.85% of excess over $200,000
Over $500,000	$36,853 plus 8.97% of excess over $500,000
Head of Household Taxable Income:	
Not over $11,000	4% of taxable income
Over $11,000 but not over $15,000	$440 plus 4.50% of excess over $11,000
Over $15,000 but not over $17,000	$620 plus 5.25% of excess over $15,000
Over $17,000 but not over $30,000	$725 plus 5.90% of excess over $17,000
Over $30,000 but not over $250,000	$1,492 plus 6.85% of excess over $30,000
Over $250,000 but not over $500,000	$16,562 plus 7.85% of excess over $250,000
Over $500,000	$36,187 plus 8.97% of excess over $500,000

* A supplemental income tax recaptures the value of lower tax brackets such that when a taxpayer's AGI exceeds $550,000, all taxable income becomes effectively subject to a flat 8.97 percent tax rate.

New York State Personal Income Tax Rates for Tax Years After 2011

Married Filing Jointly Taxable Income:	Tax†
Not over $16,000	4% of taxable income
Over $16,000 but not over $22,000	$640 plus 4.50% of excess over $16,000
Over $22,000 but not over $26,000	$910 plus 5.25% of excess over $22,000
Over $26,000 but not over $40,000	$1,120 plus 5.90% of excess over $26,000
Over $40,000	$1,946 plus 6.85% of excess over $40,000
Single, Married Filing Separately, Estates and Trusts Taxable Income:	
Not over $8,000	4% of taxable income
Over $8,000 but not over $11,000	$320 plus 4.50% of excess over $8,000
Over $11,000 but not over $13,000	$455 plus 5.25% of excess over $11,000
Over $13,000 but not over $20,000	$560 plus 5.90% of excess over $13,000
Over $20,000	$973 plus 6.85% of excess over $20,000
Head of Household Taxable Income:	
Not over $11,000	4% of taxable income
Over $11,000 but not over $15,000	$440 plus 4.50% of excess over $11,000
Over $15,000 but not over $17,000	$620 plus 5.25% of excess over $15,000
Over $17,000 but not over $30,000	$725 plus 5.90% of excess over $17,000
Over $30,000	$1,492 plus 6.85% of excess over $30,000

† A supplemental income tax recaptures the value of lower tax brackets such that when a taxpayer's AGI exceeds $150,000, all taxable income becomes effectively subject to a flat 6.85 percent tax rate.

Components of the Personal Income Tax

The components of personal income tax liability include withholding, estimated payments, final returns, delinquencies and refunds. Taxpayers prepay their tax liability through payroll withholding taxes imposed by Section 671 of Article 22 of the Tax Law (the "Withholding Component") and estimated taxes imposed by Section 685 of Article 22 of the Tax Law. The New York State Department of Taxation and Finance collects the personal income tax from employers and individuals and reports the amount collected to the State Comptroller, who deposits collections net of overpayments and administrative costs.

Initiated in 1959, withholding tax is the largest component of income tax collections. New York requires employers to withhold and remit personal income taxes on wages, salaries, bonuses, commissions and similar income. The amount of withholding varies with the rates, deductions and exemptions. Under current law, employers must remit withholding liability within three business days after each payroll once the cumulative amount of liability reaches $700. Certain small businesses and educational and health care organizations may make their withholding remittance within five business days, and employers with less than $700 of withheld tax can remit it on a quarterly basis. Large employers (aggregate tax of more than $100,000 per year) must make timely payment by electronic funds transfer or by certified check.

Revenue Bond Tax Fund Receipts

The Enabling Act provides that 25 percent of the receipts from the New York State personal income tax imposed by Article 22 of the New York State Tax Law which are deposited pursuant to Section 171-a of the Tax Law ("New York State Personal Income Tax Receipts") shall be deposited in the Revenue Bond Tax Fund. Such New York State Personal Income Tax Receipts currently exclude refunds paid to taxpayers. Legislation enacted in 2007 and effective April 1, 2007 increased deposits to the Revenue Bond Tax Fund by amending the Enabling Act to provide that deposits to the Revenue Bond Tax Fund be calculated before the deposit of New York State personal income tax receipts to the STAR Fund. Moneys in the STAR Fund are used to reimburse school districts for school tax reductions and property tax rebates provided to homeowners and to reimburse The City of New York for personal income tax reductions enacted as part of the School Tax Relief program. The Debt Reduction Reserve Fund was established in State Fiscal Year 1998-99 to reserve onetime available resources to defease certain State-supported debt, pay debt service costs or pay cash for capital projects that would otherwise be financed with State-supported debt. In State Fiscal Years 2000-01 and 2001-02, $250 million was deposited from New York State Personal Income Tax Receipts to the Debt Reduction Reserve Fund. New York State Personal Income Tax Receipts for State Fiscal Years 2000-01 and 2001-02 exclude deposits to the Debt Reduction Reserve Fund. There were no deposits of New York State Personal Income Tax Receipts to the Debt Reduction Reserve Fund thereafter.

Beginning on the first day of each month, the Enabling Act requires the State Comptroller to deposit in the Revenue Bond Tax Fund all of the receipts from the Withholding Component until an amount equal to 25 percent of estimated monthly New York State Personal Income Tax Receipts has been deposited into the Revenue Bond Tax Fund (the "Revenue Bond Tax Fund Receipts").

In State Fiscal Year 2008-09, New York State Personal Income Tax Receipts were approximately $36.8 billion and accounted for approximately 61 percent of State tax receipts in all State Funds. The First Quarterly Update to the 2009-10 Financial Plan estimates New York State Personal Income Tax Receipts at $36.1 billion for State Fiscal Year 2009-10.

The following table sets forth certain historical and projected information concerning New York State Personal Income Tax Receipts, the Withholding Component, and deposits to the Revenue Bond Tax Fund from State Fiscal Years 1999-2000 through 2009-10. For State Fiscal Years 1999-2000 through 2002-03, the table provides a pro forma estimate equivalent to 25 percent of New York State Personal Income Tax Receipts that would have been deposited to the Revenue Bond Tax Fund had the Enabling Act been in effect during the entirety of those State Fiscal Years. The Withholding Component can exceed New York State Personal Income Tax Receipts since such Receipts equal total personal income tax collections less (i) refunds and (ii) through State Fiscal Year 2006-07, deposits into the STAR Fund. For example, in State Fiscal Year 2003-04, refunds and STAR Fund deposits were greater than the aggregate personal income tax collections from components other than the Withholding Component.

NYS Personal Income Tax Receipts, Withholding Components and State Revenue Bonds Tax Fund Receipts State Fiscal Years 1999-2000 through 2009-10

State Fiscal Year	New York State Personal Income Tax Receipts	Withholding Component	Withholding/State Personal Income Tax Receipts	Revenue Bond Tax Fund Receipts*
1999-2000	$21,999,634,064	$18,460,534,313	83.9%	$5,499,908,516
2000-01	23,116,012,541	20,955,093,052	90.7	5,779,003,135
2001-02	24,013,593,585	20,261,325,030	84.4	6,003,398,396
2002-03	19,984,262,417	19,959,388,350	99.9	4,996,065,604
2003-04	21,827,770,700	21,985,657,770	100.7	5,456,942,675
2004-05	25,040,965,404	23,374,513,925	93.3	6,260,241,351
2005-06	27,599,721,585	24,760,667,777	89.7	6,899,930,396
2006-07	30,586,021,803	26,802,005,019	87.6	7,646,505,451
2007-08	36,563,948,528**	28,440,134,437	77.8	9,140,987,132**
2008-09	36,840,019,400**	27,686,157,203	75.2	9,210,004,850**
2009-10 (est.)	36,104,500,000**	29,328,000,000	81.2	9,026,100,000**

* Twenty-five percent of New York State Personal Income Tax Receipts shown on an annualized and *pro forma* basis for State Fiscal Years 1999-2000 through 2002-03.

** Reflects legislation enacted in 2007 and effective April 1, 2007 that calculates Revenue Bond Tax Fund Receipts prior to the deposit of New York State personal income tax receipts to the STAR Fund.

In State Fiscal Year 2008-09, New York State Personal Income Tax Receipts totaled approximately $36.8 billion. The First Quarterly Update to the 2009-10 Financial Plan estimates that total New York State Personal Income Tax Receipts (net of refunds to taxpayers but before deposits to the STAR Fund) will decrease by 2.0 percent to $36.1 billion in 2009-10.

Total State personal income tax receipts (as distinguished from New York State Personal Income Tax Receipts as defined herein and presented in the table above) estimates are based on the State personal income tax liability estimated by the State Division of the Budget ("DOB") for each of the relevant tax years and the patterns of receipts and refunds for each tax year. Such tax year liability estimates are, in turn, based largely on forecasts of State adjusted gross income, with adjustments made for legislative changes (see "—General History of the State Personal Income Tax" above) that will affect each year's tax liability. **The level of total State personal income tax receipts is necessarily dependent upon economic and demographic conditions in the State, and therefore there can be no assurance that historical data with respect to total State personal income tax receipts will be indicative of future receipts**. Since the institution of the modern income tax in New York in 1960, total personal income tax receipts have fallen five times on a year-over-year basis, in 1964-65, 1971-72, 1977-78, 1990-91 and 2002-03.

For a more detailed discussion of the effects of the recent global financial downturn on the State's economy, the general economic and financial condition of the State and its projection of personal income tax receipts, see "APPENDIX A—INFORMATION CONCERNING THE STATE OF NEW YORK."

The following table shows the pattern of State adjusted gross income growth and personal income tax liability for 2000 through 2009.

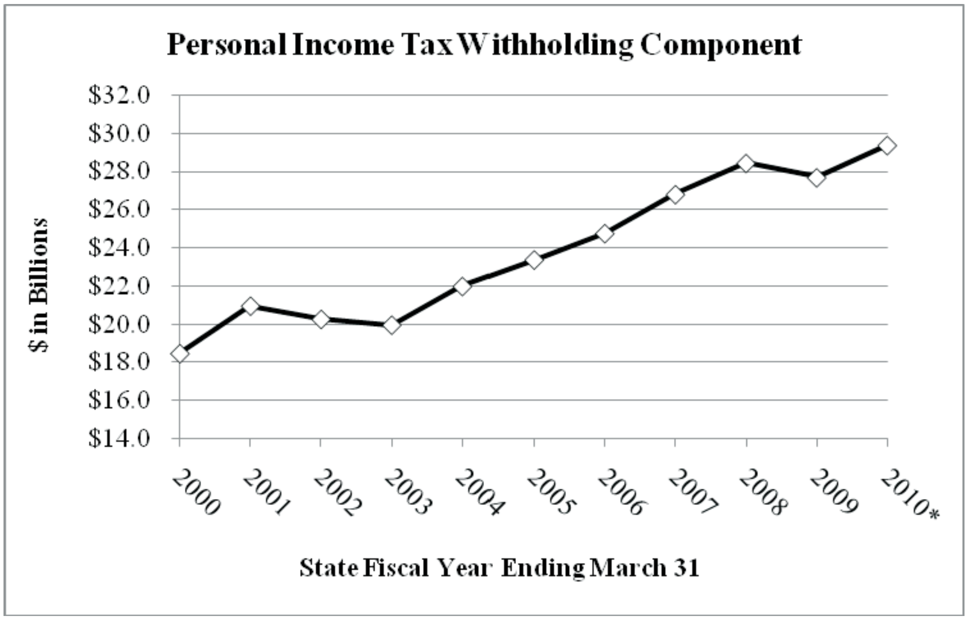
NYS Adjusted Gross Income (AGI) and Personal Income Tax Liability 2000 to 2009*

Tax Year	NYS AGI	Percent Change	Personal Income Tax Liability	Percent Change
		($ in millions)		
2000	$508,934	13.5%	$24,494	16.8%
2001	481,001	(5.5)	22,406	(8.5)
2002	459,919	(4.4)	20,729	(7.5)
2003	473,778	3.0	22,456	8.3
2004	525,964	11.0	25,769	14.8
2005	571,916	8.7	28,484	10.5
2006	632,601	10.6	29,838	4.8
2007 (est.)	724,981	14.6	35,330	18.4
2008 (est.)	673,232	(7.1)	32,024	(9.4)
2009 (proj.)	619,907	(7.9)	32,392	1.1

* NYS AGI and Personal Income Tax Liability reflect amounts reported on timely filed individual returns, and therefore do not include tax paid by fiduciaries or through audits.

The table indicates that under the State's progressive income tax structure with graduated tax rates, tax liability generally changes at a faster percentage rate than adjusted gross income, absent major law changes or economic events. Tax liability for tax years 2003 through 2005 reflect a temporary tax rate surcharge on high-income taxpayers, which increased overall liability by about 7 percent, while the low 4.8 percent growth in tax liability for tax year 2006 reflects the expiration of the surcharge at the end of 2005. Tax liability and adjusted gross income increased for most of the past ten years. Exceptions are the September 11 related years of 2001 and 2002 and the current recession that is projected to lower adjusted gross income for 2008 and 2009, and tax liability for 2008. For tax year 2009, a new temporary tax rate surcharge on high-income taxpayers is projected to result in a small year-over-year increase in tax liability in spite of the sizeable decrease in adjusted gross income.

The following graph shows the history of withholding receipts since State Fiscal Year 1999-2000. Like overall adjusted gross incomes and tax liabilities, withholding has steadily increased each year except the recession-related State Fiscal Years 2001-02, 2002-03 and 2008-09, due to overall growth in employment and wages, as well as the temporary tax surcharge which applied during State Fiscal Years 2003-04 through 2005-06 and for the State Fiscal Year 2009-10 estimate, which reflects the temporary tax rate increase.



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* Estimated.

For a discussion of the general economic and financial condition of the State, see "APPENDIX A—INFORMATION CONCERNING THE STATE OF NEW YORK."

PART 5—DESCRIPTION OF THE SERIES 2009 BONDS

General

The Series 2009 Bonds will bear interest, computed on the basis of a 360-day year and 30-day month, from their date of delivery payable March 15, 2010, and on each September 15 and March 15 thereafter at the rates set forth on the inside cover page of this Official Statement. The Series 2009 Bonds will be issued in denominations of $5,000 or any integral multiple thereof.

The Series 2009 Bonds will be issued under a book-entry only system, and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as bond depository for the Series 2009 Bonds. Principal or redemption price of and interest on the Series 2009 Bonds are payable by U.S. Bank National Association, as Trustee and Paying Agent, to Cede & Co., so long as Cede & Co. is the registered owner of the Series 2009 Bonds, as nominee for DTC, which will, in turn, remit such principal and interest to the DTC Participants for subsequent disbursement to the Beneficial Owners (See "PART 7—BOOK-ENTRY ONLY SYSTEM" below).

Optional Redemption

Series 2009G Bonds

The Series 2009G Bonds maturing on and before March 15, 2019 are not subject to redemption prior to maturity. The Series 2009G Bonds maturing on and after March 15, 2020 are subject to redemption prior to maturity on and after March 15, 2019 at the option of the Authority, as a whole or in part at any time, at par, plus accrued interest to the redemption date.

Series 2009H Bonds

Make-Whole Optional Redemption

The Series 2009H Bonds are subject to redemption prior to their maturity at the option of the Authority, in whole or in part, on any Business Day, at the Make-Whole Redemption Price (as defined herein). The "Make-Whole Redemption Price" is the greater of (i) the issue price(s) as shown on the inside cover page of this Official Statement (but not less than 100% of the principal amount of the Series 2009H Bonds to be redeemed); or (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2009H Bonds to be redeemed (taking into account any mandatory sinking fund redemptions), not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2009H Bonds are to be redeemed, discounted to the date on which the Series 2009H Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (defined below) plus 25 basis points, plus, in each case, accrued and unpaid interest on the Series 2009H Bonds to be redeemed on the redemption date.

For purpose of determining the Make-Whole Redemption Price, the following definitions apply:

"Treasury Rate" means, with respect to any redemption date for a particular Series 2009H Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue (defined below), assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price (defined below), as calculated by the Designated Investment Banker (defined below).

"Comparable Treasury Issue" means, with respect to any redemption date for a particular Series 2009H Bond, the United States Treasury security or securities selected by the Designated Investment Banker that has an actual or interpolated maturity comparable to the remaining average life of the Series 2009H Bond to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Series 2009H Bonds to be redeemed.

"Comparable Treasury Price" means, with respect to any redemption date for a particular Series 2009H Bond, (i) if the Designated Investment Banker receives at least four Reference Treasury Dealer Quotations (defined below), the average of such quotations for such redemption date, after excluding the highest and lowest Reference Treasury Dealer Quotations, or (ii) if the Designated Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all such quotations.

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

"Reference Treasury Dealer" means each of the four firms, specified by the Authority from time to time, that are primary United States government securities dealers in The City of New York (each a

"Primary Treasury Dealer"); provided, however, that if any of them ceases to be a Primary Treasury Dealer, the Authority will substitute another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date for a particular Series 2009H Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 P.M., New York City time, on the third Business Day preceding such redemption date.

Extraordinary Optional Redemption of the Series 2009H Bonds

The Series 2009H Bonds are subject to redemption at any time prior to their maturity at the option of the Authority, in whole or in part, upon the occurrence of an Extraordinary Event, at a redemption price (the "Extraordinary Optional Redemption Price") equal to the greater of (i) 100% of the principal amount of the Series 2009H Bonds to be redeemed or (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2009H Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2009H Bonds are to be redeemed, discounted to the date on which the Series 2009H Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 100 basis points, plus, in each case, accrued and unpaid interest on the Series 2009H Bonds to be redeemed on the redemption date.

An "Extraordinary Event" will have occurred if (a) Sections 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the American Recovery and Reinvestment Act of 2009, pertaining to "Build America Bonds") is modified or amended in a manner pursuant to which the Authority's 35% cash subsidy payment from the United States Treasury is reduced or eliminated, or (b) guidance published by the Internal Revenue Service or the United States Treasury with respect to such Sections imposes one or more substantive new conditions on the receipt by the Authority of such 35% cash subsidy payments and such condition(s) are unacceptable to the Authority.

For purposes of determining the Extraordinary Optional Redemption Price, "Treasury Rate" shall have the meaning described above under the caption "Optional Redemption—Series 2009H Bonds—Make-Whole Optional Redemption."

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Mandatory Sinking Fund Redemption

Series 2009H Bonds

The Series 2009H Term Bonds are subject to mandatory redemption in part, on a pro rata basis, on March 15 in the years shown below, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the date of redemption in an amount equal to the Sinking Fund Installments for such Bonds for such date:

Series 2009 H Term Bond Maturing March 15, 2024

Years	Sinking Fund Installments
2022	$11,810,000
2023	12,170,000
2024†	12,545,000

† Stated maturity.

Series 2009 H Term Bond Maturing March 15, 2039

Years	Sinking Fund Installments
2025	$12,920,000
2026	13,380,000
2027	13,850,000
2028	14,340,000
2029	14,850,000
2030	15,375,000
2031	15,920,000
3032	16,480,000
2033	17,065,000
2034	17,665,000
2035	18,290,000
2036	18,940,000
2037	19,605,000
2038	20,300,000
2039†	21,020,000

† Stated maturity.

Selection of Bonds to be Redeemed; Notice of Redemption

In the case of redemptions of Series 2009 Bonds at the option of the Authority, the Authority will select the maturities of the Series 2009 Bonds to be redeemed.

If less than all of a series of the Series 2009G Bonds are to be redeemed, the Trustee shall assign to each Outstanding Bond of such series to be redeemed a distinctive number for each unit of the principal amount of such Series 2009G Bond equal to the lowest denomination in which the Series 2009 Bonds are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Series 2009G Bonds, as many numbers as, at such unit amount equal to the lowest denomination in which the Series 2009G Bonds are authorized to be issued for each number, shall equal the principal amount of such Series 2009G Bonds to be redeemed.

If the Series 2009H Bonds are not registered in book-entry only form, any redemption of less than all of a maturity of the Series 2009H Bonds shall be allocated among the registered owners of such Series 2009H Bonds as nearly as practicable in proportion to the principal amounts of the Series 2009H Bonds owned by each registered owner, subject to the authorized denominations applicable to the Series 2009H Bonds. This will be calculated based on the following formula:

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

The particular Series 2009H Bonds to be redeemed shall be determined by the Trustee, using such method as it shall deem fair and appropriate. If the Series 2009H Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the Series 2009H Bonds, partial redemptions will be done in accordance with DTC procedures. It is the Authority's intent that redemption allocations made by DTC, the DTC Participants or such other intermediaries that may exist between the Authority and the Beneficial Owners be made in accordance with these same proportional provisions. However, the Authority can provide no assurance that DTC, the DTC Participants or any other intermediaries will allocate redemptions among Beneficial Owners on such a proportional basis.

Any notice of optional redemption of the Series 2009G Bonds or the Series 2009H Bonds may state that it is conditional upon receipt by the Trustee of money sufficient to pay the Redemption Price of such Series 2009G Bonds or Series 2009H Bonds or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such Redemption Price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission shall be given by the Trustee to affected Bondholders as promptly as practicable upon the failure of such condition or the occurrence of such other event.

When the Trustee shall have received notice from the Authority that Series 2009G Bonds or Series 2009H Bonds are to be redeemed, the Trustee shall give notice, in the name of the Authority, of the redemption of such Series 2009G Bonds or Series 2009H Bonds, which notice shall specify the Series 2009G Bonds or the Series 2009H Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Series 2009G Bonds or the Series 2009H Bonds are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2009G Bonds or Series 2009H Bonds to be redeemed, if applicable, that such notice is conditional and the conditions that must be satisfied, and in the case of Series 2009G Bonds or Series 2009H Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed.

Such notice shall further state that on the redemption date there shall become due and payable upon each Series 2009G Bond or Series 2009H Bond or portion thereof to be redeemed the Redemption Price thereof, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable on the Series 2009G Bonds or the Series 2009H Bonds or portions thereof to be redeemed.

Notice of any redemption shall be mailed by the Trustee, postage prepaid, no less than thirty (30) days before the redemption date, to the Owners of any Series 2009G Bonds or Series 2009H Bonds or portions of Series 2009G Bonds or Series 2009H Bonds, which are to be redeemed, at their last address, if any, appearing upon the registry books.

PART 6—THE PROJECTS

The Series 2009 Bonds are being issued for the purposes of funding projects and capital expenditures for CUNY Senior and Community College facilities. Additionally, all or a portion of the cost of issuance of the Series 2009 Bonds will be financed with the proceeds thereof. **The Series 2009 Bonds are not secured by the Projects or any interest therein.**

PART 7—BOOK-ENTRY ONLY SYSTEM

Beneficial ownership interests in the Authority's bonds and notes will be available in book-entry only form. Purchasers of beneficial ownership interests in the Authority's bonds and notes will not receive certificates representing their interests in the securities purchased. Purchasers may hold beneficial interests in the Series 2009G Bonds in the United States through DTC. Purchasers may hold beneficial interests in the Series 2009H Bonds in the United States through DTC and in Europe through Clearstream Banking, société anonyme, or the Euroclear System.

Book-Entry Only System

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

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2009 Bonds. References to the Series 2009 Bonds under this caption "Book-Entry Only System" shall mean all Series 2009 Bonds, the beneficial interests in which are owned in the United States. The Series 2009 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2009 Bond certificate will be issued for each maturity of each series of the Series 2009 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. 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"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Series 2009 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2009 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2009 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 2009 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 2009 Bonds, except in the event that use of the book-entry system for the Series 2009 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2009 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 the Series 2009 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 2009 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2009 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 any series of the Series 2009 Bonds within a stated maturity 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2009 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2009 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption premium, if any, and interest payments on the Series 2009 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 or the Trustee on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption premium, if any, and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee or 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.

The Authority and the Trustee may treat DTC (or its nominee) as the sole and exclusive registered owner of the Series 2009 Bonds registered in its name for the purposes of payment of the principal and redemption premium, if any, of, or interest on, the Series 2009 Bonds, giving any notice permitted or required to be given to registered owners under the Resolutions, registering the transfer of the Series 2009 Bonds, or other action to be taken by registered owners and for all other purposes whatsoever. The Authority and the Trustee shall not have any responsibility or obligation to any Direct or Indirect Participant, any person claiming a beneficial ownership interest in the Series 2009 Bonds under or through DTC or any Direct or Indirect Participant, or any other person which is not shown on the registration books of the Authority (kept by the Trustee) as being a registered owner, with respect to the accuracy of any records maintained by DTC or any Direct or Indirect Participant; the payment by DTC or any Direct or Indirect Participant of any amount in respect of the principal, redemption premium, if any, or interest on the Series 2009 Bonds; any notice which is permitted or required to be given to registered owners thereunder or under the conditions to transfers or exchanges adopted by the Authority; or other action taken by DTC as registered owner. Interest, redemption premium, if any, and principal will be paid by the Trustee to DTC, or its nominee. Disbursement of such payments to the Direct or Indirect Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the Direct or Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to any series of the Series 2009 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2009 Bond certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository) for any series of the Series 2009 Bonds. In that event, Series 2009 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.

Each person for whom a Participant acquires an interest in the Series 2009 Bonds, as nominee, may desire to make arrangements with such Participant to receive a credit balance in the records of such Participant, and may desire to make arrangements with such Participant to have all notices of redemption or other communications of DTC, which may affect such persons, to be forwarded in writing by such Participant and to have notification made of all interest payments. NEITHER THE AUTHORITY NOR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE SERIES 2009 BONDS.

So long as Cede & Co. is the registered owner of the Series 2009 Bonds, as nominee for DTC, references herein to the Bondholders or registered owners of the Series 2009 Bonds (other than under the caption "PART 12 – TAX MATTERS" and "PART 18 – CONTINUING DISCLOSURE" herein) shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners of the Series 2009 Bonds.

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

For every transfer and exchange of Series 2009 Bonds, the Beneficial Owner may be charged a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in relation thereto.

NEITHER THE AUTHORITY NOR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY DIRECT PARTICIPANT, OR ANY INDIRECT PARTICIPANT; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2009 BONDS; (3) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO SERIES 2009 BONDHOLDERS UNDER THE RESOLUTIONS; (4) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS A SERIES 2009 BONDHOLDER; (5) THE SELECTION BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2009 BONDS; OR (6) ANY OTHER MATTER.

Global Settlement Procedures

Reference to the Series 2009H Bonds under this caption, "Global Settlement Procedures" shall mean the Series 2009H Bonds, the beneficial interests in which are owned in Europe. The Series 2009H Bonds initially will be registered in the name of Cede & Co. as registered owner and nominee for DTC, which will act as securities depository for the Series 2009H Bonds. Purchases of the Series 2009H Bonds will be in book-entry form only. Clearstream and Euroclear may hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream's and/or Euroclear's names on the books of their respective U.S. Depositories, which, in turn, hold such positions in customers' securities accounts in the U.S. Depositories' names on the books of DTC. Citibank, N.A. acts as the U.S. Depository for Clearstream and JPMorgan Chase Bank acts as the U.S. Depository for Euroclear.

Clearstream

Clearstream Banking, société anonyme, 42 Avenue J.F. Kennedy, L-1855 Luxembourg ("*Clearstream, Luxembourg*"), was incorporated in 1970 as "Cedel S.A.", a company with limited liability under Luxembourg law (a société anonyme). Cedel S.A. subsequently changed its name to Cedelbank. On 10 January 2000, Cedelbank's parent company, Cedel International, société anonyme ("*CI*") merged its clearing, settlement and custody business with that of Deutsche Börse AG ("DBAG"). The merger involved the transfer by CI of substantially all of its assets and liabilities (including its shares in Cedelbank), and the transfer by DBAG of its shares in Deutsche Börse Clearing ("DBC"), to a new Luxembourg company, which with effect from 14 January 2000 was renamed Clearstream International, société anonyme, and was then 50% owned by CI and 50% owned by DBAG. Following this merger, the subsidiaries of Clearstream International were also renamed to give them a cohesive brand name. On 18 January 2000, Cedelbank was renamed "Clearstream Banking, société anonyme", and Cedel Global Services was renamed "Clearstream Services, société anonyme". On 17 January 2000, Deutsche Börse Clearing AG was renamed "Clearstream Banking AG." Today Clearstream International is 100% owned by DBAG. The shareholders of DBAG are comprised of mainly banks, securities dealers and financial institutions.

Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg customers through electronic book-entry changes in accounts of Clearstream, Luxembourg customers, thereby eliminating the need for physical movement of certificates. Transactions may be settled by Clearstream, Luxembourg in any of 36 currencies, including United States Dollars. Clearstream, Luxembourg provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg also deals with domestic securities markets in over 30 countries through established depository and custodial relationships.

Clearstream, Luxembourg is registered as a bank in Luxembourg, and as such is subject to regulation by the Commission de Surveillance du Secteur Financier ("*CSSF*") and the Banque Centrale du Luxembourg ("*BCL*") which supervise and oversee the activities of Luxembourg banks. Clearstream, Luxembourg's customers are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Clearstream, Luxembourg's U.S. customers are limited to securities brokers and dealers and banks. Currently, Clearstream, Luxembourg has approximately 2,000 customers located in over 80 countries, including all major European countries, Canada, and the United States. Indirect access to Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of Clearstream, Luxembourg. Clearstream, Luxembourg has established an electronic bridge with Euroclear Bank S.A./N.V. as the Operator of the Euroclear System (the "*Euroclear Operator*") in Brussels to facilitate settlement of trades between Clearstream, Luxembourg and the Euroclear Operator.

Euroclear

Euroclear Bank S.A./N.V. ("*Euroclear Bank*") holds securities and book-entry interests in securities for participating organizations and facilitates the clearance and settlement of securities transactions between Euroclear Participants, and between Euroclear Participants and Participants of certain other securities intermediaries through electronic book-entry changes in accounts of such Participants or other securities intermediaries. Euroclear Bank provides Euroclear Participants, among other things, with safekeeping, administration, clearance and settlement, securities lending and borrowing, and related services. Euroclear Participants are investment banks, securities brokers and dealers, banks, central banks, supranationals, custodians, investment managers, corporations, trust companies and certain other organizations. Certain of the managers or underwriters for this offering, or other financial entities involved in this offering, may be Euroclear Participants. Non-Participants in the Euroclear System may hold and transfer book-entry interests in the securities through accounts with a Participant in the Euroclear System or any other securities intermediary that holds a book-entry interest in the securities through one or more securities intermediaries standing between such other securities intermediary and Euroclear Bank.

Clearance and Settlement. Although Euroclear Bank has agreed to the procedures provided below in order to facilitate transfers of securities among Participants in the Euroclear System, and between Euroclear Participants and Participants of other intermediaries, it is under no obligation to perform or continue to perform such procedures and such procedures may be modified or discontinued at any time.

Initial Distribution. Investors electing to acquire securities through an account with Euroclear Bank or some other securities intermediary must follow the settlement procedures of such an intermediary with respect to the settlement of new issues of securities. Securities to be acquired against payment through an account with Euroclear Bank will be credited to the securities clearance accounts of the respective Euroclear Participants in the securities processing cycle for the business day following the settlement date for value as of the settlement date, if against payment.

Secondary Market. Investors electing to acquire, hold or transfer securities through an account with Euroclear Bank or some other securities intermediary must follow the settlement procedures of such an intermediary with respect to the settlement of secondary market transactions in securities. Euroclear Bank will not monitor or enforce any transfer restrictions with respect to the securities offered herein.

Custody. Investors who are Participants in the Euroclear System may acquire, hold or transfer interests in the securities by book-entry to accounts with Euroclear Bank. Investors who are not Participants in the Euroclear System may acquire, hold or transfer interests in the securities by book-entry to accounts with a securities intermediary who holds a book-entry interest in the securities through accounts with Euroclear Bank.

Custody Risk. Investors that acquire, hold and transfer interests in the securities by book-entry through accounts with Euroclear Bank or any other securities intermediary are subject to the laws and contractual provisions governing their relationship with their intermediary, as well as the laws and contractual provisions governing the relationship between such an intermediary and each other intermediary, if any, standing between themselves and the individual securities.

Euroclear Bank has advised as follows:

Under Belgian law, investors that are credited with securities on the records of Euroclear Bank have a co-property right in the fungible pool of interests in securities on deposit with Euroclear Bank in an amount equal to the amount of interests in securities credited to their accounts. In the event of the insolvency of Euroclear Bank, Euroclear Participants would have a right under Belgian law to the return of the amount and type of interests in securities credited to their accounts with Euroclear Bank. If Euroclear Bank did not have a sufficient amount of interests in securities on deposit of a particular type to cover the claims of all Participants credited with such interests in securities on Euroclear Bank's records, all Participants having an amount of interests in securities of such type credited to their accounts with Euroclear Bank would have the right under Belgian law to the return of their pro-rata share of the amount of interests in securities actually on deposit.

Under Belgian law, Euroclear Bank is required to pass on the benefits of ownership in any interests in securities on deposit with it (such as dividends, voting rights and other entitlements) to any person credited with such interests in securities on its records.

Initial Settlement; Distributions; Actions on Behalf of the Owners. All of the Series 2009H Bonds will initially be registered in the name of Cede & Co., the nominee of DTC. Clearstream and Euroclear may hold omnibus positions on behalf of their participants through customers' securities accounts in Clearstream's and/or Euroclear's names on the books of their respective U.S. Depository, which, in turn, holds such positions in customers' securities accounts in its U.S. Depository's name on the books of DTC. Citibank, N.A. acts as depository for Clearstream and JPMorgan Chase Bank acts as depository for Euroclear (the "*U.S. Depositories*"). Holders of the Series 2009H Bonds may hold their Bonds through DTC (in the United States) or Clearstream or Euroclear (in Europe) if they are participants of such systems, or directly through organizations that are participants in such systems. Investors electing to hold their Bonds through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional EuroBonds in registered form. Securities will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Distributions with respect to the Series 2009H Bonds held beneficially through Clearstream will be credited to the cash accounts of Clearstream customers in accordance with its rules and procedures, to the extent received by its U.S. Depository. Distributions with respect to the Series 2009H Bonds held beneficially through Euroclear will be credited to the cash accounts of Euroclear Participants in accordance with the Terms and Conditions, to the extent received by its U.S. Depository. Such distributions will be subject to tax reporting in accordance with relevant United States tax laws and regulations.

Clearstream or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by an owner of the Series 2009H Bonds on behalf of a Clearstream customer or Euroclear Participant only in accordance with the relevant rules and procedures and subject to the U.S. Depository's ability to effect such actions on its behalf through DTC.

Secondary Market Trading. Secondary market trading between Participants (other than U.S. Depositories) will be settled using the procedures applicable to U.S. corporate debt obligations in same-day funds. Secondary market trading between Euroclear Participants and/or Clearstream customers will be settled using the procedures applicable to conventional EuroBonds in same-day funds. When securities are to be transferred from the account of a Participant (other than U.S. Depositories) to the account of a Euroclear Participant or a Clearstream customer, the purchaser must send instructions to the applicable U.S. Depository one business day before the settlement date. Euroclear or Clearstream, as the case may be, will instruct its U.S. Depository to receive securities against payment. Its U.S. Depository will then make payment to the Participant's account against delivery of the securities. After settlement has been completed, the securities will be credited to the respective clearing system and by the clearing system, in accordance with its usual procedures, to the Euroclear Participant's or Clearstream customers' accounts. Credit for the securities will appear on the next day (European time) and cash debit will be back-valued to, and the interest on the Series 2009H Bonds will accrue from the value date (which would be the preceding day when settlement occurs in New York). If settlement is not completed on the intended value date (i.e., the trade fails), the Euroclear or Clearstream cash debit will be valued instead as of the actual settlement date.

Euroclear Participants and Clearstream customers will need to make available to the respective clearing systems the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre-position funds for settlement, either from cash on hand or existing lines of credit, as they would for any settlement occurring within Euroclear or Clearstream. Under this approach, they may take on credit exposure to Euroclear or Clearstream until the securities are credited to their accounts one day later. As an alternative, if Euroclear or Clearstream has extended a line of credit to them, participants/customers can elect not to pre-position funds and allow that credit line to be drawn upon to finance settlement. Under this procedure, Euroclear Participants or Clearstream customers purchasing securities would incur overdraft charges for one day, assuming they cleared the overdraft when the securities were credited to their accounts. However, interest on the securities would accrue from the value date. Therefore, in many cases, the investment income on securities earned during that one day period may substantially reduce or offset the amount of such overdraft charges, although this result will depend on each participant's/customer's particular cost of funds. Because the settlement is taking place during New York business hours, Participants can employ their usual procedures for sending securities to the applicable U.S. Depository for the benefit of Euroclear Participants or Clearstream customers. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the participant, a cross-market transaction will settle no differently from a trade between two participants.

Due to time zone differences in their favor, Euroclear Participants and Clearstream customers may employ their customary procedure for transactions in which securities are to be transferred by the respective clearing system, through the applicable U.S. Depository to another participant's. In these cases, Euroclear will instruct its U.S. Depository to credit the securities to the participant's account against payment. The payment will then be reflected in the account of the Euroclear Participant or Clearstream customer the following business day, and receipt of the cash proceeds in the Euroclear Participant's or Clearstream customers' accounts will be back valued to the value date (which would be the preceding day, when settlement occurs in New York). If the Euroclear Participant or Clearstream customer has a line of credit with its respective clearing system and elects to draw on such line of credit in anticipation of receipt of the sale proceeds in its account, the back-valuation may substantially reduce or offset any overdraft charges incurred over that one day period.

If settlement is not completed on the intended value date (i.e., the trade fails), receipt of the cash proceeds in the Euroclear Participant's or Clearstream customer's accounts would instead be valued as of the actual settlement date.

Procedures May Change. Although DTC, Clearstream and Euroclear have agreed to these procedures in order to facilitate transfers of securities among DTC and its Participants, Clearstream and Euroclear, they are under no obligation to perform or continue to perform these procedures and these procedures may be discontinued and may be changed at any time by any of them.

THE AUTHORITY AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM CUSTOMERS, EUROCLEAR OR EUROCLEAR PARTICIPANTS (WITH RESPECT TO THE SERIES 2009H BONDS) WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE SERIES 2009 BONDS: (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE SERIES 2009 BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE SERIES 2009 BONDS; OR (3) NOTICES SENT TO DTC OR CEDE & CO., ITS NOMINEE, AS THE REGISTERED OWNER OF THE SERIES 2009 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS. THE AUTHORITY AND THE UNDERWRITERS CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS, CLEARSTREAM, CLEARSTREAM CUSTOMERS, EUROCLEAR OR EUROCLEAR PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE AUTHORITY AND THE UNDERWRITERS WILL HAVE NO RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM CUSTOMERS, EUROCLEAR, EUROCLEAR PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM CUSTOMERS, EUROCLEAR OR EUROCLEAR PARTICIPANTS; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM CUSTOMERS, EUROCLEAR OR EUROCLEAR PARTICIPANTS OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE SERIES 2009 BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC, CLEARSTREAM, CLEARSTREAM CUSTOMERS, EUROCLEAR OR EUROCLEAR PARTICIPANTS OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS UNDER THE TERMS OF THE RESOLUTIONS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE SERIES 2009 BONDS.

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

PART 8—DEBT SERVICE REQUIREMENTS

The following schedule sets forth, for each 12-month period ending March 31 of the years shown, the amounts required for the payment of debt service on the Series 2009 Bonds, for the payment of debt service on outstanding State Personal Income Tax Revenue Bonds and the aggregate total during each such period.

	Series 2009 Bonds*				
12-Month Period Ending March 31	**Principal Payments**	**Interest Payments**	**Total Debt Service**	**Other Outstanding NYS Personal Income Tax Revenue Bonds Debt Service(1)(2)(3)**	**Aggregate Debt Service*(1)(2)(3)**
2010	$ 1,200,000	$ 7,833,867	$ 9,033,867	$ 1,469,689,512	$ 1,478,723,379
2011	10,295,000	19,431,601	29,726,601	1,521,399,593	1,551,126,194
2012	3,060,000	19,139,101	22,199,101	1,488,744,209	1,510,943,310
2013	6,980,000	19,056,226	26,036,226	1,444,360,395	1,470,396,621
2014	7,320,000	18,718,476	26,038,476	1,382,640,476	1,408,678,952
2015	7,585,000	18,377,326	25,962,326	1,335,282,674	1,361,245,000
2016	1,820,000	17,999,276	19,819,276	1,280,314,810	1,300,134,086
2017	10,745,000	17,924,976	28,669,976	1,256,013,089	1,284,683,065
2018	12,870,000	17,387,726	30,257,726	1,208,190,286	1,238,448,012
2019	9,220,000	16,744,226	25,964,226	1,151,852,037	1,177,816,263
2020	9,765,000	16,290,326	26,055,326	1,095,879,460	1,121,934,786
2021	10,250,000	15,805,076	26,055,076	1,077,031,915	1,103,086,991
2022	11,810,000	15,292,576	27,102,576	1,074,256,001	1,101,358,577
2023	12,170,000	14,734,789	26,904,789	1,042,756,531	1,069,661,320
2024	12,545,000	14,160,000	26,705,000	983,921,122	1,010,626,122
2025	12,920,000	13,567,500	26,487,500	945,539,050	972,026,550
2026	71,940,000	12,866,332	84,806,332	913,649,490	998,455,822
2027	13,850,000	12,140,199	25,990,199	863,735,154	889,725,353
2028	14,340,000	11,388,560	25,728,560	763,887,171	789,615,731
2029	14,850,000	10,610,328	25,460,328	632,736,764	658,197,092
2030	15,375,000	9,804,418	25,179,418	524,892,287	550,071,705
2031	15,920,000	8,970,017	24,890,017	524,167,307	549,057,324
2032	16,480,000	8,106,039	24,586,039	521,298,323	545,884,362
2033	17,065,000	7,211,669	24,276,669	480,897,372	505,174,041
2034	17,665,000	6,285,551	23,950,551	440,137,989	464,088,540
2035	18,290,000	5,326,872	23,616,872	410,526,545	434,143,417
2036	18,940,000	4,334,274	23,274,274	342,956,530	366,230,804
2037	19,605,000	3,306,400	22,911,400	233,809,682	256,721,082
2038	20,300,000	2,242,436	22,542,436	167,726,766	190,269,202
2039	21,020,000	1,140,755	22,160,755	82,818,525	104,979,280
Total(3)	$436,195,000	$366,196,915	$802,391,915	$26,661,111,065	$27,463,502,980

* Includes debt service on the $58.56 million of State Personal Income Tax Revenue Bonds (Education) Qualified School Construction Bonds, Series 2009 (Tax Credit Bonds) sold on the same day as the Series 2009 Bonds.

(1) Interest on $303,935,000 principal amount of outstanding State Personal Income Tax Revenue Bonds that bear interest at variable rates is calculated based on assumed rates equal to the fixed swap rates paid by the applicable Authorized Issuers on the related interest rate exchange agreements and interest on $74,615,000 principal amount of outstanding taxable State Personal Income Tax Revenue Bonds that bear interest at variable rates is calculated based on an assumed rate of 3.5 percent.

(2) The information set forth under the column captioned "Other Outstanding NYS Personal Income Tax Revenue Bonds Debt Service" reflects debt service on outstanding State Personal Income Tax Revenue Bonds and on State Personal Income Tax Revenue Bonds contractually obligated to be issued and delivered by Authorized Issuers as of the date of this Official Statement. The State expects that Authorized Issuers will be issuing State Personal Income Tax Revenue Bonds from time to time and to the extent that such other State Personal Income Tax Revenue Bonds are either issued or contractually obligated to be issued and delivered pursuant to one or more executed bond purchase agreements or bond awards after the date of this Official Statement, this Official Statement will not be supplemented to reflect such updated information.

(3) Totals may not add due to rounding.

PART 9—ESTIMATED SOURCES AND USES OF FUNDS

Series 2009G Bonds

The following table sets forth the estimated sources and uses of funds with respect to the Series 2009G Bonds:

Sources of Funds	
Principal amount of Series 2009G Bonds	$ 91,110,000
Original Issue Premium	10,350,724
Total Sources	$101,460,724
Uses of Funds	
Deposit to Bond Proceeds Fund	$100,000,000
Costs of Issuance*	1,047,943
Underwriters' Discount	412,781
Total Uses	$101,460,724

* Includes New York State Bond Issuance Charge

Series 2009H Bonds

The following table sets forth the estimated sources and uses of funds with respect to the Series 2009H Bonds:

Sources of Funds	
Principal amount of Series 2009H Bonds	$286,525,000
Total Sources	$286,525,000
Uses of Funds	
Deposit to Bond Proceeds Fund	$281,500,000
Costs of Issuance*	2,951,958
Underwriters' Discount	2,073,042
Total Uses	$286,525,000

* Includes New York State Bond Issuance Charge

PART 10—THE AUTHORITY

Background, Purposes and Powers

The Authority is a body corporate and politic constituting a public benefit corporation. The Authority was created by the Act for the purpose of financing and constructing a variety of facilities for certain independent colleges and universities and private hospitals, certain not-for-profit institutions, public educational institutions including The State University of New York, The City University of New York and Boards of Cooperative Educational Services ("BOCES"), certain school districts in the State, facilities for the Departments of Health and Education of the State, the Office of General Services, the Office of General Services of the State on behalf of the Department of Audit and Control, facilities for the aged and certain judicial facilities for cities and counties. The Authority is also authorized to make and purchase certain loans in connection with its student loan program. To carry out this purpose, the Authority was given the authority, among other things, to issue and sell negotiable bonds and notes to finance the construction of facilities of such institutions, to issue bonds or notes to refund outstanding bonds or notes and to lend funds to such institutions.

On September 1, 1995, the Authority through State legislation (the "Consolidation Act") succeeded to the powers, duties and functions of the New York State Medical Care Facilities Finance Agency (the "Agency") and the Facilities Development Corporation (the "Corporation"), each of which will continue its corporate existence in and through the Authority. Under the Consolidation Act, the Authority has also acquired by operation of law all assets and property, and has assumed all the liabilities and obligations, of the Agency and the Corporation, including, without limitation, the obligation of the Agency to make payments on its outstanding bonds, and notes or other obligations. Under the Consolidation Act, as successor to the powers, duties and functions of the Agency, the Authority is authorized to issue and sell negotiable bonds and notes to finance and refinance mental health services facilities for use directly by the New York State Department of Mental Hygiene and by certain voluntary agencies. As such successor to the Agency, the Authority has acquired additional authorization to issue bonds and notes to provide certain types of financing for certain facilities for the Department of Health, not-for-profit corporations providing hospital, medical and residential health care facilities and services, county and municipal hospitals and nursing homes, not-for-profit and limited profit nursing home companies, qualified health maintenance organizations and health facilities for municipalities constituting social services districts. As successor to the Corporation, the Authority is authorized, among other things, to assume exclusive possession, jurisdiction, control and supervision over all State mental hygiene facilities and to make them available to the Department of Mental Hygiene, to provide for construction and modernization of municipal hospitals, to provide health facilities for municipalities, to provide health facilities for voluntary non-profit corporations, to make its services available to the State Department of Correctional Services, to make its services available to municipalities to provide for the design and construction of local correctional facilities, to provide services for the design and construction of municipal buildings, and to make loans to certain voluntary agencies with respect to mental hygiene facilities owned or leased by such agencies.

The Authority has the general power to acquire real and personal property, give mortgages, make contracts, operate dormitories and other facilities and fix and collect rentals or other charges for their use, contract with the holders of its bonds and notes as to such rentals and charges, make reasonable rules and regulations to assure the maximum use of facilities, borrow money, issue negotiable bonds or notes and provide for the rights of their holders and adopt a program of self-insurance.

In addition to providing financing, the Authority offers a variety of services to certain educational, governmental and not-for-profit institutions, including advising in the areas of project planning, design and construction, monitoring project construction, purchasing of furnishings and equipment for projects, designing interiors of projects and designing and managing projects to rehabilitate older facilities. In succeeding to the powers, duties and functions of the Corporation as described above, the scope of design and construction services afforded by the Authority has been expanded.

Outstanding Indebtedness of the Authority (Other than Indebtedness Assumed by the Authority)

At September 30, 2009, the Authority had approximately $40.5 billion aggregate principal amount of bonds and notes outstanding, excluding indebtedness of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act. The debt service on each such issue of the Authority's bonds and notes is paid from moneys received by the Authority or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue or from borrowers in connection with its student loan program.

The Authority's bonds and notes include both special obligations and general obligations of the Authority. The Authority's special obligations are payable solely from payments required to be made by or for the account of the institution for which the particular special obligations were issued or from borrowers in connection with its student loan program. Such payments are pledged or assigned to the trustees for the holders of respective special obligations. The Authority has no obligation to pay its special obligations other than from such payments. The Authority's general obligations are payable from any moneys of the Authority legally available for the payment of such obligations. However, the payments required to be made by or for the account of the institution for which general obligations were issued generally have been pledged or assigned by the Authority to trustees for the holders of such general obligations. The Authority has always paid the principal of and interest on its special and general obligations on time and in full.

The total amounts of the Authority bonds and notes (excluding debt of the Agency assumed by the Authority on September 1, 1995 pursuant to the Consolidation Act) outstanding at September 30, 2009 were as follows:

Public Programs	Bonds Issued	Bonds Outstanding	Notes Outstanding	Bonds and Notes Outstanding
State University of New York Dormitory Facilities	$ 2,250,196,000	$ 943,590,000	$ 0	$ 943,590,000
State University of New York Educational and Athletic Facilities	13,243,272,999	5,698,118,149	0	5,698,118,149
Upstate Community Colleges of the State University of New York	1,590,645,000	666,520,000	0	666,520,000
Senior Colleges of the City University of New York	9,935,931,762	3,040,924,213	0	3,040,924,213
Community Colleges of the City University of New York	2,394,073,350	494,235,787	0	494,235,787
BOCES and School Districts	2,436,626,208	1,896,100,000	0	1,896,100,000
Judicial Facilities	2,161,277,717	724,132,717	0	724,132,717
New York State Departments of Health and Education and Other	5,808,800,000	4,100,145,000	0	4,100,145,000
Mental Health Services Facilities	7,460,120,000	4,063,400,000	0	4,063,400,000
New York State Taxable Pension Bonds	773,475,000	0	0	0
Municipal Health Facilities Improvement Program	985,555,000	781,415,000	0	781,415,000
Totals Public Programs	$ 49,039,973,036	$ 22,408,580,866	$ 0	$ 22,408,580,866

Non-Public Programs	Bonds Issued	Bonds Outstanding	Notes Outstanding	Bonds and Notes Outstanding
Independent Colleges, Universities and Other Institutions	$ 17,954,180,260	$ 8,987,987,488	$ 35,975,000	$ 9,023,962,488
Voluntary Non-Profit Hospitals	13,963,224,309	8,100,385,000	0	8,100,385,000
Facilities for the Aged	1,996,020,000	925,580,000	0	925,580,000
Supplemental Higher Education Loan Financing Program	95,000,000	0	0	0
Totals Non-Public Programs	$ 34,008,424,569	$ 18,013,952,488	$ 35,975,000	$ 18,049,927,488
Grand Totals Bonds and Notes	$ 83,048,397,605	$ 40,422,533,354	$ 35,975,000	$ 40,458,508,354

Outstanding Indebtedness of the Agency Assumed by the Authority

At September 30, 2009, the Agency had approximately $344.0 million aggregate principal amount of bonds outstanding, the obligations as to all of which have been assumed by the Authority. The debt service on each such issue of bonds is paid from moneys received by the Authority (as successor to the

Agency) or the trustee from or on behalf of the entity having facilities financed with the proceeds from such issue.

The total amounts of the Agency's bonds (which indebtedness was assumed by the Authority on September 1, 1995) outstanding at September 30, 2009 were as follows:

Public Programs	**Bonds Issued**	**Bonds Outstanding**
Mental Health Services Improvement Facilities..............	$ 3,817,230,725	$ 0
Non-Public Programs	**Bonds Issued**	**Bonds Outstanding**
Hospital and Nursing Home Project Bond Program.........	$ 226,230,000	$ 3,255,000
Insured Mortgage Programs	6,625,079,927	333,035,000
Revenue Bonds, Secured Loan and Other Programs........	2,414,240,000	7,670,000
Total Non-Public Programs...	$ 9,265,549,927	$ 343,960,000
Total MCFFA Outstanding Debt.....................................	$ 13,082,780,652	$ 343,960,000

Governance

The Authority carries out its programs through an eleven-member board, a full-time staff of approximately 660 persons, independent bond counsel and other outside advisors. Board members include the Commissioner of Education of the State, the Commissioner of Health of the State, the State Comptroller or one member appointed by him or her who serves until his or her successor is appointed, the Director of the Budget of the State, one member appointed by the Temporary President of the State Senate, one member appointed by the Speaker of the State Assembly and five members appointed by the Governor, with the advice and consent of the Senate, for terms of three years. The Commissioner of Education of the State, the Commissioner of Health of the State and the Director of the Budget of the State each may appoint a representative to attend and vote at Authority meetings. The members of the Authority serve without compensation, but are entitled to reimbursement of expenses incurred in the performance of their duties.

The Governor of the State appoints a Chair from the members appointed by him or her and the members of the Authority annually choose the following officers, of which the first two must be members of the Authority: Vice-Chair, Secretary, Treasurer, Assistant Secretaries and Assistant Treasurers.

The current members of the Authority are as follows:

ALFONSO L. CARNEY, Jr., Esquire, *Chair*, New York.

Alfonso L. Carney, Jr. was appointed as a Member of the Authority by the Governor on May 20, 2009. Mr. Carney is a principal of Rockwood Partners, LLC, which provides medical and legal consulting services in New York City. Consulting for the firm in 2005, he served as Acting Chief Operating Officer and Corporate Secretary for the Goldman Sachs Foundation in New York where, working with the President of the Foundation, he directed overall staff management of the foundation, and provided strategic oversight of the administration, communications and legal affairs teams, and developed selected foundation program initiatives. Prior to this, Mr. Carney held several positions with Altria Corporate Services, Inc., most recently as Vice President and Associate General Counsel for Corporate and Government Affairs. Prior to that, Mr. Carney served as Assistant Secretary of Philip Morris Companies Inc. and Corporate Secretary of Philip Morris Management Corp. For eight years, Mr. Carney was Senior International Counsel first for General Foods Corporation and later for Kraft Foods, Inc. and previously served as Trade Regulation Counsel, Assistant Litigation Counsel and Federal Government Relations Counsel for General Foods, where he began his legal career in 1975 as a Division Attorney. Mr. Carney is a trustee of Trinity College, the University of Virginia Law School Foundation, the Riverdale Country School and the Virginia Museum of Fine Arts in Richmond. In addition, he is a trustee of the Burke Rehabilitation Hospital in White Plains. Mr. Carney holds a Bachelors degree in Philosophy from Trinity College and a Juris Doctor degree from the University of Virginia School of Law. His current term expires on March 31, 2010.

JOHN B. JOHNSON, JR., *Vice-Chair,* Watertown.

John B. Johnson, Jr. was appointed as a Member of the Authority by the Governor on June 20, 2007. Mr. Johnson is Chairman of the Board and Chief Executive Officer of the Johnson Newspaper Corporation, which publishes the Watertown Daily Times, Batavia Daily News, Malone Telegram, Catskill Daily Mail, Hudson Register Star, Ogdensburg Journal, Massena-Potsdam Courier Observer, seven weekly newspapers and three shopping newspapers. He is director of the New York Newspapers Foundation, a member of the Development Authority of the North Country and the Fort Drum Regional Liaison Committee, a trustee of Clarkson University and president of the Bugbee Housing Development Corporation. Mr. Johnson has been a member of the American Society of Newspaper Editors since 1978, and was a Pulitzer Prize juror in 1978, 1979, 2001 and 2002. He holds a Bachelor's degree from Vanderbilt University, and Master's degrees in Journalism and Business Administration from the Columbia University Graduate School of Journalism and Business. Mr. Johnson was awarded an Honorary Doctor of Science degree from Clarkson University. Mr. Johnson's term expires on March 31, 2010.

JACQUES JIHA, Ph.D., *Secretary*, Woodbury.

Jacques Jiha was appointed as a Member of the Authority by the Governor on December 15, 2008. Mr. Jiha is an Executive Vice President and the Chief Financial Officer of Earl G. Graves, Ltd., a multi-media company that includes *Black Enterprise* magazine. He is also a member of the Investment Advisory Committee of the New York Common Retirement Fund. Mr. Jiha has previously served as Deputy Comptroller for Pension Investment and Public Finance in the Office of the New York State Comptroller and as Co-Executive Director of the New York Local Government Assistance Corporation (LGAC). Prior thereto, Mr. Jiha was Nassau County Deputy Comptroller for Audits and Finances. He also worked for the New York City Office of the Comptroller in increasingly responsible positions: first as Chief Economist and later as Deputy Comptroller for Budget. Mr. Jiha has served as Executive Director of the New York State Legislative Tax Study Commission and as Principal Economist for the New York State Assembly Committee on Ways and Means. He holds a Ph.D. and a Master's degree in Economics from the New School University and a Bachelor's degree in Economics from Fordham University. His current term expires on March 31, 2010.

BRIAN RUDER, Scarsdale.

Mr. Ruder was appointed as a Member of the Authority by the Governor on June 23, 2006. He is Chief Executive Officer of Skylight Partners, a strategic marketing and business development consulting group that he founded in 2001. Prior to Skylight Partners, Mr. Ruder served for four years as Executive Vice President of Global Marketing for Citigroup. He spent 16 years at the H.J. Heinz Co. in progressively responsible positions, including President of Heinz USA, President of Weight Watchers Food Company and corporate Vice President of Worldwide Infant Feeding. He also served as Director of Marketing, New Products and Sales for Pepsi USA in the mid-1980s. Mr. Ruder is a member of the board of the New York State Foundation for Science, Technology and Academic Research (NYSTAR), and also serves as chair of the board of the Adirondack Council, board member and secretary of the New York Metro Chapter of the World Presidents' Organization, and an advisory board member of PNC Private Client Advisors. Mr. Ruder earned a Bachelor of Arts degree in American History in 1976 from Washington University in St. Louis, Mo., and a Master of Business Administration degree in Marketing in 1978 from the Tuck School at Dartmouth College. His current term expired on March 31, 2009 and by law he continues to serve until a successor shall be chosen and qualified.

ANTHONY B. MARTINO, CPA, Buffalo.

Mr. Martino was appointed as a Member of the Authority by the Governor on December 15, 2008. A certified public accountant with more than 37 years of experience, Mr. Martino is a retired partner of the Buffalo CPA firm Lumsden & McCormick, LLP. He began his career at Price Waterhouse where he worked in the firm's Buffalo and Washington, DC, offices. Mr. Martino is a member of the American Institute of CPAs and the New York State Society of CPAs. Long involved in community organizations, he serves on the boards of the Buffalo Niagara Medical Campus as Vice Chairman, Mount Calvary Cemetery as Chair of the Investment Committee, Cradle Beach Camp of which he is a former Chair, the Kelly for Kids Foundation and Key Bank. Mr. Martino received a Bachelor of Science degree in accounting from the University at Buffalo. Mr. Martino's current term expires on August 31, 2010.

SANDRA M. SHAPARD, Delmar.

Ms. Shapard was appointed as a Member of the Authority by the State Comptroller on January 21, 2003. Ms. Shapard served as Deputy Comptroller for the Office of the State Comptroller from January, 1995 until her retirement in 2001, during which time she headed the Office of Fiscal Research and Policy Analysis and twice served as Acting First Deputy Comptroller. Previously, Ms. Shapard held the positions of Deputy Director and First Deputy Director for the New York State Division of Budget, from 1991 to 1994, and Deputy Assistant Commissioner for Transit for the State Department of Transportation, from 1988 to 1991. She began her career in New York State government with the Assembly in 1975 where, over a thirteen year period, she held the positions of Staff Director of the Office of Counsel to the Majority, Special Assistant to the Speaker, and Deputy Director of Budget Studies for the Committee on Ways and Means. Ms. Shapard also served as Assistant to the County Executive in Dutchess County. A graduate of Mississippi University for Women, Ms. Shapard received a Masters of Public Administration from Harvard University, John F. Kennedy School of Government, where she has served as visiting lecturer, and has completed graduate work at Vanderbilt University.

GERARD ROMSKI, Esq., Mount Kisco.

Mr. Romski was appointed as a Member of the Authority by the Temporary President of the State Senate on June 8, 2009. He is Counsel and Project Executive for "Arverne By The Sea," where he is responsible for advancing and overseeing all facets of "Arverne by the Sea," one of New York City's largest mixed-use developments located in Queens, NY. Mr. Romski is also of counsel to the New York City law firm of Bauman, Katz and Grill LLP. He formerly was a partner in the law firm of Ross & Cohen, LLP (now merged with Duane Morris, LLP) for twelve years, handling all aspects of real estate and construction law for various clients. He previously served as Assistant Division Chief for the New York City Law Department's Real Estate Litigation Division where he managed all aspects of litigation arising from real property owned by The City of New York. Mr. Romski is a member of the Urban Land Institute, Council of Development Finance Agencies, the New York State Bar Association, American Bar Association and New York City Bar Association. He previously served as a member of the New York City Congestion Mitigation Commission and the Board of Directors for the Bronx Red Cross. Mr. Romski holds a Bachelor of Arts degree from the New York Institute of Technology and a Juris Doctor degree from Brooklyn Law School.

ROMAN B. HEDGES, Ph.D., Delmar.

Dr. Hedges was appointed as a Member of the Authority by the Speaker of the State Assembly on February 24, 2003. Dr. Hedges serves on the Legislative Advisory Task Force on Demographic Research and Reapportionment. He is the former Deputy Secretary of the New York State Assembly Committee on Ways and Means. Dr. Hedges previously served as the Director of Fiscal Studies of the Assembly Committee on Ways and Means. He was an Associate Professor of Political Science and Public Policy at the State University of New York at Albany where he taught graduate and undergraduate courses in American politics, research methodology, and public policy. Dr. Hedges holds a Doctor of Philosophy and a Master of Arts degree from the University of Rochester and a Bachelor of Arts degree from Knox College.

DAVID STEINER, Ph.D., *Commissioner of Education of the State of New York,* Albany; *ex-officio.*

David Steiner, Ph.D., became Commissioner of Education on October 1, 2009.

RICHARD F. DAINES, M.D., *Commissioner of Health*, Albany; *ex-officio*.

Richard F. Daines, M.D., became Commissioner of Health on March 21, 2007. Prior to his appointment he served as President and CEO at St. Luke’s-Roosevelt Hospital Center since 2002. Before joining St. Luke’s-Roosevelt Hospital Center as Medical Director in 2000, Dr. Daines served as Senior Vice President for Professional Affairs of St. Barnabas Hospital in the Bronx, New York since 1994 and as Medical Director from 1987 to 1999. Dr. Daines received a Bachelor of History degree from Utah State University in 1974 and served as a missionary for the Church of Jesus Christ of Latter-day Saints in Bolivia, 1970-1972. He received his medical degree from Cornell University Medical College in 1978. He served a residency in internal medicine at New York Hospital and is Board Certified in Internal Medicine and Critical Care Medicine.

ROBERT L. MEGNA, *Budget Director of the State of New York,* Albany*; ex-officio.*

Mr. Megna was appointed Budget Director on June 15, 2009. He is responsible for the overall development and management of the State's fiscal policy, including overseeing the preparation of budget recommendations for all State agencies and programs, economic and revenue forecasting, tax policy, fiscal planning, capital financing and management of the State's debt portfolio, as well as pensions and employee benefits. Mr. Megna previously served as Commissioner of the New York State Department of Taxation and Finance, responsible for overseeing the collection and accounting of more than $90 billion in State and local taxes, the administration of State and local taxes, including New York City and the City of Yonkers income taxes and the processing of tax returns, registrations and associated documents. Prior to this he served as head of the Economic and Revenue Unit of the New York State Division of the Budget where he was responsible for State Budget revenue projections and the development and monitoring of the State Financial Plan. Mr. Megna was Assistant Commissioner for Tax Policy for the Commonwealth of Virginia. He also served as Director of Tax Studies for the New York State Department of Taxation and Finance and as Deputy Director of Fiscal Studies for the Ways and Means Committee of the New York State Assembly. Mr. Megna was also an economist for AT&T. He holds Masters degrees in Public Policy from Fordham University and Economics from the London School of Economics.

The principal staff of the Authority is as follows:

PAUL T. WILLIAMS, JR. is the Executive Director and chief administrative and operating officer of the Authority. Mr. Williams is responsible for the overall management of the Authority's administration and operations. He most recently served as Senior Counsel in the law firm of Nixon Peabody LLP. Prior to working at Nixon Peabody, Mr. Williams helped to establish a boutique Wall Street investment banking company. Prior thereto, Mr. Williams was a partner in, and then of counsel to, the law firm of Bryan Cave LLP. He was a founding partner in the law firm of Wood, Williams, Rafalsky & Harris, which included a practice in public finance and served there from 1984-1998. Mr. Williams began his career as an associate at the law firm of Walker & Bailey in 1977 and thereafter served as a counsel to the New York State Assembly. Mr. Williams is licensed to practice law in the State of New York and holds professional licenses in the securities industry. He holds a Bachelor's degree from Yale University and a Juris Doctor degree from Columbia University School of Law.

MICHAEL T. CORRIGAN is the Deputy Executive Director of the Authority, and assists the Executive Director in the administration and operation of the Authority. Mr. Corrigan came to the Authority in 1995 as Budget Director, and served as Deputy Chief Financial Officer from 2000 until 2003. He began his government service career in 1983 as a budget analyst for Rensselaer County, and served as the County's Budget Director from 1986 to 1995. Immediately before coming to the Authority, he served as the appointed Rensselaer County Executive for a short period. Mr. Corrigan holds a Bachelor's degree in Economics from the State University of New York at Plattsburgh and a Master's degree in Business Administration from the University of Massachusetts.

PORTIA LEE is the Managing Director of Public Finance and Portfolio Monitoring. She is responsible for supervising and directing Authority bond issuance in the capital markets, through financial feasibility analysis and financing structure determination for Authority clients; as well as implementing and overseeing financing programs, including interest rate exchange and similar agreements; overseeing the Authority's compliance with continuing disclosure requirements and monitoring the financial condition of existing Authority clients. Ms. Lee previously served as Senior Investment Officer at the New York State Comptroller's Office where she was responsible for assisting in the administration of the long-term fixed income portfolio of the New York State Common Retirement Fund, as well as the short-term portfolio, and the Securities Lending Program. From 1995 to 2005, Ms. Lee worked at Moody's Investors Service where she most recently served as Vice President and Senior Credit Officer in the Public Finance Housing Group. In addition, Ms. Lee has extensive public service experience working for over 10 years in various positions in the Governor's Office, NYS Department of Social Services, as well as the New York State Assembly. She holds a Bachelor's degree from the State University of New York at Albany.

JOHN G. PASICZNYK is the Chief Financial Officer of the Authority. Mr. Pasicznyk is responsible for investment management and accounting, as well as the development of the financial policies for the Authority. Before joining the Authority in 1985, Mr. Pasicznyk worked in audit positions at KPMG Peat Marwick and Deloitte & Touche. He holds a Bachelor's degree from Syracuse University and a Master of Business Administration degree from the Fuqua School of Business at Duke University.

JEFFREY M. POHL is General Counsel to the Authority. Mr. Pohl is responsible for all legal services including legislation, litigation, contract matters and the legal aspects of all Authority financings. He is a member of the New York State Bar, and most recently served as a counsel in the public finance group of a large New York law firm. Mr. Pohl had previously served in various capacities in State government with the Office of the State Comptroller and the New York State Senate. He holds a Bachelor's degree from Franklin and Marshall College and a Juris Doctor degree from Albany Law School of Union University.

STEPHEN D. CURRO, P.E. is the Managing Director of Construction. In that capacity, he is responsible for the Authority's construction groups, including design, project management, purchasing, contract administration, interior design, and engineering and other technology services. Mr. Curro joined the Authority in 2001 as Director of Technical Services, and most recently served as Director of Construction Support Services. He is a registered Professional Engineer in New York and Rhode Island and has worked in the construction industry for over 20 years as a consulting structural engineer and a technology solutions provider. Mr. Curro is also an Adjunct Professor at Hudson Valley Community College and Bryant & Stratton College. He holds a Bachelor of Science in Civil Engineering from the University of Rhode Island, a Master of Engineering in Structural Engineering from Rensselaer Polytechnic Institute and a Master of Business Administration from Rensselaer Polytechnic Institute's Lally School of Management.

CARRA WALLACE is the Managing Director of the Office of Executive Initiatives (OEI). In that capacity, she oversees the Authority's Communications and Marketing, Opportunity Programs, Environmental Initiatives, Client Outreach, Training, Executive Projects, and Legislative Affairs units. Ms. Wallace is responsible for strategic efforts in developing programs, maximizing the utilization of Minority and Women Owned Businesses, and communicating with Authority clients, the public and governmental officials. She possesses more than twenty years of senior leadership experience in diverse private sector businesses and civic organizations. Ms. Wallace most recently served as Executive Vice President at Telwares, a major telecommunications service firm. Prior to her service at Telwares, Ms. Wallace served as Executive Vice President of External Affairs at the NYC Leadership Academy. She holds a Bachelor of Science degree in management from the Pepperdine University Graziadio School of Business and Management.

Claims and Litigation

Although certain claims and litigation have been asserted or commenced against the Authority, the Authority believes that these claims and litigation are covered by the Authority's insurance or by bonds filed with the Authority should the Authority be held liable in any of such matters, or that the Authority has sufficient funds available or the legal power and ability to seek sufficient funds to meet any such claims or judgments resulting from such litigation.

Other Matters

New York State Public Authorities Control Board

The New York State Public Authorities Control Board (the "PACB") has authority to approve the financing and construction of any new or reactivated projects proposed by the Authority and certain other public authorities of the State. The PACB approves the proposed new projects only upon its determination that there are commitments of funds sufficient to finance the acquisition and construction of the projects. The Authority has obtained the approval of the PACB for the issuance of the Series 2009 Bonds.

Legislation

From time to time, bills are introduced into the State Legislature which, if enacted into law, would affect the Authority and its operations. The Authority is not able to represent whether such bills will be introduced or become law in the future. In addition, the State undertakes periodic studies of public authorities in the State (including the Authority) and their financing programs. Any of such periodic studies could result in proposed legislation which, if adopted, would affect the Authority and its operations.

Environmental Quality Review

The Authority complies with the New York State Environmental Quality Review Act and with the New York State Historic Preservation Act of 1980, and the respective regulations promulgated thereunder respecting the Project to the extent such acts and regulations are applicable.

Independent Auditors

The accounting firm of KPMG LLP audited the financial statements of the Authority for the fiscal year ended March 31, 2009. Copies of the most recent audited financial statements are available upon request at the offices of the Authority.

PART 11—AGREEMENT OF THE STATE

The Authority Act provides that the State pledges and agrees with the holders of the Authority's notes and bonds that the State will not limit or alter the rights vested in the Authority to, among other things, fulfill the terms of any agreements made with the holders of the Authority's notes and bonds or in any way impair the rights and remedies of the holders of such notes and bonds until such notes and bonds and interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of the holders of such notes and bonds are fully met and discharged. The General Resolution includes such pledge to the fullest extent enforceable under applicable Federal and State law. Nevertheless, nothing shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the New York State Personal Income Tax imposed pursuant to Article 22 of the Tax Law. An Event of Default under the General Resolution would not occur solely as a result of the State exercising its right to amend, repeal, modify or otherwise alter such taxes and fees.

PART 12—TAX MATTERS

Series 2009G Bonds

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met at and subsequent to the issuance and delivery of the Series 2009G Bonds for interest thereon to be and remain not includable in gross income under Section 103 of the Code. Non-compliance with such requirements could cause the interest on the Series 2009G Bonds to be includable in gross income for federal income tax purposes retroactive to the date of their issuance irrespective of the date on which such noncompliance occurs. The Authority has covenanted in the Series 2009 Supplemental Resolution and will covenant in its Tax Certificate to be executed and delivered in connection with the issuance of the Series 2009G Bonds to comply with applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2009G Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. The State has agreed in the Financing Agreement that if the Authority is required to pay over or rebate to the United States any investment earnings with respect to the Series 2009G Bonds, the State will pay to the Authority on a timely basis such amount as is necessary to maintain the exclusion of interest on the Series 2009G Bonds from gross income for federal income tax purposes. In addition, the Authority and certain other entities benefiting from the Series 2009G Bonds have in their respective certificates made certain representations and certifications relating to federal income tax matters. Special Tax Counsel will not independently verify the accuracy of those certifications and representations.

In the opinion of Sidley Austin LLP, Special Tax Counsel, based on current law and except as provided in the next sentence, interest on the Series 2009G Bonds is not includable in gross income for purposes of federal income taxation. Interest on the Series 2009G Bonds will be includable in gross income for purposes of federal income taxation retroactive to their date of issuance if the Authority or another entity benefiting from the Series 2009G Bonds fails to comply, subsequent to the issuance of the Series 2009G Bonds with the covenant, agreement, representations and certifications described above relating to compliance with certain federal income tax matters, including requirements of the Code and covenants regarding the use, expenditure and investment of the Series 2009G Bond proceeds and the timely payment of certain investment earnings to the U.S. Treasury. Special Tax Counsel will render no opinion as to the effect on the exclusion from gross income of interest on the Series 2009G Bonds of any action taken or not taken after the date of such opinion without the approval of Special Tax Counsel.

Interest on the Series 2009G Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum tax and is not included as an adjustment in calculating federal corporate alternative minimum taxable income for purposes of determining a corporation's alternative minimum tax liability. The Code contains other provisions, some of which are noted below) that could result in tax consequences, upon which no opinion will be rendered by Special Tax Counsel, as a result of (i) ownership of the Series 2009G Bonds or (ii) the inclusion in certain computations of interest that is excluded from gross income.

Ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S-corporations with excess passive income, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations and taxpayers who may be eligible for the earned income tax credit. Prospective purchasers of the Series 2009G Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

Under current law, the interest on the Series 2009G Bonds is exempt from existing personal income taxes of the State of New York and its political subdivisions, including The City of New York and the City of Yonkers.

In rendering the opinions described above, Sidley Austin LLP, Special Tax Counsel, will rely on the opinion of Harris Beach PLLC, Bond Counsel to the Authority, to be delivered in connection with the issuance of the Series 2009G Bonds that the Series 2009G Bonds are valid and legally binding special limited obligations of the Authority, payable as provided in, and enforceable against the Authority in accordance with, their terms and the terms of the Resolutions. However, Harris Beach PLLC has not been requested to, and has not, reviewed any matter or conducted any investigation or examination relating to the federal, state or local tax consequences of the ownership or disposition of, or the accrual or receipt of interest on, the Series 2009G Bonds, and takes no responsibility therefor.

Premium Bonds

The excess, if any, of the tax adjusted basis of the Series 2009G Bonds purchased as part of the initial public offering to a purchaser (other than a purchaser who holds such Series 2009G Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is "bond premium." Bond premium is amortized over the term of such Series 2009G Bonds for federal income tax purposes (or, in the case of a bond with bond premium callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). Owners of such Series 2009G Bonds are required to decrease their adjusted basis in such Series 2009G Bonds by the amount of amortizable bond premium attributable to each taxable year such Series 2009G Bonds are held. the amortizable bond premium on such Series 2009G Bonds attributable to a taxable year is not deductible for federal income tax purposes; however, bond premium is treated as an offset to qualified stated interest received on such Series 2009G Bonds. Owners of such Series 2009G Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of the treatment of bond premium upon sale or other disposition of such Series 2009G Bonds and with respect to the state and local tax consequences of owning and disposing of such Series 2009G Bonds.

Backup Withholding

Interest paid on the Series 2009G Bonds will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although such reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, such reporting requirement causes the payment of interest on the Series 2009G Bonds to be subject to backup withholding if such interest is paid to beneficial owners who (a) are not "exempt recipients," and (b) either fail to provide certain identifying information (such as the beneficial owner's taxpayer identification number) in the required manner or have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Generally, individuals are not exempt recipients. Amounts withheld under the backup withholding rules from a payment to a beneficial owner would be allowed as a refund or a credit against such beneficial owner's federal income tax liability provided the required information is furnished to the IRS.

Series 2009H Bonds (the "Taxable Bonds")

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Circular 230 Notice

Any discussion of U.S. federal tax issues set forth in this Official Statement relating to the Taxable Bonds was written in connection with the promotion and marketing of the transactions described in this Official Statement. Such discussion is not intended or written to be legal or tax advice with respect to the Taxable Bonds to any person, and is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding any U.S. federal tax penalties that may be imposed on such person. Each investor should seek advice based on its particular circumstances from an independent tax advisor.

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General

The following is a summary of the principal U.S. federal income tax consequences of the purchase, ownership and disposition of the Taxable Bonds. This discussion does not purport to be a complete analysis of all the potential tax consequences of such purchase, ownership and disposition and is based upon the Internal Revenue Code of 1986, as amended (the "Code"), Treasury regulations (whether final, temporary or proposed), and rulings and judicial decisions in effect as of the date hereof. Those laws are subject to change, possibly with retroactive effect. This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular investor in light of that investor's individual circumstances or to certain types of investors subject to special treatment under the U.S. federal income tax laws (including persons whose functional currency is not the U.S. dollar, entities classified as partnerships for U.S. federal income tax purposes, life insurance companies, regulated investment companies, real estate investment trusts, dealers in securities or currencies, banks, tax-exempt organizations or persons holding Taxable Bonds in a tax-deferred or tax-advantaged account, traders in securities that elect to use a mark-to-market method of accounting for securities holdings, persons who hold Taxable Bonds as part of a hedging, straddle, integrated, conversion or constructive sale transaction, persons who have ceased to be U.S. citizens or to be taxed as resident aliens or persons liable for the alternative minimum tax) and does not discuss any aspect of state, local or foreign tax laws. This discussion applies only to U.S. holders and non-U.S. holders (each defined below) of Taxable Bonds who purchase their Taxable Bonds in the original offering at the original offering price, and who hold their Taxable Bonds as capital assets. This discussion does not address any tax consequences applicable to a holder of an equity interest in a holder of Taxable Bonds. In particularly, this discussion does not address any tax consequences applicable to a partner in a partnership holding Taxable Bonds. If a partnership holds Taxable Bonds, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Thus, a person who is a partner in a partnership holding Taxable Bonds should consult his or her own tax advisor.

This summary only addresses Taxable Bonds with the features described herein.

Prospective purchasers are urged to consult their own tax advisors with respect to the U.S. federal and other tax consequences of the purchase, ownership and disposition of the Taxable Bonds before determining whether to purchase Taxable Bonds.

In this discussion, the term "U.S. holder" means a beneficial owner of Taxable Bonds that is, for U.S. federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation (including an entity treated as a corporation for U.S. federal income tax purposes) that is created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust, or (b) the trust was in existence on August 20, 1996 and properly elected to continue to be treated as a United States person. As used herein, the term "non-U.S. holder" means a beneficial owner of Taxable Bonds that is not a U.S. holder.

U.S. Holders

Interest on Taxable Bonds

Payments of interest on the Taxable Bonds will be included in gross income for U.S. federal income tax purposes by a U.S. holder as ordinary income at the time the interest is paid or accrued in accordance with the U.S. holder's regular method of accounting for tax purposes.

In the opinion of Sidley Austin LLP, Special Tax Counsel, and under current law, the interest on the Taxable Bonds is exempt from personal income taxes of the State of New York and its political subdivisions, including the City of New York and the City of Yonkers. In rendering the opinion described in the preceding sentence, Sidley Austin LLP will rely on the opinion of Harris Beach PLLC, Bond Counsel to the Authority, to be delivered in connection with the issuance of the Series 2009H Bonds that the Series 2009H Bonds are valid and legally binding special limited obligations of the Authority, payable as provided in, and enforceable against the Authority in accordance with, their terms and the terms of the Resolutions. However, Harris Beach PLLC has not been requested to, and has not, reviewed any matter or conducted any investigation or examination relating to the federal, state or local tax consequences of the ownership or disposition of, or the accrual or receipt of interest on, the Series 2009H Bonds, and takes no responsibility therefor.

Market Discount

If a U.S. Holder purchases a Taxable Bond for an amount that is less than its issue price (or, in the case of a subsequent purchaser, its stated redemption price at maturity), such U.S. Holder will be treated as having purchased such Taxable Bond at a "market discount," unless the amount of such market discount is less than a specified de minimis amount.

Under the market discount rules, a U.S. Holder is required to treat any partial principal payment on, or any gain realized on the sale, exchange, retirement or other disposition of, a Taxable Bond as ordinary income to the extent of the lesser of (i) the amount of such payment or realized gain, or (ii) the amount of market discount that has not previously been included in gross income and is treated as having accrued on such Taxable Bond at the time of such payment or disposition. Market discount will be considered to accrue ratably during the period from the date of acquisition to the maturity date of such Taxable Bond, unless the U.S. Holder elects to accrue market discount on the basis of semiannual compounding.

A U.S. Holder may be required to defer the deduction of all or a portion of the interest paid or accrued on any indebtedness incurred or maintained to purchase or carry a Taxable Bond with market discount until the maturity of such Taxable Bond or certain earlier dispositions, because a current deduction is only allowed to the extent the interest expense exceeds an allocable portion of market discount. A U.S. Holder may elect to include market discount in income currently as it accrues (on either a ratable or semiannual compounding basis), in which case the rules described above regarding the treatment as ordinary income of gain upon the disposition of such Taxable Bond and upon the receipt of certain cash payments and regarding the deferral of interest deductions will not apply. Generally, such currently included market discount is treated as ordinary interest for U.S. federal income tax purposes. Such an election will apply to all debt instruments acquired by the U.S. Holder on or after the first day of the first taxable year to which such election applies, and may be revoked only with the consent of the IRS.

Premium

If a U.S. Holder purchases a Taxable Bond for an amount that is greater than the sum of all amounts payable on such Taxable Bond after the purchase date, other than payments of qualified stated interest, such U.S. Holder will be considered to have purchased such Taxable Bond with "amortizable bond premium" equal in amount to such excess. A U.S. Holder may elect to amortize such premium using a constant yield method over the remaining term of such Taxable Bond and may offset interest otherwise required to be included in respect of such Taxable Bond during any taxable year by the amortized amount of such premium for the taxable year. However, if a Taxable 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 will apply that could result in a deferral of the amortization of a portion of the bond premium until later in the term of such Taxable Bond (as discussed in more detail below). Any election to amortize bond premium applies to all taxable debt instruments acquired by the U.S. Holder on or after the first day of the first taxable year to which such election applies and may be revoked only with the consent of the IRS.

The following rules apply to any Taxable Bond that may be optionally redeemed after the U.S. Holder acquires it at a price in excess of its stated redemption price at maturity. The amount of amortizable bond premium attributable to such Taxable Bond is equal to the lesser of (1) the difference between (A) such U.S. Holder's tax basis in the Taxable Bond and (B) the sum of all amounts payable on such Taxable Bond after the purchase date, other than payments of qualified stated interest or (2) the difference between (X) such U.S. Holder's tax basis in such Taxable Bond and (Y) the sum of all amounts payable on such Taxable Bond after the purchase date due on or before the early call date, other than payments of qualified stated interest. If a Taxable Bond may be redeemed on more than one date prior to maturity, the early call date and amount payable on the early call date that produces the lowest amount of amortizable bond premium, is the early call date and amount payable that is initially used for purposes of calculating the amount pursuant to clause (2) of the previous sentence. If an early call date is not taken into account in computing premium amortization and the early call is in fact exercised, a U.S. Holder will be allowed a deduction for the excess of the U.S. Holder's tax basis in the Taxable Bond over the amount realized pursuant to the redemption. If an early call date is taken into account in computing premium amortization and the early call is not exercised, the Taxable Bond will be treated as "reissued" on such early call date for the call price. Following the deemed reissuance, the amount of amortizable bond premium is recalculated pursuant to the rules of this section "Premium." The rules relating to a Taxable Bonds that may be optionally redeemed are complex and, accordingly, prospective purchasers are urged to consult their own tax advisors regarding the application of the amortizable bond premium rules to their particular situation.

Disposition of Taxable Bonds

Except as discussed above, upon the sale, exchange, redemption or retirement of a Taxable Bond, a U.S. Holder generally will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, redemption or retirement (other than amounts representing accrued and unpaid interest) of such Taxable Bond and such U.S. Holder's adjusted tax basis in such Taxable Bond. A U.S. Holder's adjusted tax basis in a Taxable Bond generally will equal such U.S. Holder's initial investment in the Taxable Bond increased by any original issue discount included in income (and accrued market discount, acquisition premium, if any, if the U.S. Holder has included such market discount in income) and decreased by the amount of any payments, other than qualified stated interest payments, received and amortizable bond premium taken with respect to such Taxable Bond. Such gain or loss generally will be long term capital gain or loss if the Taxable Bond has been held by the U.S. Holder at the time of disposition for more than one year. If the U.S. holder is an individual, long term capital gain will be subject to reduced rates of taxation. The deductibility of capital losses is subject to certain limitations.

Non-U.S. Holders

A non-U.S. holder who is an individual or corporation (or an entity treated as a corporation for U.S. federal income tax purposes) holding Taxable Bonds on its own behalf will not be subject to U.S. federal income tax on payments of principal of, or premium (if any), or interest (including original issue discount, if any) on Taxable Bonds, unless the non-U.S. holder is a direct or indirect 10% or greater shareholder of the Authority, a controlled foreign corporation related to the Authority or a bank receiving interest described in Section 881(c)(3)(A) of the Code. To qualify for the exemption from taxation, the Withholding Agent, as defined below, must have received a statement from the individual or corporation that:

- is signed under penalties of perjury by the beneficial owner of the Taxable Bonds,
- certifies that the owner is not a U.S. holder, and
- provides the beneficial owner's name and permanent residence address.

A "Withholding Agent" is the last U.S. payor (or non-U.S. payor who is a qualified intermediary, U.S. branch of a foreign person or withholding foreign partnership) in the chain of payment prior to payment to a non-U.S. holder (that itself is not a Withholding Agent). Generally, this statement is made on an IRS Form W-8BEN, which is effective for the remainder of the year of signature and three full calendar years thereafter, unless a change in circumstances makes any information on the form incorrect. Notwithstanding the preceding sentence, a Form W-8BEN with a U.S. taxpayer identification number will remain effective until a change in circumstances makes any information on the form incorrect, provided the Withholding Agent reports at least annually to the beneficial owner on IRS Form 1042-S. The beneficial owner must inform the Withholding Agent within 30 days of any change and furnish a new Form W-8BEN. A non-U.S. holder of Taxable Bonds that is not an individual or corporation (or an entity treated as a corporation for U.S. federal income tax purposes) holding Taxable Bonds on its own behalf may have substantially increased reporting requirements. In particular, in the case of Taxable Bonds held by a foreign partnership or foreign trust, the partners or beneficiaries rather than the partnership or trust will be required to provide the certification discussed above, and the partnership or trust will be required to provide certain additional information.

A non-U.S. holder of Taxable Bonds whose income from such Taxable Bonds is effectively connected with the conduct of a U.S. trade or business generally will be taxed as if the holder were a U.S. holder (and, if the non-U.S. holder of Taxable Bonds is a corporation, possibly subject to a branch profits tax at a 30% rate or lower rate as may be prescribed by an applicable tax treaty), provided the holder furnishes to the Withholding Agent an IRS Form W-8ECI.

Certain securities clearing organizations, and other entities that are not beneficial owners may be able to provide a signed statement to the Withholding Agent. In that case, however, the signed statement may require a copy of the beneficial owner's Form W-8BEN.

Generally, a non-U.S. holder will not be subject to U.S. federal income tax on any capital gain recognized on retirement or disposition of Taxable Bonds, unless 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 retirement or disposition of such Taxable Bonds, and that gain is derived from sources within the United States. Certain other exceptions may apply, and a non-U.S. holder in these circumstances should consult his tax advisor.

Taxable Bonds will not be includible in the estate of a non-U.S. holder unless the decedent was a direct or indirect 10% or greater shareholder of the Authority or, at the time of the decedent’s death, income from such Taxable Bonds was effectively connected with the conduct by the decedent of a trade or business in the United States.

Information Reporting and Backup Withholding

Information reporting requirements, on IRS Form 1099, generally apply to (i) payments of principal of and interest on Taxable Bonds to a noncorporate U.S. holder within the United States or by a U.S. paying agent or other U.S. intermediary, including payments made by wire transfer from outside the United States to an account maintained in the United States, and (ii) payments to a noncorporate U.S. holder of the proceeds from the sale of Series 2009 Taxable Bonds effected by a U.S. broker or agent or at a U.S. office of a broker.

Backup withholding may apply to these payments if the U.S. holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise fails to comply with the backup withholding rules. Compliance with the identification procedures described in the preceding section will establish an exemption from backup withholding for those non-U.S. holders who are not exempt recipients.

Defeasance

Under the terms of the General Resolution, the Taxable Bonds may be legally defeased. Prospective purchasers of Taxable Bonds should be aware that, for U.S. federal income tax purposes, a legal defeasance will be treated as a taxable exchange of such Taxable Bonds on which gain or loss, if any, will be recognized without any corresponding receipt of cash. In addition, after a legal defeasance, the timing and character of amounts includable in gross income by a holder of Taxable Bonds could differ from the timing and character of the amounts that would have been includible in gross income in respect of such Taxable Bonds had the legal defeasance not occurred. Prospective purchasers of such Taxable Bonds should consult their own tax advisors with respect to the more detailed consequences to them of a legal defeasance, including the applicability and effect of tax laws other than U.S. federal income tax laws.

Owners of Series 2009H Bonds Not to Receive Tax Credit

Although the Series 2009H Bonds will be issued as "Build America Bonds," the Authority will elect to receive a cash subsidy payment from the United States Treasury equal to thirty-five percent (35%) of the interest payable by the Authority on the Series 2009H Bonds. UNDER NO CIRCUMSTANCES WILL THE OWNERS OF THE SERIES 2009H BONDS RECEIVE OR BE ENTITLED TO A CREDIT AT ANY TIME AGAINST THE TAX IMPOSED BY THE CODE.

Future Developments

Future legislative proposals, if enacted into law, regulations, rulings or court decisions may cause interest on the Series 2009G Bonds to be subject, directly or indirectly, to federal income taxation or cause the Series 2009 Bonds to be subject, directly or indirectly, to State or local income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. Further, legislation or regulatory actions and proposals may affect the economic value of the federal or state tax exemption or the market value of the Series 2009 Bonds. Prospective purchasers of the Series 2009 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations, ruling or litigation as to which Special Tax Counsel expresses no opinion.

PART 13—LITIGATION

There is no litigation or other proceeding pending or, to the knowledge of the Authority, threatened in any court, agency or other administrative body (either State or Federal) restraining or enjoining the issuance, sale or delivery of the Series 2009 Bonds, or in any way questioning or affecting (i) the proceedings under which the Series 2009 Bonds are to be issued, (ii) the pledge effected under the General Resolution, or (iii) the validity of any provision of the Enabling Act, the Series 2009 Bonds, the General Resolution or the Financing Agreement.

PART 14—CERTAIN LEGAL MATTERS

All legal matters incident to the authorization, issuance, sale and delivery of the Series 2009 Bonds are subject to the approval of Harris Beach PLLC, New York, New York, Bond Counsel to the Authority, and an opinion with respect to certain tax matters by Sidley Austin LLP, New York, New York, Special Tax Counsel, and to certain other conditions. The approving opinion of Bond Counsel and the opinion of Special Tax Counsel will each be delivered with the delivery of the Series 2009 Bonds. The proposed form of such opinions are included in this Official Statement as Appendix D and Appendix E, respectively.

Certain legal matters will be passed upon for the Underwriters by their counsel, Arent Fox LLP, New York, New York.

PART 15—UNDERWRITING

Goldman, Sachs & Co., on behalf of the Underwriters of the Series 2009G Bonds and the Underwriters of the Series 2009H Bonds, has agreed, subject to the terms of a Contract of Purchase with the Authority, to purchase the Series 2009G Bonds and the Series 2009H Bonds, respectively, from the Authority.

The Contract of Purchase provides, in part, that subject to certain conditions, (i) the Underwriters of the Series 2009G Bonds will purchase from the Authority $91,110,000 aggregate principal amount of Series 2009G Bonds at a purchase price of $101,047,942.94 (which price reflects an Underwriters' discount of $412,781.31 and an original issue premium of $10,350,724.25), and (ii) the Underwriters of the Series 2009H Bonds will purchase from the Authority $286,525,000 aggregate principal amount of Series 2009H Bonds at a purchase price of $284,451,958.38 (which price reflects an Underwriters' discount of $2,073,041.62).

Delivery of the Series 2009G Bonds is not conditioned upon delivery of the Series 2009H Bonds. Delivery of the Series 2009H Bonds is not conditioned upon delivery of the Series 2009G Bonds.

Citigroup Inc., parent company of Citigroup Global Markets Inc., an underwriter of the Series 2009 Bonds, has entered into a retail brokerage joint venture with Morgan Stanley. As part of the joint venture, Citigroup Global Markets Inc. will distribute municipal securities to retail investors through the financial advisor network of a new broker-dealer, Morgan Stanley Smith Barney LLC. This distribution arrangement became effective on June 1, 2009. As part of this arrangement, Citigroup Global Markets Inc. will compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2009 Bonds.

Offering Restrictions in Europe

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each Underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of the Series 2009 Bonds that are the subject of the offering contemplated by this Official Statement to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Series 2009 Bonds to the public in that Relevant Member State at any time:

(a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant managing Underwriter; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Series 2009 Bonds shall require the Authority or any Underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this section, the expression an "offer of Series 2009 Bonds to the public" in relation to any Series 2009 Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Series 2009 Bonds to be offered so as to enable an investor to decide to purchase or subscribe the Series 2009 Bonds, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

The countries comprising the "European Economic Area" are Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lichtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovak Republic, Slovenia, Spain, Sweden and United Kingdom.

United Kingdom

Each Underwriter has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (the "FSMA")) received by it in connection with the issue or sale of the Series 2009 Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Authority; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Series 2009 Bonds in, from or otherwise involving the United Kingdom.

General

In connection with offers and sales of Series 2009 Bonds, no action has been taken by the Authority that would permit a public offering of the Series 2009 Bonds, or possession or distribution of any information relating to the pricing of the Series 2009 Bonds, this Official Statement or any other offering or publicity material relating to the Series 2009 Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, each Underwriter has agreed to comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells Series 2009 Bonds or possesses or distributes this Official Statement or any other offering or publicity material relating to the Series 2009 Bonds and will obtain any consent, approval or permission required by it for the purchase, offer or sale by it of Series 2009 Bonds under the laws and regulations in force in any country or jurisdiction to which it is subject or in which it makes such purchases, offers or sales and the Authority shall have no responsibility therefor.

PART 16—LEGALITY OF INVESTMENT

Under New York State law, the Series 2009 Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, all savings banks and savings institutions, including savings and loan associations, administrators, guardians, executors, trustees, committees, conservators and other fiduciaries in the State may properly and legally invest funds in their control. However, enabling legislation or bond resolutions of individual authorities and public benefit corporations of the State may limit the investment of funds of such authorities and corporations in the Series 2009 Bonds.

PART 17—RATINGS

The Series 2009 Bonds are rated "AAA" by Standard & Poor's and "AA-" by Fitch. An explanation of the significance of such rating should be obtained from the rating agency furnishing the same. There is no assurance that such rating will prevail for any given period of time or that it will not be changed or withdrawn by such rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of such rating may have an adverse effect on the market price of the Series 2009 Bonds.

PART 18—CONTINUING DISCLOSURE

In order to assist the Underwriters of the Series 2009 Bonds to comply with Rule 15c2-12 ("Rule 15c2-12") promulgated by the Securities and Exchange Commission (the "SEC") under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), each of the Authorized Issuers, the State, and each of the trustees under the general resolutions have entered into a written agreement (the "Master Disclosure Agreement") for the benefit of all holders of State Personal Income Tax Revenue Bonds, including the holders of the Series 2009 Bonds, to provide continuing disclosure. The State has undertaken for the benefit of all holders of State Personal Income Tax Revenue Bonds to provide in electronic form to the Electronic Municipal Market Access ("EMMA") maintained by the Municipal Securities Rulemaking Board ("MSRB"), as the sole repository for the central filing of electronic disclosure pursuant to Rules 15c2-12, on an annual basis on or before 120 days after the end of each fiscal year of the State, commencing, for the Series 2009 Bonds, with the fiscal year ending March 31, 2010, financial information and operating data referred to herein as "Annual Information" and the sources of the Revenue Bond Tax Fund Receipts, as described in more detail below. The State Comptroller is required by existing law to issue audited annual financial statements of the State, prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"), 120 days after the close of the State Fiscal Year, and the State will undertake to provide, in electronic form, the State's annual financial statements prepared in accordance with GAAP and audited by an independent firm of certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, to the MSRB, if and when such statements are available. In addition, the Authorized Issuers have undertaken, for the benefit of all holders of the State Personal Income Tax Revenue Bonds, including holders of Series 2009 Bonds, to provide, in electronic form, to the MSRB, in a timely manner, the notices described below (the "Notices").

The Annual Information shall consist of: (a) financial information and operating data of the type included in this Official Statement under the headings "PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS" and "PART 4—SOURCES OF NEW YORK STATE PERSONAL INCOME TAX RECEIPTS FOR THE REVENUE BOND TAX FUND," including information relating to: (1) a description of the personal income tax imposed by

Article 22 of the New York State Tax Law, which shall include a description of the tax rate, the tax base and the components of the State personal income tax (unless the personal income tax has been materially changed or modified, in which case similar information about the changed or modified tax will be provided); (2) a historical summary of New York State Personal Income Tax Receipts for a period of at least the five most recent completed State Fiscal Years then available, together with an explanation of the factors affecting collection levels; and (b) financial information and operating data of the type included in the Annual Information Statement of the State set forth or referred to in Appendix A hereto, under the headings or sub-headings "Prior Fiscal Years," "Debt and Other Financing Activities," "State Government Employment," "State Retirement Systems" and "Authorities and Localities," including, more specifically, information consisting of: (1) for prior fiscal years, an analysis of cash-basis results for the State's three most recent fiscal years, and a presentation of the State's results in accordance with GAAP for at least the two most recent fiscal years for which that information is then-currently available; (2) for debt and other financing activities, a description of the types of financings the State is authorized to undertake, a presentation of the outstanding debt issued by the State and certain public authorities, as well as information concerning debt service requirements on that debt; (3) for authorities and localities, information on certain public authorities and local entities whose financial status may have a material impact on the financial status of the State; and (4) material information regarding State government employment and retirement systems; together with (c) such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data concerning, and in judging the financial condition of, the State and the collection of New York State Personal Income Tax Receipts.

The Notices include notices of any of the following events with respect to all State Personal Income Tax Revenue Bonds, including holders of the Series 2009 Bonds, if material (each of which is described in the Master Disclosure Agreement): (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the security; (7) modifications to rights of security holders; (8) bond calls; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the securities; and (11) rating changes. In addition, the Authorized Issuers have undertaken for the benefit of the holders of State Personal Income Tax Revenue Bonds, including holders of the Series 2009 Bonds, to provide, in electronic form, to the MSRB, in a timely manner, notice of any failure by the State to electronically file the Annual Information and annual financial statements by the date required in the State's undertaking described above.

If any party to the Master Disclosure Agreement fails to comply with any provisions thereof, then each of the other parties to the Master Disclosure Agreement and, as a direct or third party beneficiary, as the case may be, any holder of State Personal Income Tax Revenue Bonds, including the holders of the Series 2009 Bonds, may enforce, for the equal benefit and protection of all holders similarly situated, by mandamus or other suit or proceeding at law or in equity, the Master Disclosure Agreement against such party and any of its officers, agents and employees, and may compel such party or any such officers, agents or employees to perform and carry out their duties thereunder. The sole and exclusive remedy for breach or default under the Master Disclosure Agreement to provide continuing disclosure described above is an action to compel specific performance of the undertakings of the State and/or the applicable Authorized Issuer contained therein, and no person or other entity, including any holder of State Personal Income Tax Revenue Bonds, including the holders of the Series 2009 Bonds, may recover monetary damages thereunder under any circumstances. Any holder of State Personal Income Tax Revenue Bonds, including the holders of Series 2009 Bonds, including any beneficial owner, may enforce the Master Disclosure Agreement to the equal and proportionate benefit of all holders similarly situated to the extent provided in the Master Disclosure Agreement. A breach or default under the Master Disclosure

Agreement shall not constitute an Event of Default under the general resolutions. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Master Disclosure Agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the provision of such information, shall no longer be required to be provided. The obligations of the State under the Master Disclosure Agreement may be terminated if the State ceases to be an obligated person as defined in Rule 15c2-12.

The State has not in the previous five years failed to comply, in all material respects, with any previous undertakings pursuant to Rule 15c2-12. The foregoing undertakings are intended to set forth a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data; and where an undertaking calls for information that no longer can be generated because the operations to which it is related have been materially changed or discontinued, a statement to that effect will be provided. As a result, the parties to the Master Disclosure Agreement do not anticipate that it often will be necessary to amend the information undertakings. The Master Disclosure Agreement, however, may be amended or modified without Bondholders' consent under certain circumstances set forth therein.

Copies of the Master Disclosure Agreement are on file at the respective offices of each Authorized Issuer.

PART 19—MISCELLANEOUS

Certain information concerning the State (which is either included in or appended to this Official Statement) has been furnished or reviewed and authorized for use by the Authority by such sources as described in this Official Statement. While the Authority believes that these sources are reliable, the Authority has not independently verified this information and does not guarantee the accuracy or completeness of the information furnished by the respective sources.

The State provided the information relating to the State in "APPENDIX A—INFORMATION CONCERNING THE STATE OF NEW YORK."

The Underwriters have not provided any information contained in this Official Statement except for the information contained under the caption "PART 15—UNDERWRITING" and except for certain financial and statistical information relating to the Series 2009 Bonds.

The Director of the Budget of the State of New York is to certify that the statements and information appearing (i) under the headings "PART 1—SUMMARY STATEMENT" (except under the subcaption "Purpose of Issue; Security for Series 2009 Bonds" as to which no representation is made), "PART 2—INTRODUCTION" (the second, third, fifth, seventh, eighth, ninth and eleventh paragraphs only), "PART 3—SECURITY AND SOURCES OF PAYMENT FOR STATE PERSONAL INCOME TAX REVENUE BONDS", (ii) under the heading "PART 4—SOURCES OF NEW YORK STATE PERSONAL INCOME TAX RECEIPTS FOR THE REVENUE BOND TAX FUND", (iii) under the heading captioned "PART 8—DEBT SERVICE REQUIREMENTS" as to the column "Other Outstanding NYS Personal Income Tax Revenue Bonds Debt Service" and (iv) in the "Annual Information Statement of the State of New York", including any updates or supplements, included in Appendix A to this Official Statement are true, correct and complete in all material respects, and that no facts have come to his attention that would lead him to believe that such statements and information contain any untrue statement of a material fact or omit to state any material fact necessary in order to make such statements and information, in light of the circumstances under which they were made, not misleading; *provided*, *however*, that while the statements and information contained in Appendix A which were obtained from sources other than the State are not certified as to truth, correctness or completeness, such statements and information have been obtained from sources that he believes to be reliable and he has no reason to believe that such statements and information contain any untrue statement of a material fact or omit to state any material fact necessary in order to make such statements and information, in light of the circumstances under which they were made, not misleading; *provided*, *however*, that while the information and statements contained under such headings and in Appendix A which were obtained from sources other than the State are not certified as to truth, correctness or completeness, such statements and information have been obtained from sources that he believes to be reliable and he has no reason to believe that such statements and information contain any untrue statement of a material fact or omit to state any material fact necessary in order to make such statements and information, in light of the circumstances under which they were made, not misleading; *provided, further, however*, that with regard to the statements and information in Appendix A hereto under the caption "Litigation", such statements and information as to legal matters are given to the best of his information and belief, having made such inquiries as he deemed appropriate at the offices of the Department of Law of the State, without any further independent investigation. The certification is to apply both as of the date of this Official Statement and as of the date of delivery of the Series 2009 Bonds.

Lamont Financial Advisors has acted as financial advisor to the Authority in connection with the sale and issuance of the Series 2009 Bonds.

The references herein to the Authority Act, the Enabling Act, other laws of the State, the General Resolution and the Financing Agreement are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and reference should be made to each for a full and complete statement of its provisions. The agreements of the Authority with the registered Owners of the Series 2009 Bonds are fully set forth in the General Resolution (including any supplemental resolutions thereto), and neither any advertisement of the Series 2009 Bonds nor this Official Statement is to be construed as a contract with the purchasers of the Series 2009 Bonds. So far as any statements are made in this Official Statement involving matters of opinion, forecasts or estimates, whether or not expressly stated, are intended merely as expressions of opinion, forecasts or estimates and not as representations of fact. Copies of the documents mentioned in this paragraph are available for review at the corporate headquarters of the Authority located at 515 Broadway, Albany, New York 12207.

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

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

By: /s/ Paul T. Williams, Jr.
Authorized Officer

APPENDIX A

INFORMATION CONCERNING THE STATE OF NEW YORK

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APPENDIX A

INFORMATION CONCERNING THE STATE OF NEW YORK

The State Legislature is not legally obligated to appropriate amounts for the payment of principal of, sinking fund installments, if any, or interest on the obligations to which this Official Statement relates. For information about the sources of payment of such obligations, the foregoing Official Statement to which this Appendix A is attached should be read in its entirety. The continued willingness and ability of the State, however, to make the appropriations and otherwise provide for the payments contemplated in the foregoing Official Statement, and the market for and market prices of the obligations, may depend in part upon the financial condition of the State.

Appendix A contains the Annual Information Statement of the State of New York ("Annual Information Statement" or "AIS"), as updated or supplemented to the date specified therein. The State intends to update and supplement that Annual Information Statement as described therein. It has been supplied by the State to provide information about the financial condition of the State in the Official Statements of all issuers, including public authorities of the State, that may depend in whole or in part on State appropriations as sources of payment of their respective bonds, notes or other obligations.

The AIS set forth in this Appendix A is dated May 15, 2009. It was updated on July 30, 2009. The AIS was filed with the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system. An electronic copy of this AIS Update can be accessed through the EMMA system at www.emma.msrb.org. An official copy of the AIS may be obtained by contacting the Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 473-8705. An informational copy of the AIS is available on the Internet at http://www.budget.state.ny.us.

The Basic Financial Statements and Other Supplementary Information for the State fiscal year ended March 31, 2009 were prepared by the State Comptroller in accordance with accounting principles generally accepted in the United States of America and independently audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The Basic Financial Statements and Other Supplementary Information were issued on July 29, 2009 and have been referred to or set forth thereafter in appendices of information concerning the State in Preliminary Official Statements and Official Statements of the State and certain of its public authorities. The Basic Financial Statements and Other Supplementary Information, which are included in the Comprehensive Annual Financial Report, may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 Tel: (518) 474-4015.

The Annual Information Statement of the State of New York (including any and all updates and supplements thereto) may not be included in an Official Statement or included by reference in an Official Statement without the express written authorization of the State of New York, Division of the Budget, State Capitol, Albany, NY 12224.

Update to Annual Information Statement (AIS) State of New York

July 30, 2009

This quarterly update (the "AIS Update") is the first quarterly update to the Annual Information Statement of the State of New York, dated May 15, 2009 (the "AIS") and contains information only through July 30, 2009. This AIS Update should be read in its entirety, together with the AIS.

In this AIS Update, readers will find:

1. Extracts from the First Quarterly Update to the 2009-10 Financial Plan (the "Updated Financial Plan"), which the Division of the Budget ("DOB") issued on July 30, 2009. The Updated Financial Plan includes (a) a summary of recent events and changes to the Enacted Budget Financial Plan made through the end of the regular 2009 legislative session, (b) revised Financial Plan projections for fiscal years 2009-10 through 2012-13, (c) operating results for the first quarter of fiscal year 2009-10, (d) an updated economic forecast, (e) the Generally Accepted Accounting Principles (GAAP)-basis Financial Plan projections for 2009-10, and (f) a summary on debt and capital management. The Updated Financial Plan is available on the DOB website, www.budget.state.ny.us.

2. A discussion of special considerations related to the State Financial Plan for fiscal year 2009-10.

3. A summary of GAAP-basis results for the 2008-09 fiscal year (the full statements are available on the State Comptroller's website, www.osc.state.ny.us).

4. Updated information regarding the State Retirement Systems.

5. The status of significant litigation that has the potential to adversely affect the State's finances.

DOB is responsible for preparing the State's Financial Plan and presenting the information that appears in this AIS Update on behalf of the State. In preparing this AIS Update, DOB has utilized significant portions of the Updated Financial Plan, but has also relied on information drawn from other sources, such as the Office of the State Comptroller ("OSC"), that it believes to be reliable. Information relating to matters described in the section entitled "Litigation" is furnished by the State Office of the Attorney General.

During the current fiscal year, the Governor, the State Comptroller, State legislators, and others may issue statements or reports that contain predictions, projections or other information relating to the State's financial condition, including potential operating results for the current fiscal year and projected baseline gaps for future fiscal years that may vary materially from the information provided in the AIS. Investors and other market participants should, however, refer to the AIS, as updated, or supplemented, for the most current official information regarding the financial condition of the State.

The State may issue AIS supplements or other disclosure notices to this AIS Update as events warrant. The State intends to announce publicly whenever an update or a supplement is issued. The State may choose to incorporate by reference all or a portion of this AIS Update in Official Statements or related disclosure documents for State or State-supported debt issuance. The State has filed this AIS Update with the Municipal Securities Rulemaking Board (MSRB) through its Electronic Municipal Market Access (EMMA) system. Effective July 1, 2009, pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, the MSRB is designated as the sole repository for the electronic filing of all primary and secondary market disclosure. An electronic copy of this AIS Update can be accessed through the EMMA at www.emma.msrb.org. An official copy of this AIS Update may be obtained by contacting the New York State Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 473-8705..

OSC issued the Basic Financial Statements for the 2008-09 fiscal year on July 29, 2009. Copies may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 and are available on its website at www.osc.state.ny.us.

Usage Notice

This AIS Update has been supplied by the State pursuant to its contractual obligations under various continuing disclosure agreements (each, a "CDA") entered into by the State in connection with financings of certain issuers, including public authorities of the State, that may depend in whole or in part on State appropriations as sources of payment of their respective bonds, notes or other obligations.

An informational copy of this AIS Update is available on the DOB website (www.budget.state.ny.us). The availability of this AIS Update in electronic form at DOB's website is being provided to you solely as a matter of convenience to readers and does not create any implication that there have been no changes in the financial condition of the State at any time subsequent to its release date. Maintenance of this AIS Update on this website is not intended as a republication of the information therein on any date subsequent to its release date.

Neither this AIS Update nor any portion thereof may be (i) included in a Preliminary Official Statement, Official Statement, or other offering document, or incorporated by reference therein, unless DOB has expressly consented thereto following a written request to the State of New York, Division of the Budget, State Capitol, Albany, NY 12224 or (ii) considered to be continuing disclosure in connection with any offering unless a CDA relating to the series of bonds or notes has been executed by DOB. Any such use, or incorporation by reference, of this AIS Update or any portion thereof in a Preliminary Official Statement, Official Statement, or other offering document or continuing disclosure filing or incorporated by reference therein without such consent and agreement by DOB is unauthorized and the State expressly disclaims any responsibility with respect to the inclusion, intended use, and updating of this AIS Update if so misused.

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Update to the 2009-10 Financial Plan

Note: *DOB issued the Updated Financial Plan on July 30, 2009, extracts of which are set forth below. The Updated Financial Plan includes updated estimates for 2009-10 and projections for 2010-11 through 2012-13. As such, it contains estimates and projections of future results that should not be construed as statements of fact. These estimates and projections are based upon various assumptions that may be affected by numerous factors, including future economic conditions in the State and nation and potential litigation. There can be no assurance that actual results will not differ materially and adversely from the estimates and projections contained in the Updated Financial Plan.*

The State accounts for all of its spending and revenues by the fund in which the activity takes place (such as the General Fund), and the broad category or purpose of that activity (such as State Operations). The Financial Plan tables sort all State projections and results by fund and category. The State Constitution requires the Governor to submit an Executive Budget that is balanced on a cash basis in the General Fund — the Fund that receives the majority of State taxes, and all income not earmarked for a particular program or activity. Since this is the fund that is required to be balanced, the focus of the State's budget discussion is often weighted toward the General Fund.

The State also reports disbursements and receipts activity by two other broad measures: State Operating Funds, which includes the General Fund and funds specified for dedicated purposes, but excludes Federal Funds and Capital Projects Funds; and All Governmental Funds ("All Funds"), which includes both State and Federal Funds and provides the most comprehensive view of the financial operations of the State.

Fund types of the State include: the General Fund; State special revenue funds ("SRFs"), which receive certain dedicated taxes, fees and other revenues that are used for a specified purpose; Federal SRFs, which receive Federal grants; State and Federal Capital Projects Funds, which account for costs incurred in the construction and reconstruction of roads, bridges, prisons, and other infrastructure projects; and Debt Service Funds, which pay principal, interest and related expenses on long-term bonds issued by the State and its public authorities.

Please see the Glossary of Acronyms of this AIS Update for the definitions of acronyms, defined terms and abbreviations that are used in this AIS Update.

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2009-10 Updated Financial Plan Highlights

- DOB now estimates a General Fund budget gap of $2.1 billion in the current year, and projects budget shortfalls growing to $18.2 billion by fiscal year 2012-13. The table below summarizes the revisions to the General Fund projections.

SUMMARY OF CHANGES TO GENERAL FUND/HCRA FORECAST : BUDGETARY BASIS SURPLUS/(GAP) PROJECTIONS (millions of dollars)

	2009-10	2010-11	2011-12	2012-13
Enacted Budget Estimate	0	**(2,166)**	**(8,757)**	**(13,706)**
Receipts Revisions	(1,975)	(1,520)	(2,467)	(1,966)
Disbursement Revisions	(87)	(807)	(1,890)	(2,299)
Legislative Session Changes	(61)	(115)	(157)	(160)
HCRA Revisions	0	(15)	(5)	(32)
First Quarterly Update Estimate	**(2,123)**	**(4,623)**	**(13,276)**	**(18,163)**
Required Legislative/Admin Actions	2,123	TBD	TBD	TBD
Budget Surplus/(Gap) After PEG*	**0**	**(4,623)**	**(13,276)**	**(18,163)**

** Assumes successful implementation of legislative/administrative actions.*

- The economic downturn continues to have a powerful negative effect on tax receipts in many states, including New York. The increase in the State's current-year gap is almost entirely due to a reduction in the forecast for State tax receipts, based on updated economic information and operating results. The outyear adjustments reflect negative revisions to both receipts and disbursements as the pervasiveness of the economic downturn leads to increased pension contributions (absent actions to control costs), reduced investment income, and other costs largely influenced by economic conditions.

- General Fund operating results through the first quarter of 2009-10 were better than expected in the Enacted Budget Financial Plan, but this was due in large part to (a) management actions to maintain adequate operating margins and (b) routine variances in the timing of disbursements that are not expected to affect annual spending levels. Excluding the impact of cash management actions, General Fund receipts were approximately $800 million below planned levels through the first quarter. For more information on first quarter operating results, see "Special Considerations" later in this AIS Update.

- The Governor will propose a Program to Eliminate the Gap (the "PEG") in the current year without the use of existing reserves. It is expected that the 2009-10 PEG will propose substantial reductions in local assistance and State Operations spending, as well as other measures to achieve a balanced budget in the current year. The Executive expects to have the PEG ready for legislative consideration in the early fall of 2009. At the same time, DOB is working with the Governor's Office of Taxpayer Accountability to identify opportunities to reduce waste, fraud, and abuse in State government, and has begun to implement some of these measures.

Financial Plan At-A-Glance

FINANCIAL PLAN AT-A-GLANCE: KEY MEASURES
(millions of dollars)

	2008-09 Actual	2009-10 Enacted Budget	2009-10 Revised [1, 2]	2009-10 Revised (incl. MTA) [2]	2010-11 Current Services
State Operating Funds Budget					
Size of Budget	$78,168	$78,742	$78,848	$80,471	$85,453
Annual Growth	1.5%	0.7%	0.9%	2.9%	6.2%
Other Budget Measures (Annual Growth)					
General Fund (with transfers)	$54,607	$54,908	$55,059	$55,059	$59,941
	2.3%	0.6%	0.8%	0.8%	8.9%
State Funds (Including Capital)	$83,146	$84,657	$84,386	$86,009	$91,913
	2.2%	1.8%	1.5%	3.4%	6.9%
Capital Budget (Federal and State)	$6,830	$8,832	$8,455	$8,455	$9,482
	11.4%	29.3%	23.8%	23.8%	12.1%
Federal Operating	$36,573	$44,361	$44,543	$44,543	$45,108
	11.1%	21.3%	21.8%	21.8%	1.3%
All Governmental Funds	$121,571	$131,935	$131,846	$133,469	$140,043
	4.8%	8.5%	8.5%	9.8%	4.9%
All Govt'l Funds (Including "Off-Budget" Capital)	$123,833	$133,737	$133,690	$135,313	$141,988
	5.2%	8.0%	8.0%	9.3%	4.9%
Inflation (CPI) Growth	2.7%	-0.2%	-0.2%	-0.2%	2.0%
All Funds Receipts (Annual Growth)					
Taxes	$60,337	$60,647	$58,897	$60,556	$64,889
	-0.9%	0.5%	-2.4%	0.4%	7.2%
Miscellaneous Receipts	$20,064	$22,185	$21,435	$21,435	$21,452
	2.1%	10.6%	6.8%	6.8%	0.1%
Federal Grants	$38,834	$47,718	$47,799	$47,799	$48,576
	11.2%	22.9%	23.1%	23.1%	1.6%
Total Receipts	$119,235	$130,550	$128,131	$129,790	$134,917
	3.3%	9.5%	7.5%	8.9%	4.0%
Base Tax Growth/(Decline) [3]	-3.0%	-6.5%	-9.6%	-9.6%	6.1%
Combined General Fund/HCRA Gap Forecast					
2009-10 (before PEG savings)	N/AP	$0	($2,123)	($2,123)	N/A
2010-11	N/AP	($2,166)	($4,623)	($4,623)	N/A
2011-12	N/AP	($8,757)	($13,276)	($13,276)	N/A
2012-13	N/AP	($13,706)	($18,163)	($18,163)	N/A
Cumulative Gaps	N/AP	($24,629)	($38,185)	($38,185)	N/A
Total General Fund Reserves (year-end)	$1,948	$1,378	$1,378	$1,378	$1,378
State Workforce (Subject to Executive Control)	136,490	128,803	128,803	128,803	128,803
Debt					
Debt Service as % All Funds	4.3%	4.5%	4.4%	4.4%	4.8%
State Related Debt Outstanding	$51,768	$54,532	$54,327	$54,327	$57,260

[1] *Excludes the approximately $1.6 billion in special revenue fund receipts and disbursements related to the new Metropolitan Commuter Transportation Mobility Tax, a tax which is collected by the State on behalf of, and transferred in its entirety to, the MTA.*

[2] *The estimates do not include $2.1 billion in potential PEG savings, as options are currently under development.*

[3] *Reflects estimated change in tax receipts excluding the impact of Tax Law changes since SFY 1986-87.*

Summary

The gap closed by the Enacted Budget was the largest ever faced by the State, measured in both absolute dollars and as a percentage of receipts. The budget for the 2009-10 fiscal year was adopted in an environment of extraordinary economic and fiscal uncertainty -- and a corresponding increase in the risks surrounding the forecasts of receipts and disbursements. In the Enacted Budget Financial Plan, DOB noted the substantial risks to the forecast, especially those related to the impact of the economic downturn on tax collections.

Based on a comprehensive review of operating results through the first quarter of 2009-10, updated economic data, and other information, DOB has concluded that actual receipts across the four-year planning period are likely to fall below the levels forecasted in the Enacted Budget Financial Plan. In the current year, General Fund receipts, including transfers from other funds, are now estimated to total $52.4 billion in 2009-10, a reduction of $1.97 billion (or 3.6 percent) from the Enacted Budget forecast. The most significant downward revisions were made to the forecasts for personal income taxes and sales taxes. These modifications are consistent with the weakness observed in actual operating results to date. Estimates for other tax sources, as well as receipts from investment income and the disposition of abandoned property, have also been reduced based on an updated assessment of market conditions. Reductions to receipts were taken across the plan period, reflecting the weakness in the base period.

General Fund disbursements, including transfers to other funds, are estimated at $55.1 billion, an increase of $151 million from the Enacted Budget forecast. This primarily reflects lower estimates for lottery receipts, which results in a corresponding increase in General Fund support for school aid, and for receipts in other funds that were expected to be available to offset fringe benefit costs in the General Fund. In addition to these factors, starting in 2010-11 and continuing over the Plan period, DOB is projecting substantial increases in the State's pension contributions[1], as well as higher growth in human services spending, consistent with the updated economic assumptions and program trends.

DOB estimates that, absent legislative and administrative action, the changes to the General Fund receipts and disbursements forecast would result in a budget gap of $2.1 billion in the current fiscal year. The projected budget gaps that must be addressed in future years have also increased and now total $4.6 billion in 2010-11, $13.3 billion in 2011-12, and $18.2 billion in 2012-13.

In comparison to the Enacted Budget forecast, the cumulative four-year gap has increased by approximately $13 billion, from $25 billion to $38 billion. The main factors contributing to the incremental increase in the cumulative gap over the plan period since the Enacted Budget forecast, and the percentage share of the increase in the cumulative gap, include: lower projected tax receipts ($6.6 billion; 48 percent of the incremental increase), higher than projected State pension contributions absent measures to control costs ($2.1 billion; 16 percent), lower lottery receipts ($1.4 billion; 10 percent), reduced income from the investment of State money and the disposition of abandoned property ($1.2 billion; 9 percent), and projected increases in child welfare and public assistance costs ($870 million; 6 percent).

The Executive is developing a PEG for the current fiscal year that will include proposed spending reductions and other targeted actions to eliminate the budget gap without the use of existing reserves. The PEG is expected to be ready for consideration by the Legislature in the early fall of 2009. At the same time, DOB is working with the Governor's Office of Taxpayer Accountability to identify opportunities to reduce waste, fraud and abuse in State government. It also intends to continue to impose strict controls on all discretionary spending by State agencies, including hiring, purchasing, travel, and other operating activities.

[1] Enactment of proposed legislation to create a new tier of pension benefits and smooth the impact of increased contributions would substantially reduce expected costs.

Revisions to General Fund Enacted Budget Financial Plan

As noted above, DOB has made a number of substantive revisions to the receipts and disbursements forecasts contained in the Enacted Budget Financial Plan. The following table provides a detailed list of the revisions and displays the impact on General Fund operating projections. It is followed by a discussion of the major revisions.

COMBINED GENERAL FUND AND HCRA FORECAST FOR 2009-10 THROUGH 2012-13*
SAVINGS/(COSTS)
(millions of dollars)

	2009-10	2010-11	2011-12	2012-13
ENACTED BUDGET SURPLUS/(GAP) ESTIMATE	**0**	**(2,166)**	**(8,757)**	**(13,706)**
Receipts Revisions	(1,975)	(1,520)	(2,467)	(1,966)
Personal Income Tax**	(1,134)	(780)	(1,554)	(1,196)
Sales/Use Taxes**	(409)	(309)	(210)	(150)
Business Taxes	(31)	(128)	(269)	(180)
Other Taxes**	(60)	(35)	(60)	(65)
Debt Service -- Personal Income Tax	51	9	3	27
Debt Service -- Sales Tax	11	0	0	0
Debt Service -- Real Estate Transfer Tax (Other Tax)	1	1	0	1
Abandoned Property	(175)	(175)	(175)	(175)
Investment Income	(130)	(100)	(120)	(140)
Miscellaneous Receipts/Other Transfers	(99)	(3)	(82)	(88)
Disbursement Revisions	(87)	(807)	(1,890)	(2,299)
Pension Contribution	0	(143)	(702)	(1,270)
Public Assistance	0	(138)	(187)	(226)
School Aid	0	(136)	(44)	(34)
Labor Settlements	0	(120)	(25)	(25)
Preschool Special Education	0	(70)	(32)	(34)
Child Welfare	0	(66)	(90)	(163)
Lottery	(131)	(52)	(706)	(464)
General State Charges	(90)	(48)	(58)	(70)
Medicaid	131	0	0	0
All Other	3	(34)	(46)	(13)
Legislative Session Changes	(61)	(115)	(157)	(160)
MTA Payroll Tax	(27)	(79)	(91)	(94)
School Supportive Health Services Settlement	(33)	(33)	(66)	(66)
Power for Jobs Extender to May 15, 2010	3	(3)	0	0
Unemployment Legislation	(4)	0	0	0
HCRA Revisions	0	(15)	(5)	(32)
REVISED SURPLUS/(GAP) ESTIMATE BEFORE ACTIONS	**(2,123)**	**(4,623)**	**(13,276)**	**(18,163)**
Net Change From Enacted	*(2,123)*	*(2,457)*	*(4,519)*	*(4,457)*
Potential Legislative/Administrative Actions to Address Gap	2,123	TBD	TBD	TBD
REVISED BUDGET SURPLUS/(GAP) ESTIMATE	**0**	**(4,623)**	**(13,276)**	**(18,163)**

** Receipts and disbursements estimates do not include $2.1. billion in potential PEG savings, as options are under development.*

*** Includes transfers from other funds, but excludes the impact of revisions to debt service costs, which are displayed separately.*

Discussion of General Fund Receipts Revisions

States in all parts of the nation continue to feel the effects of the economic downturn. The national economy is experiencing the longest and most severe recession since the 1930s. About 6.5 million jobs have been lost since December 2007, with more than two million jobs lost during the first quarter of 2009 alone. The unemployment rate is projected to rise above 10 percent during the current (third) quarter of calendar year 2009. U.S. personal income is projected to fall in 2009 for the first time since 1949. Though the worst of the credit market crisis appears to have passed and the national economy may finally be reaching the bottom, the deleveraging process among both households and businesses appears to be far from complete. Consumer demand is likely to remain weak going forward due to continued job losses, tight lending conditions on the part of banks, and the desire among households to reduce their debt. Thus, even with the recession ending by December 2009, the U.S. economy is projected to grow well below its long-term trend growth rate in 2010.

DOB is projecting declines for many New York State economic indicators that are even greater than experienced in the wake of the September 11 attacks. Private sector employment is projected to fall 2.7 percent, the largest annual decline since 1990. With credit markets and finance sector compensation now at the fulcrum of the current economic crisis, the impact of the current downturn on State wages has been severe. DOB estimates that, in 2009, State wages will experience the largest annual decline recorded in the history of the data series. This largely reflects the impact of securities industry losses on bonus compensation. This historic decline can be expected to continue to adversely affect State household spending over the near-term. Credit market conditions and rising debt default rates are also expected to continue to depress real estate activity, particularly in the commercial sector where high-value transactions contribute significantly to State and local government revenues. DOB expects the State's recession to end sometime during the second half of 2010. (See "Economic Outlook" herein for more information.)

The historic decline in State wages, combined with depressed equity and real estate markets and a weak national economy, is projected to have a severe impact on virtually all of the State's revenue sources. Without the law changes enacted in 2009-10, personal income tax liability would be expected to fall 11.5 percent in calendar year 2009, a loss of $3.7 billion. Total personal income tax collections (excluding STAR and RBTF) for 2009-10 are expected to decline by 2.0 percent from the prior fiscal year, even with the impact of the recently enacted personal income tax surcharge factored into the estimates. Results to date suggest that the increased collections expected in connection with the surcharge are coming in more slowly than anticipated. The collection results for the income tax in April and May were below the same period a year ago, and $503 million below Enacted Budget projections (on an All Funds basis). As a result, income tax collections for the fiscal year are expected to be $1.1 billion below the Enacted Budget forecast.

Projected sales tax receipts for 2009-10 have been lowered by more than $400 million from the Enacted Budget estimate. Sales tax receipts began to fall below the prior year's receipts in October 2008 and have declined in each month thereafter (as compared to the same month in the prior year). The declines since October 2008 represent the largest in the history of the available data and far exceed the losses that occurred in the aftermath of September 11. The DOB forecast reflects a gradual return of receipts to their long-term growth rate. On an annual basis, business tax collections are expected to decline by 1.8 percent for 2009-10, to about $5.5 billion. This estimate is virtually unchanged from the Enacted Budget projection. Real estate transfer tax collections are expected to total $375 million for the current fiscal year, representing a steep decline from 2007-08 when receipts from this tax exceeded $1 billion. However, this large decline was anticipated and no significant revisions are required for this tax source.

Discussion of General Fund Disbursement Revisions

DOB has also made a number of substantive revisions to the General Fund disbursements forecast, several of which are related directly or indirectly to the continuing economic downturn. The revisions do not reflect any potential impact of Federal health care reform, given the uncertainties surrounding possible outcomes. The specific revisions include:

- **State Share Pension Contribution:** As a result of the ongoing economic downturn, the New York State Common Retirement Fund has realized lower than expected rates of return on its investments. The lower returns are expected to result in increased employer contribution rates to the New York State and Local Employees' Retirement System (ERS) and the New York State and Local Police and Fire Retirement System (PFRS). The revised rates do not reflect the potential benefit of proposed legislation to allow governments to amortize the costs of the increase over a period of several years (such as proposed by the State Comptroller) or to create a new tier of pension benefits (as proposed in the Executive Budget). Absent enactment of these changes, the ERS pension contribution rates, as a percent of payroll, are projected to grow from 7.2 percent in 2009-10 to 24.1 percent in 2012-13. PFRS rates are also projected to increase significantly, rising from 14.7 percent in 2009-10 to 33.1 percent in 2012-13.

- **Public Assistance Caseload:** Based on the latest program information and updated economic models, DOB is now projecting an increase of over 40,000 individuals on public assistance over the plan period, with the caseload estimated at approximately 554,200 by 2012-13. The Safety Net program for single adults is growing fastest, reflecting rising unemployment, which has a disproportionate impact on this population.

- **School Aid:** The May 2009 update to the school aid database resulted in higher costs of $136 million in 2010-11, based on additional claims filed since the Enacted Budget and updated wealth and demographic information reported by school districts. Pursuant to statute, additional school year obligations from 2009-10 will be paid in State fiscal year 2010-11. As in prior years, the updated school district data and additional claims have resulted in a significant cost increase to the State's multi-year Financial Plan, subsequent to the Enacted Budget. The next school aid database update will occur in November 2009.

- **Labor Settlements:** Arbitration awards have been granted to the unions representing corrections officers (2007-08 and 2008-09) and corrections supervisors (2005-06 and 2006-07). The arbitration awards, which are expected to add costs of $95 million in the current year and $32 million thereafter, are in addition to the estimated spending reserve for collective bargaining agreements included in the Enacted Budget. Due to the uncertain timing of other potential settlements, the Financial Plan impact of the additional costs is expected to affect 2010-11 and future years.

- **Preschool Special Education:** The State reimburses counties 59.5 percent for costs related to special education services for preschool children. Higher costs over the plan period reflect additional growth in the population of preschool students with disabilities and the level of per-pupil expenditures.

- **Child Welfare Services:** Under the open-ended child welfare services program, the State reimburses local governments for 63.7 percent of the cost of providing certain services, including community-based preventive services and child protective services. Increased General Fund support reflects projected growth in local child welfare claims beyond the levels forecasted in the Enacted Budget.

- **Lottery Aid:** The estimate for General Fund support for school aid has been increased to compensate for a corresponding decrease in projected lottery and VLT receipts, based on current trends. In addition, VLT estimates for 2010-11 now assume a franchise payment for development rights related to a VLT facility at Aqueduct. A franchise payment related to development rights at Belmont in 2011-12 has been removed from the plan, given that the Legislature has not enacted enabling legislation.

- **General State Charges:** DOB expects that annual escrow payments from other funds to the General Fund to offset fringe benefit costs will fall below the levels projected in the Enacted Budget, based on operating results to date and the overall reduction in projected receipts into dedicated funds (from which the escrow payments are made). Lower than projected health insurance costs for State employees and retirees are expected to partially offset this decline.

- **Medicaid (including administrative costs):** Medicaid spending for 2009-10 has been revised downward due to Federal adjustments related to emergency services provided to immigrants and provider taxes.

- **All Other:** In the current year, a projected increase in the General Fund subsidy to the DHBTF, consistent with the latest receipts forecast, is more than offset by savings related to a change in the timing of Federal ARRA financing for TAP and lower debt service costs. The outyear estimates reflect additional costs to support the OMH clinic and ambulatory care restructuring implemented in 2008-09 and the return of the Empire State Games in 2010. In addition, the estimates reflect the cost of a new program in which the State will provide a 10 percent match for every stimulus dollar the Federal government awards through competitive grants to research facilities in New York State.

Legislative Session Changes

Certain legislation approved during the 2009 legislative session, but after the enactment of the 2009-10 budget, is reflected in the Financial Plan for the first time and is described below.

- **MTA Payroll Tax:** The Metropolitan Commuter Transportation Mobility Tax (Mobility Tax) is a new tax imposed on certain employers and self-employed individuals engaging in business within the metropolitan commuter transportation district, which represents the 11-county region serviced by the MTA. This tax levies a 0.34 percent assessment on total payroll costs for employers within the district including school districts and the State. The additional costs to the State include the added payroll cost for State employees and not-for-profit Mental Hygiene providers as well as the planned reimbursement by the State to compensate school districts for the cost of the new tax .

- **School Supportive Health Services Settlement:** The State and New York City have reached a settlement with the Federal government concerning Medicaid payments under the SSHS program. The settlement avoided a potentially much larger cost for the State. The settlement calls for restitution of approximately $540 million, with the State responsible for $440 million and the City for $100 million. To date, the State has paid approximately $100 million of its obligation. The remainder of the State's share will be paid in 10 payments of $33 million over a five-and-a-half-year period. The first payment is expected to be made by month-end. The agreement avoided a potential liability that may have reached $1.5 billion and also includes a series of releases between the parties and a compliance agreement governing the State's future participation in the SSHS program.

- **Power for Jobs Extender:** Reflects the extension of a GRT credit to utilities in exchange for the utilities providing reduced electric delivery rates to customers enrolled in the PFJ program. Reduced GRT revenues, as a result of the PFJ program, are expected to be offset by a corresponding contribution by NYPA to the General Fund.

- **Unemployment Insurance:** Reflects the impact of conforming New York's unemployment insurance law to Federal law. This legislative change allows the State to use up to $645 million in new Federal ARRA funds and extend benefits to New Yorkers whose unemployment benefits would otherwise expire. The $4 million in increased 2009-10 costs will cover benefits that are not federally funded under ARRA.

Annual Spending Growth

The updated State Operating Funds and All Funds disbursement estimates are significantly affected by the Mobility Tax. This revenue source is collected by the State on behalf of, and disbursed in its entirety to, the MTA. Due to the requirements of the enabling legislation, the tax is reflected in the State's operating funds, increasing both receipts and disbursements by $1.6 billion.

TOTAL DISBURSEMENTS*
(millions of dollars)

		2009-10					
	2008-09 Actuals	Enacted Estimate	Change	Revised Estimate	Annual $ Change	Annual % Change	Adjusted % Change**
State Operating Funds	**78,168**	**78,742**	**1,729**	**80,471**	**2,303**	**2.9%**	**0.9%**
General Fund (excluding transfers)	48,436	49,449	(27)	49,422	986	2.0%	2.0%
Other State Funds	25,146	24,075	1,827	25,902	756	3.0%	-3.4%
Debt Service Funds	4,586	5,218	(71)	5,147	561	12.2%	12.2%
All Governmental Funds	**121,571**	**131,935**	**1,534**	**133,469**	**11,898**	**9.8%**	**8.5%**
State Operating Funds	78,168	78,742	1,729	80,471	2,303	2.9%	0.9%
Capital Projects Funds	6,830	8,832	(377)	8,455	1,625	23.8%	23.8%
Federal Operating Funds	36,573	44,361	182	44,543	7,970	21.8%	21.8%
General Fund, including Transfers	**54,607**	**54,908**	**151**	**55,059**	**452**	**0.8%**	**0.8%**

** First Quarterly receipts and disbursements estimates do not include the $2.1 billion in savings that are expected to be achieved through legislation or administrative actions, or both, to address the current year shortfall, as options are currently under development.*

*** Excludes approximately $1.6 billion in special revenue fund disbursements related to the new Metropolitan Commuter Transportation Mobility Tax, a tax which is collected by the State on behalf of, and transferred in its entirety to, the MTA.*

General Fund spending, including transfers to other funds, is projected to total $55.1 billion in 2009-10, an increase of $452 million over 2008-09 actual results. State Operating Funds spending, which includes the General Fund, State-financed special revenue funds, and debt service, is projected to increase by $2.3 billion and total $80.5 billion in 2009-10. All Governmental Funds spending, the broadest measure of spending that includes State Operating Funds, capital spending, and Federal grants, is projected to total $133.5 billion in 2009-10, an increase of $11.9 billion. Two-thirds of the All Funds increase is attributable to growth in Federal aid.

2009-10 Projected Closing Balances

General Fund

DOB estimates that the General Fund will end the 2009-10 fiscal year with a balance of $1.4 billion, unchanged from the Enacted Budget. This estimate is dependent on successful implementation of actions to eliminate the current-year budget gap that is now estimated at $2.1 billion.

GENERAL FUND ESTIMATED CLOSING BALANCE (millions of dollars)	2009-10 Enacted Estimate	2009-10 Revised Estimate	*Change*
Projected Fund Balance	**1,378**	**1,378**	**0**
Tax Stabilization Reserve Fund	1,031	1,031	0
Rainy Day Reserve Fund	175	175	0
Community Projects Fund	78	78	0
Reserved for Debt Reduction	73	73	0
Contingency Reserve Fund	21	21	0

The estimated General Fund closing balance for 2009-10 will consist of approximately $1 billion in the State's Tax Stabilization Reserve, which can be used to finance an unanticipated deficit at the end of the fiscal year, $175 million in the Rainy Day Reserve, which can be used to respond to an economic downturn if certain criteria are met, $78 million in the Community Projects Fund, which is reserved to finance existing "member item" initiatives, $73 million for debt management purposes, and $21 million in the Contingency Reserve Fund for litigation risks.

State Operating Fund

DOB projects the State will end the 2009-10 fiscal year with a State Operating Funds balance of $3.7 billion. This estimate is dependent on the successful implementation of actions to close the General Fund gap in the current year. The balance consists of $1.4 billion in the General Fund, $2.1 billion in balances in State Special Revenue Funds, and $287 million in Debt Service Funds.

STATE OPERATING FUNDS ESTIMATED CLOSING BALANCE (millions of dollars)	2009-10 Enacted Plan	2009-10 Current Estimate	*Change*
Projected First Quarterly Fund Balance	**3,698**	**3,722**	***24***
General Fund	1,378	1,378	*0*
Special Revenue Funds	2,031	2,057	26
Miscellaneous Special Revenue	890	891	1
Industry Assessments	*452*	*467*	*15*
Health and Social Welfare	*(4)*	*(4)*	*0*
General Government	*85*	*80*	*(5)*
All Other	*357*	*348*	*(9)*
State University Income	676	805	129
Mass Transportation Operating Assistance	104	24	(80)
Health Care Resources Fund	0	0	0
Lottery Fund	14	14	0
All Other	347	323	(24)
Debt Service Funds	289	287	*(2)*

The balances held in State Special Revenue Funds include moneys designated to finance existing or potential future commitments, or funds that are restricted or dedicated for specified statutory purposes. The largest balances in the State Special Revenue Funds include moneys on hand to finance future costs for State University programs, operating assistance for transportation programs, and various programs financed from the industry assessments. The remaining fund balances are held in numerous funds, primarily the Miscellaneous Special Revenue Fund, and accounts that support a variety of programs including public health, general government, and public safety.

General Fund Outyear Budget Projections

DOB projects outyear budget gaps of $4.6 billion in 2010-11, $13.3 billion in 2011-12, and $18.2 billion in 2012-13.

General Fund spending is projected to grow at an average annual rate of 8.1 percent from 2008-09 through 2012-13. Spending growth in the General Fund is projected to increase sharply in 2011-12, reflecting a return to a lower Federal match rate for Medicaid expenditures on January 1, 2011, which will increase General Fund costs, and the loss of temporary Federal aid for education. Excluding these Federal ARRA-related effects, which temporarily suppress General Fund costs in 2009-10 and 2010-11, General Fund spending grows at approximately 7.5 percent on a compound annual basis. The spending growth is driven by, among other things, Medicaid, including the State-financed cap on local Medicaid spending; pensions; education; employee and retiree health benefits; and human services programs.

The receipts growth over the plan period is consistent with DOB's economic forecast for the recession and recovery. The temporary PIT increase, which covers calendar years 2009 through 2011, is expected to provide substantial additional receipts through fiscal year 2011-12.

The following table summarizes the General Fund projections by major tax and Financial Plan category.

GENERAL FUND FIRST QUARTERLY UPDATE FORECAST
(millions of dollars)

	2009-10	2010-11	Annual $ Change	Annual % Change	2011-12	Annual % Change	2012-13	Annual % Change
Receipts								
Taxes	48,207	51,906	3,699	7.7%	52,657	1.4%	52,908	0.5%
Personal Income Tax*	31,451	34,373	2,922	9.3%	34,475	0.3%	33,566	-2.6%
User Taxes and Fees*	10,322	10,764	442	4.3%	11,327	5.2%	11,782	4.0%
Business Taxes	5,454	5,697	243	4.5%	5,656	-0.7%	6,218	9.9%
Other Taxes*	980	1,072	92	9.4%	1,199	11.8%	1,342	11.9%
Miscellaneous Receipts	2,901	2,687	(214)	-7.4%	2,583	-3.9%	2,583	0.0%
Federal Grants	68	60	(8)	-11.8%	60	0.0%	60	0.0%
Other Transfers	1,190	720	(470)	-39.5%	681	-5.4%	692	1.6%
Total Receipts**	**52,366**	**55,373**	**3,007**	**5.7%**	**55,981**	**1.1%**	**56,243**	**0.5%**
Disbursements								
Grants to Local Governments	36,946	40,247	3,301	8.9%	47,706	18.5%	51,366	7.7%
School Aid	18,019	19,028	1,009	5.6%	20,553	8.0%	22,519	9.6%
Total Medicaid (incl. administration)	6,303	8,673	2,370	37.6%	13,602	56.8%	14,710	8.1%
Medicaid (before local relief/FMAP)	8,497	10,243	1,746	20.5%	11,893	16.1%	12,545	5.5%
Enhanced FMAP (ARRA)	(3,155)	(2,883)	272	-8.6%	0	-100.0%	0	0.0%
Local Government Cap/FHP Takeover	961	1,313	352	36.6%	1,709	30.2%	2,165	26.7%
Higher Education	2,822	2,578	(244)	-8.6%	2,733	6.0%	2,763	1.1%
Mental Hygiene	2,154	2,272	118	5.5%	2,413	6.2%	2,539	5.2%
Children and Family Services	1,823	2,034	211	11.6%	2,260	11.1%	2,476	9.6%
Other Education Aid	1,640	1,687	47	2.9%	1,873	11.0%	1,959	4.6%
Temporary and Disability Assistance	1,275	1,439	164	12.9%	1,528	6.2%	1,654	8.2%
Local Government Assistance	1,135	1,130	(5)	-0.4%	1,134	0.4%	1,137	0.3%
Public Health	653	578	(75)	-11.5%	598	3.5%	635	6.2%
All Other	1,122	828	(294)	-26.2%	1,012	22.2%	974	-3.8%
State Operations:	8,633	9,034	401	4.6%	9,189	1.7%	9,326	1.5%
Personal Service	6,410	6,730	320	5.0%	6,815	1.3%	6,884	1.0%
Non-Personal Service	2,223	2,304	81	3.6%	2,374	3.0%	2,442	2.9%
General State Charges	3,843	4,262	419	10.9%	5,133	20.4%	6,130	19.4%
Pensions	1,148	1,555	407	35.5%	2,227	43.2%	2,924	31.3%
Health Insurance:								
Active Employees	1,706	1,875	169	9.9%	2,030	8.3%	2,199	8.3%
Retired Employees	1,119	1,226	107	9.6%	1,331	8.6%	1,445	8.6%
Fringe Benefit Escrow	(2,126)	(2,279)	(153)	7.2%	(2,452)	7.6%	(2,459)	0.3%
All Other	1,996	1,885	(111)	-5.6%	1,997	5.9%	2,021	1.2%
Transfers to Other Funds	5,637	6,398	761	13.5%	7,270	13.6%	7,682	5.7%
Medicaid State Share	2,362	2,388	26	1.1%	2,886	20.9%	2,888	0.1%
Debt Service	1,776	1,762	(14)	-0.8%	1,739	-1.3%	1,725	-0.8%
Capital Projects	565	1,167	602	106.5%	1,322	13.3%	1,476	11.6%
Other Purposes	934	1,081	147	15.7%	1,323	22.4%	1,593	20.4%
Total Disbursements**	**55,059**	**59,941**	**4,882**	**8.9%**	**69,298**	**15.6%**	**74,504**	**7.5%**
Change in Reserves								
Timing Related Reserve	(163)	0			0		0	
Prior Year Reserves	(340)	0			0		0	
Community Projects Fund	(67)	55			(41)		(92)	
Deposit to/(Use of) Reserves	**(570)**	**55**			**(41)**		**(92)**	
Revised Budget Surplus/(Gap) Estimate	**(2,123)**	**(4,623)**			**(13,276)**		**(18,169)**	
Add: HCRA Operating Surplus	0	0			0		6	
Legislative/Admin Actions (PEG)	**2,123**	**TBD**			**TBD**		**TBD**	
General Fund/HCRA Revised Budget Surplus/(Gap) Estimate	**0**	**(4,623)**			**(13,276)**		**(18,163)**	

** Includes transfers after debt service.*

*** The estimates do not include $2.1 billion in potential PEG savings , as options are currently under development.*

In evaluating the State's outyear operating forecast, it should be noted that the reliability of the estimates as a predictor of the State's future fiscal condition is likely to diminish as one moves further into the planning period. Accordingly, in terms of the outyear projections, 2010-11 is perhaps the most relevant from a planning perspective, since any gap in that year must be closed with the next Executive Budget and the variability of the estimates is likely to be less than in later years.

General Fund Outyear Receipts Projections

General Fund receipts over the plan period are affected by the economic outlook, the expiration of the personal income tax surcharge at the end of calendar year 2011, and the changes in the level of non-tax resources available to finance General Fund disbursements.

The economic forecast calls for a recession with employment losses continuing through the third quarter of 2010, a historic decline in State wages of 4.8 percent in 2009, and low wage growth of 2.1 percent for 2010. This lowers the economic base on which the outyear revenue forecast is built. Overall, receipts growth in the three fiscal years following 2010-11 is expected to grow consistent with projected growth in the U.S. and New York economies. For a full discussion of the State's multi-year receipts forecast, see "All Funds Receipts Projections" herein.

General Fund Outyear Disbursement Projections

DOB forecasts General Fund spending of $59.9 billion in 2010-11, an increase of $4.9 billion (8.9 percent) over estimated 2009-10 levels. Growth in 2011-12 is projected at $9.4 billion (15.6 percent) and in 2012-13 at $5.2 billion (7.5 percent). The growth levels are based on current services projections, as modified by the actions contained in the Updated Financial Plan, and reflect the impact of Federal ARRA. They do not incorporate any estimate of potential new actions to control spending in the current year or in future years.

Grants to Local Governments

Annual growth in the outyears for local assistance is driven primarily by Medicaid and school aid.

Medicaid

General Fund spending for Medicaid is expected to grow by $2.4 billion in 2010-11, $4.9 billion in 2011-12, and another $1.1 billion in 2012-13. These estimates reflect the loss of the enhanced FMAP provided through the Federal ARRA that is expected to reduce State share spending in 2009-10 and 2010-11.

MAJOR SOURCES OF ANNUAL CHANGE IN MEDICAID
(millions of dollars)

	2009-10	2010-11	Annual $ Change	Annual % Change	2011-12	Annual % Change	2012-13	Annual % Change
Base Growth Before Enhanced FMAP	**13,946**	**15,636**	***1,690***	***12.1%***	**17,642**	***12.8%***	**18,903**	***7.1%***
Enhanced FMAP -- State Share *	(3,155)	(2,883)	*272*	*-8.6%*	0	*-100.0%*	0	-
State Funds Base Growth (After FMAP)	**10,791**	**12,753**	***1,962***	***18.2%***	**17,642**	***38.3%***	**18,903**	***7.1%***
Other State Funds Support	**(4,488)**	**(4,080)**	***408***	***-9.1%***	**(4,040)**	***-1.0%***	**(4,193)**	***3.8%***
HCRA Financing	(2,546)	(2,230)	*316*	*-12.4%*	(2,190)	*-1.8%*	(2,343)	*7.0%*
Provider Assessment Revenue	(686)	(700)	*(14)*	*2.0%*	(700)	*0.0%*	(700)	*0.0%*
Indigent Care Revenue	(1,256)	(1,150)	*106*	*-8.4%*	(1,150)	*0.0%*	(1,150)	*0.0%*
Total General Fund	**6,303**	**8,673**	***2,370***	***37.6%***	**13,602**	***56.8%***	**14,710**	***8.1%***
Local Government Relief (incl. above)	961	1,313	*352*	*36.6%*	1,709	*30.2%*	2,165	*26.7%*

** Excludes enhanced FMAP for other state agencies.*

Medicaid growth results, in part, from the combination of projected increases in recipients, service utilization, and medical care cost inflation that impact nearly all categories of service (e.g., hospitals, nursing homes). The State cap on local Medicaid costs and takeover of local FHP costs, which are included in base categories of service, are projected to increase spending by roughly $400 million annually between 2010-11 and 2012-13. In 2011-12, an extra weekly payment to providers adds an estimated $400 million in base spending across all categories of service. The remaining General Fund growth is primarily attributable to changes in the resources in other State Funds available to lower General Fund costs, primarily HCRA financing.

The average number of Medicaid recipients is expected to grow to 4.27 million in 2010-11, an increase of 7.2 percent from the estimated 2009-10 caseload of 3.98 million.

School Aid

MULTI-YEAR SCHOOL AID PROJECTIONS - SCHOOL-YEAR BASIS
(millions of dollars)

	2009-10	2010-11	Annual $	Annual %	2011-12	Annual %	2012-13	Annual %
Foundation Aid	14,876	14,876	*0*	*0.0%*	15,889	*6.8%*	17,390	*9.4%*
Universal Pre-kindergarten	414	414	*0*	*0.0%*	460	*11.1%*	520	*13.0%*
High Tax Aid	205	205	*0*	*0.0%*	100	*-51.2%*	100	*0.0%*
EXCEL Building Aid*	165	185	*20*	*12.1%*	192	*3.8%*	192	*0.0%*
Expense-Based Aids	5,622	6,112	*490*	*8.7%*	6,636	*8.6%*	7,201	*8.5%*
Other Aid Categories/Initiatives	639	698	*59*	*9.2%*	743	*6.4%*	797	*7.3%*
Total School Aid	**21,921**	**22,490**	***569***	***2.6%***	**24,020**	***6.8%***	**26,200**	***9.1%***

** Represents State debt service costs.*

Projected school aid spending reflects expected increases in foundation aid, universal prekindergarten expansion, and expense-based aids such as building aid, transportation aid, and excess cost aids. On a school year basis, school aid is projected at $22.5 billion in 2010-11, $24.0 billion in 2011-12, and $26.2 billion in 2012-13.

School aid has two principal funding sources: the General Fund and the Lottery Fund. In addition, Federal ARRA funding is expected to be available to help finance spending in the 2009-10 and 2010-11 school years. Revenues from core lottery sales are projected to remain flat in 2010-11, followed by an increase of $32 million in 2011-12, and $41 million in 2012-13 (totaling $2.3 billion in 2012-13). Revenues from VLTs are projected to increase by $174 million in 2010-11, by $38 million in 2011-12, and by $48 million in 2012-13 (totaling $738 million in 2012-13). VLT estimates for 2010-11 assume a one-time franchise payment from the sale of VLT development rights at Aqueduct, where operations are expected to begin in 2011. A franchise payment related to VLT development rights at Belmont in 2011-12 has been removed from the plan, given that the Legislature has not enacted enabling legislation.

Mental Hygiene

Mental hygiene spending is projected to total $2.3 billion in 2010-11, $2.4 billion in 2011-12, and $2.5 billion in 2012-13. Sources of growth include: increases in the projected State share of Medicaid costs; projected expansion of the various mental hygiene service systems, including increases primarily associated with OMRDD's NYS-CARES program; the New York/New York III Supportive Housing agreement and community bed expansion in the OMH pipeline that are currently under development; and several chemical dependence treatment and prevention initiatives in OASAS, including treatment costs associated with Rockefeller Drug Law reform.

Children and Family Services

Children and Family Services local assistance spending is projected to grow by approximately $200 million annually from 2010-11 through 2012-13, primarily the result of continuing growth in local claims-based programs, especially child welfare services.

Temporary and Disability Assistance

Spending is projected at $1.4 billion in 2010-11, and is expected to increase to $1.7 billion by 2012-13. The estimates assume growth in the State's public assistance caseloads, based on the latest economic forecast and updated program data.

Higher Education

Spending is projected to decrease in 2010-11 by $244 million, followed by growth of $155 million in 2011-12, and another $30 million in 2012-13. The annual decline in 2010-11 is primarily attributable to the deferral of approximately $300 million in CUNY spending from 2008-09 to 2009-10, inflating the 2009-10 spending level.

State Operations

State Operations spending is expected to total $9.0 billion in 2010-11, an annual increase of $401 million (4.6 percent). In 2011-12, spending is projected to grow by another $155 million (1.7 percent) to a total of $9.1 billion, followed by another $137 million (1.5 percent) for a total of $9.3 billion in 2012-13. The estimates assume the successful implementation of workforce reduction plan measures. The personal service portion of these increases reflects both the impact of the settled labor contracts and potential spending for unsettled unions (assuming comparable agreements to currently-settled unions); salary adjustments for performance advances, longevity payments and promotions; and adjustments to staffing levels. Inflationary increases for non-personal service costs result in higher spending in all years. Additional growth is driven by spending for ongoing initiatives, including the civil commitment program for sexual offenders.

General State Charges

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING GENERAL STATE CHARGES

	Actual	Forecast			
	2008-09	2009-10	2010-11	2011-12	2012-13
General State Charges					
ERS Pension Contribution Rate as % of Salary	8.2%	7.2%	11.5%	17.9%	24.1%
PFRS Pension Contribution Rate as % of Salary	15.4%	14.7%	18.4%	25.9%	33.1%
Employee/Retiree Health Insurance Growth Rates	4.8%	6.2%	9.0%	9.0%	9.0%

GSCs are projected to total $4.3 billion in 2010-11, $5.1 billion in 2011-12 and $6.1 billion in 2012-13. The annual increases are due mainly to anticipated cost increases in the State's pension contribution for State employees and retirees.

The State's 2009-10 ERS pension contribution rate as a percentage of salary is projected to be 7.2 percent in 2009-10 growing to 24.1 percent in 2012-13. The PFRS pension contribution rate is projected to be 14.7 percent in 2009-10 growing to 33.1 percent by 2012-13. Pension costs in 2010-11 are projected to total $1.6 billion, an increase of $407 million over 2009-10. In 2011-12, costs are projected to increase an additional $672 million to total $2.2 billion. In 2012-13, they are projected to increase by $697 million to total $2.9 billion. Growth in all years is driven by anticipated increases in the employer contribution rate. The projections do not reflect the benefit of proposals to create a new tier of pension benefits and smooth the impact of current rate increases.

Spending for employee and retiree health care costs is expected to remain stable through 2012-13, with an average annual premium increase of approximately 9.0 percent.

FORECAST OF NEW YORK STATE EMPLOYEE HEALTH INSURANCE COSTS (millions of dollars)			
	Health Insurance		
Year	Active Employees	Retirees	Total State
2007-08 (Actual)	1,390	1,182	2,572
2008-09 (Results)	1,639	1,068	2,707
2009-10 (Projected)	1,706	1,119	2,825
2010-11 (Projected)	1,875	1,226	3,101
2011-12 (Projected)	2,030	1,331	3,361
2012-13 (Projected)	2,199	1,445	3,644

All numbers reflect the cost of health insurance for General State Charges (Executive and Legislative branches) and the Office of Court Administration.

See discussion of the GASB Statement 45 later in this Financial Plan for the valuation of future State health insurance costs for State employees.

Transfers to Other Funds

OUTYEAR DISBURSEMENT PROJECTIONS - TRANSFERS TO OTHER FUNDS (millions of dollars)	2009-10	2010-11	Annual Change	2011-12	Annual Change	2012-13	Annual Change
Transfers to Other Funds:	5,637	6,398	761	7,270	872	7,682	412
Medicaid State Share	2,362	2,388	26	2,886	498	2,888	2
Debt Service	1,776	1,762	(14)	1,739	(23)	1,725	(14)
Capital Projects	565	1,167	602	1,322	155	1,476	154
Dedicated Highway and Bridge Trust Fund	396	768	372	845	77	908	63
All Other Capital	169	399	230	477	78	568	91
All Other Transfers	934	1,081	147	1,323	242	1,593	270
Mental Hygiene	15	297	282	497	200	712	215
Medicaid Payments for State Facilities	231	193	(38)	193	0	193	0
Judiciary Funds	149	150	1	156	6	161	5
SUNY- Hospital Operations	135	134	(1)	167	33	167	0
Banking Services	66	66	0	66	0	66	0
Empire State Stem Cell Trust Fund	16	13	(3)	0	(13)	56	56
Statewide Financial System	0	35	35	50	15	60	10
Lottery Support for School Aid	131	0	(131)	0	0	0	0
All Other	191	193	2	194	1	178	(16)

In 2010-11, transfers to other funds are estimated at $6.4 billion, an increase of $761 million over 2009-10. This includes increased transfers to the DHBTF (see additional discussion below), capital projects funds, and the mental hygiene system. In addition, transfers are increasing to fund the development of the State's new financial management system.

In 2011-12, transfers to other funds are expected to increase by $872 million. This increase reflects projected Medicaid State Share transfers and expected increases in transfers to supplement resources available for the mental hygiene system. In 2012-13, transfers are expected to increase by $412 million, mainly to supplement resources available to the mental hygiene system and subsidize the DHBTF, as well as funding for stem cell research.

The Updated Financial Plan includes transfers from the General Fund that effectively subsidize the expenses of the DHBTF. The subsidy is required because the cumulative expenses of the fund – capital and operating expenses of DOT and DMV, debt service on DHBTF bonds and transfers for debt service on bonds that fund CHIPs and local transportation programs – exceed current and projected revenue deposits and bond proceeds. The General Fund subsidy is projected at $768 million for 2010-11 and $845 million for 2011-12, with continued growth thereafter.

Year-to-Date Operating Results

General Fund

The General Fund ended June 2009 with a cash balance of approximately $1 billion. This was $916 million higher than projected in the Enacted Budget cash flow forecast. The results reflect certain cash management actions that had the effect of increasing the balance (See "Financial Plan Overview" herein). The table below summarizes the General Fund operating results for the first quarter. It is followed by summaries of the major variances from the forecast.

2009-10 FISCAL YEAR
GENERAL FUND RESULTS VS. PROJECTIONS: APRIL - JUNE 2009
(millions of dollars)

	Enacted Budget	Actual Results	Favorable/ (Unfavorable) vs. Plan	Increase/ (Decrease) from Prior Year
Opening Balance (April 1, 2009)	**1,948**	**1,948**	**n/a**	**(806)**
Receipts	**12,979**	**12,674**	**(305)**	**(4,115)**
Taxes*	12,318	11,803	(515)	(4,338)
Personal Income Tax	*8,301*	*7,717*	*(584)*	*(4,161)*
User Taxes and Fees	*2,760*	*2,601*	*(159)*	*(160)*
Business Taxes	*995*	*1,240*	*245*	*206*
All Other Taxes	*262*	*245*	*(17)*	*(223)*
Receipts & Grants	473	564	91	*(23)*
Transfers From Other Funds	188	307	119	*246*
Disbursements	**14,816**	**13,595**	**1,221**	**(2,331)**
Local Assistance	10,280	9,259	1,021	(1,160)
Medicaid (including admin)	*1,747*	*1,416*	*331*	*(1,507)*
School Aid	*5,251*	*5,210*	*41*	*593*
Higher Education	*812*	*829*	*(17)*	*337*
All Other Education	*487*	*301*	*186*	*(186)*
Public Health	*157*	*140*	*17*	*63*
Mental Hygiene	*416*	*406*	*10*	*(82)*
Children and Families	*316*	*259*	*57*	*15*
Temporary and Disability Assistance	*481*	*183*	*298*	*(382)*
Transportation	*44*	*18*	*26*	*(27)*
All Other	*569*	*497*	*72*	*16*
State Operations	2,303	2,287	16	(6)
Personal Service	*1,759*	*1,723*	*36*	*53*
Non-Personal Service	*544*	*564*	*(20)*	*(59)*
General State Charges	553	610	(57)	*(757)*
Transfers To Other Funds	1,680	1,439	241	(408)
Debt Service	*617*	*610*	*7*	*19*
Capital Projects	*232*	*100*	*132*	*(149)*
State Medicaid Share	*632*	*498*	*134*	*(268)*
All Other	*199*	*231*	*(32)*	*(10)*
Change in Operations	**(1,837)**	**(921)**	**916**	**(1,784)**
Closing Balance (June 30, 2009)	**111**	**1,027**	**916**	**(2,590)**

** Includes transfers after debt service.*

General Fund Comparison to Enacted Budget Projections

For the period April 1, 2009 through June 30, 2009, General Fund receipts, including transfers from other funds, were $305 million lower than projected in the Enacted Budget Financial Plan. The results primarily reflect weaker than expected PIT and sales tax collections.

General Fund disbursements, including transfers to other funds, totaled $13.6 billion over this period. Disbursements were $1.2 billion lower than the Enacted Budget estimate. The variance is largely timing related and not expected to translate into annual savings. The largest spending variances through June 2009 include:

- Medicaid ($331 million lower than planned): The results to date reflect the application of non-General Fund financing sources earlier than expected in the Enacted cash flow forecast. In addition, the General Fund realized the benefit of Federal reimbursement for certain prior-year costs, which has the effect of reducing the Medicaid spending estimate for the fiscal year by $131 million.

- Temporary and Disability Assistance ($298 million lower than planned): The variance is due to a non-recurring delay in the processing of public assistance payments to local governments.

- All Other Education ($186 million lower than planned): The variance is mainly due to slower than anticipated disbursements for special education and categorical aid programs.

- State Medicaid Share ($134 million lower than planned): This reflects the routine timing variance of Medicaid claims for State-operated Mental Hygiene facilities. Claims that were expected to be processed in June 2009 were instead processed in the first week of July 2009.

- Transfer to Capital Projects Funds ($132 million decline): The variance is due to lower than anticipated capital disbursements and the timing of bond reimbursements.

- Children and Families Services ($57 million lower than planned): The variance was due to lower than expected payments for Adoption and Child Care programs through the first quarter.

- All Other Local Assistance ($72 million lower than planned): The variances in this category are mainly attributable to the processing of certain insurance reimbursements, the application of certain offset revenues sooner than expected, and other routine delays.

State Operating Funds

2009-10 FISCAL YEAR STATE OPERATING FUNDS RESULTS VS. PROJECTIONS: APRIL - JUNE 2009 (millions of dollars)	Enacted Budget	Actual Results	Favorable/ (Unfavorable) vs. Plan	Increase/ (Decrease) from Prior Year
Total Receipts	**17,872**	**17,678**	**(194)**	**(3,363)**
Tax	13,998	13,513	(485)	(3,949)
Personal Income Tax	*9,022*	*8,486*	*(536)*	*(3,826)*
User Taxes and Fees	*3,363*	*3,161*	*(202)*	*(140)*
Business Taxes	*1,321*	*1,583*	*262*	*241*
Other Taxes	*292*	*283*	*(9)*	*(224)*
Miscellaneous Receipts	3,874	4,135	261	559
Federal Grants	0	30	30	27
Total Disbursements	**19,511**	**18,514**	**997**	**(337)**
Local Assistance	13,833	12,840	993	452
Medicaid (including admin)	*3,149*	*2,935*	*214*	*(102)*
School Aid	*5,576*	*5,535*	*41*	*590*
Higher Education	*777*	*829*	*(52)*	*337*
All Other Education	*490*	*305*	*185*	*(186)*
STAR	*696*	*697*	*(1)*	*305*
Public Health	*534*	*249*	*285*	*(188)*
Mental Hygiene	*589*	*588*	*1*	*31*
Children and Families	*316*	*260*	*56*	*16*
Temporary and Disability Assistance	*481*	*183*	*298*	*(382)*
Transportation	*577*	*542*	*35*	*(149)*
All Other	*648*	*717*	*(69)*	*180*
State Operations	3,883	3,847	36	(85)
Personal Service	*2,691*	*2,638*	*53*	*47*
Non-Personal Service	*1,192*	*1,209*	*(17)*	*(132)*
General State Charges	793	863	(70)	(731)
Capital Projects	0	3	(3)	2
Debt Service	1,002	961	41	25

State Operating Funds Comparison to Enacted Budget Projections

Through June 2009, State Operating Funds receipts totaled $17.7 billion, or $194 million lower than the Enacted Budget forecast. Tax receipts totaled $13.5 billion, or $485 million less than the Enacted Budget forecast. This was primarily driven by decreased collections in PIT and user taxes and fees. Miscellaneous receipts were $261 million higher than projected, largely driven by higher than projected receipts in the General Fund ($63 million) and special revenue funds, including HCRA ($85 million), WCB ($73 million), Mental Hygiene ($13 million), and Parks and Recreation ($12 million).

Through June 2009, State Operating Funds disbursements totaled $18.5 billion, or $997 million below forecasted levels. The most significant variances outside of the General Fund included:

- Public Health ($285 million lower than planned): The variance is primarily due to lower than projected spending in the HCRA program account ($226 million), EPIC account ($26 million), and Child Health Plus account ($18 million). The HCRA account variance is due to the accounting of certain charges between the DOH and State Insurance Department and has no net Financial Plan impact.

- Medicaid, including administration costs ($214 million lower than planned): Reflects higher than projected disbursements to date in the HCRA and Provider Assessments accounts, offset by the General Fund difference described above.

Capital Projects Funds

2009-10 FISCAL YEAR
CAPITAL PROJECTS FUNDS RESULTS VS. PROJECTIONS: APRIL - JUNE 2009
(millions of dollars)

	Enacted Budget	Actual Results	Favorable/ (Unfavorable) vs. Plan	Increase/ (Decrease) from Prior Year
Total Receipts	**1,730**	**1,472**	**(258)**	**318**
Taxes	468	468	0	*(4)*
Miscellaneous Receipts	706	632	(74)	*290*
Federal Grants	556	372	(184)	*32*
Total Disbursements	**1,911**	**1,472**	**439**	**(9)**
Economic Development	345	207	138	4
Parks & the Environment	75	92	(17)	(19)
Transportation	997	784	213	3
Health and Social Welfare	63	40	23	(50)
Mental Hygiene	55	28	27	(23)
Public Protection	84	90	(6)	2
Higher Education	216	192	24	69
All Other	76	39	37	5

Capital Projects Funds Comparison to Enacted Budget Projections

Through June 2009, Capital Projects Funds receipts totaled $1.5 billion, $258 million less than the 2009-10 Enacted Budget forecast. This is primarily due to lower than projected Federal Grants and Miscellaneous Receipts through the first quarter. The variances are believed to be timing-related.

Through June 2009, Capital Projects Funds disbursements totaled $1.5 billion, or $439 million lower than the Enacted Budget projection. This is primarily attributable to the timing of spending in the areas of transportation ($213 million) and economic development ($138 million). Economic development spending continues to fall below estimates in a number of programs and the annual estimate for capital disbursements in this area has been lowered by approximately $377 million.

Federal Funds Comparison to Enacted Budget Projections

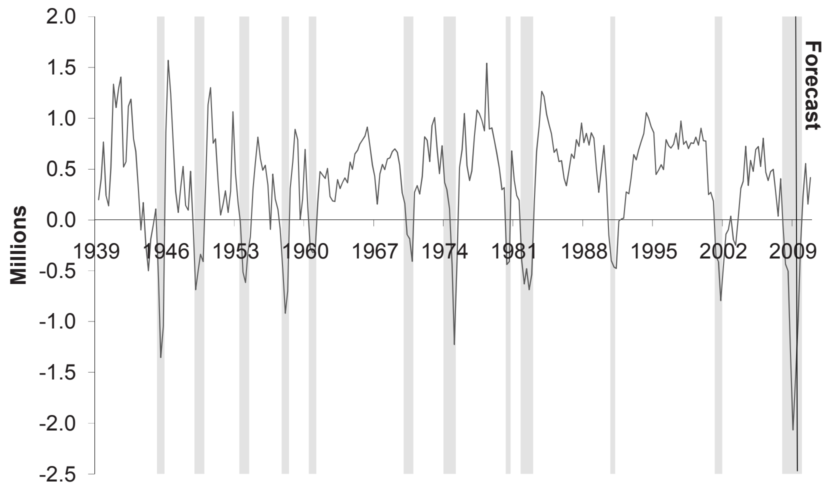
Through June 2009, Federal Operating Funds disbursements totaled $9.4 billion, or $215 million below the Enacted Budget forecast. Higher spending in school aid is the result of a higher than expected volume of claims in school nutrition programs and other Federal funding through the first quarter. Temporary and Disability Assistance disbursements reflect the timing the public assistance payments ($159 million). Reduced spending in other areas ($208 million) is due in large part to Federal ARRA funds not being disbursed as scheduled ($131 million). Medicaid spending reflects the temporary FMAP increase ($124 million). Federal operating receipts are generally more in tandem with Federal disbursements, but timing can vary across months.

Economic Forecast

National Economy

The national economy is experiencing the longest and most severe recession since the 1930s. About 6.5 million jobs have been lost since December 2007 and DOB projects that another 900,000 jobs will be lost before the end of this year. As measured by real U.S. GDP, the economy is projected to contract by 2.6 percent for 2009. Although this forecast represents a slight improvement from the Enacted Budget forecast released in April, it would still be the biggest decline since World War II, with only the 1.9 percent decline in 1982 coming close. Personal income is projected to fall 0.3 percent in 2009, the first such decline since 1949. More than two million jobs were lost during the first quarter of 2009 alone. The unemployment rate is projected to rise above 10 percent during the current quarter — not seen since the third quarter of 1983 — and stay there through the first quarter of 2010.

Quarterly Change in U.S. Employment



Note: Shaded areas represent U.S. recessions.
Source: Moody's Economy.com; DOB staff estimates.

With the recession now in its 20th month, it appears that the national economy may finally bottom out, setting the stage for a recovery to begin by the fourth quarter of 2009. The housing market is showing signs of stabilizing and job declines have begun to moderate. Improved financial market conditions, Federal stimulus spending, and the largest inventory correction since the late 1940s, all increase the probability that the current recession will be over before the end of the year. Revised data indicate that the U.S. economy contracted 5.5 percent in the first quarter of 2009, a slightly better performance than anticipated and an improvement from the 6.3 percent drop experienced in 2008 fourth quarter. As in the Enacted Budget forecast released in April, DOB estimates that an even more substantial improvement occurred in the second quarter, with weak but positive growth projected for the second half. The U.S. economy is projected to grow 1.7 percent in 2010, well below its long-term trend growth rate of about 3 percent.

The U.S. labor market lost 1.3 million jobs in the second quarter of 2009. Though the job loss rate was higher than any quarter during the last recession, it represents an easing from the previous quarterly loss of more than 2 million jobs. This moderation was anticipated in the April forecast and consequently, the projected decline in nonfarm employment for 2009 remains unchanged at 3.7 percent and would represent the largest annual decline in employment since the 1930s. The increase in the number of unemployed during the second quarter, as measured by the Household Survey, drove an upward revision to the unemployment rate to 9.4 percent for 2009. In addition, downward revisions to wages for the fourth quarter of 2008 prompted a downward revision to the projected

2009 decline to 1.7 percent from a decline of 1.4 percent in April. However, upward revisions to other components of personal income, including interest and dividend income, left the projected decline in total personal income unchanged at 0.3 percent for the current year.

Despite signs that the worst of the credit market crisis is behind us, the deleveraging process among both households and businesses appears to be far from complete. Consumer credit fell in eight of the ten months from August 2008 through May 2009. This decline is likely due to both tight lending conditions on the part of banks and higher desired savings rates among households. Weak demand both domestically and abroad is putting severe downward pressure on business spending. Nonresidential fixed business investment fell below expectation in the first quarter of the year, leading to a downward revision to a decline of 17.3 percent for 2009. Continued weakness in private sector demand has reinforced expectations for a fragile recovery from what is already the longest recession since the 1930s.

U.S. corporate profits, including the capital consumption and inventory valuation adjustments, fell 51.4 percent in the fourth quarter of 2008, the largest decline since the fourth quarter of 1953. Profits among domestic corporations have fallen in all but three quarters since the fourth quarter of 2006. But profits grew 16.1 percent in the first quarter, led by the financial sector. This unexpected strength prompted an upward revision to the projected decline in profits for the current year to 12.3 percent. However, corporate profits as measured by the U.S. Bureau of Economic Analysis do not reflect write-downs of loans and asset-backed securities that have not retained their value and therefore may be overstating the health of the financial sector.

U.S. ECONOMIC INDICATORS
(Percent change from prior calendar year)

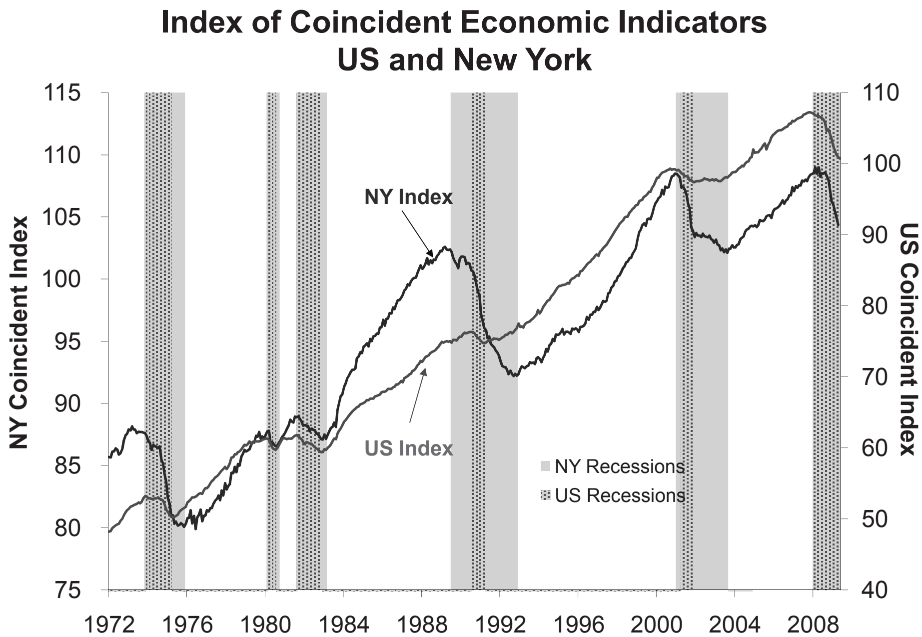
	2008 (Actual)	2009 (Forecast)	2010 (Forecast)
Real U.S. Gross Domestic Product	1.1	-2.6	1.7
Consumer Price Index (CPI)	3.8	-0.7	1.8
Personal Income	3.8	-0.3	3.1
Nonagricultural Employment	-0.4	-3.7	-0.2

Source: Moody's Economy.com; DOB staff estimates.

Energy and other commodity prices remain low relative to last year's highs. As a result, the general price level, as measured by the Consumer Price Index, is now projected to fall 0.7 percent in 2009, representing a slight downward revision from April 2009. However, going forward, a slightly stronger economy than previously projected implies that the Federal Reserve may shift its policy stance earlier than originally thought. This alteration in policy stance is likely to entail a reduction in the use of less traditional tools invoked to stimulate financial market activity, or quantitative easing, in addition to increases in short-term interest rates. Consequently, DOB now expects the Federal Reserve to start raising its current Federal funds policy target during the second quarter of 2010.

DOB's outlook on the national economy continues to call for an end to the current recession sometime in the second half of 2009. However, with about 6.5 million jobs lost since December 2007, the recovery is expected to be fragile at best and there are many risks to the forecast. Although financial market conditions have improved, particularly in relation to interbank credit activity, there is still evidence that lending standards remain tight and a failure to loosen these standards could delay the onset of the recovery by delaying further improvement in both household and business spending. Fewer jobs than projected could result in lower incomes and weaker household spending than projected. Slower corporate earnings growth than expected could further depress equity markets, delaying their recovery and that of Wall Street. On the other hand, a stronger response to the stimulus package, a continued run up in equity prices, or stronger global growth than anticipated could result in stronger economic growth than is reflected in the forecast.

The New York State Economy



Note: New York's current recession is estimated to have started in September 2008.
Source: Moody's Economy.com; The Conference Board; DOB staff estimates.

DOB estimates that the New York State economy experienced a business cycle peak in August 2008, fully eight months after the U.S. as a whole. As indicated in the figure above, the State's last five recessions started either earlier than or almost concurrently with those of the nation. The current downturn's unusual chronology is primarily due to the unique character of the State's housing market and the extraordinarily strong 2007 performance of the finance, business services, and tourism sectors, which extended well into 2008. U.S. employment fell 0.4 percent in 2008, while State employment actually grew 0.6 percent. But though the State recession started later, the economy is now declining quickly and the State downturn is expected to last considerably longer. New York employment is now projected to decline 2.3 percent for 2009, followed by a decline of 0.3 percent for 2010. Both represent slight downward revisions from the April forecast. Private sector employment is projected to fall 2.7 percent, the largest annual decline since 1990, followed by a decline of 0.5 percent for 2010. Job declines in the financial services sector and the professional, scientific, and technical services sector of 5.3 percent and 6.2 percent, respectively, are projected for 2009. Both of these sectors are important drivers for the downstate economy.

Though relatively steep, the decline in State employment expected for this year is less severe than the 3.7 percent decline expected for the nation. The difference is largely rooted in the origins of the national recession in the residential housing sector and manufacturing — particularly autos. Many areas of the State did not experience the boom and bust cycle in the housing market that plagued so much of the nation. Moreover, as a result of the persistent long-term contraction of the State's manufacturing sector, this sector accounts for a smaller share of total employment for New York than for the nation, consequently the State is less affected by the current manufacturing intensive recession.

A focus on employment alone understates the severity of this downturn for New York. With credit markets and finance sector compensation now at the fulcrum of the current economic crisis, and given the importance of that sector to the State's income base, the impact of the current downturn on State wages has been devastating. DOB estimates that State wages fell 13.1 percent in the first quarter of 2009, the largest quarterly decline in wages in the history of QCEW data.

The unprecedented decline in State wages estimated for the first quarter of 2009 largely reflects the impact of securities industry losses on bonus compensation. Efforts by the Federal government to aid the industry through TARP are also expected to put downward pressure on bonus payouts. DOB projects a downwardly revised decline in State wages for 2009 of 4.8 percent, the largest annual decline in the history of QCEW data. This historic decline can be expected to have a substantial impact on State household spending over the near-term. Credit market conditions and rising debt default rates are also expected to put downward pressure on the State's income and tax base by continuing to depress real estate activity, particularly in the commercial sector where high-value transactions contribute significantly to state and local government revenues. The volume of such transactions is expected to continue to fall with the ongoing increase in office vacancy rates. The midtown New York City office vacancy rate rose 4.5 percentage points in the second quarter of 2009 and 9.8 percent from the same quarter in 2008. The 2009 vacancy rate increase is the largest since the first quarter of 2002.

DOB's outlook for the State economy calls for the current recession ending sometime during the second half of 2010. All of the risks to the U.S. forecast apply to the State forecast as well, although as the nation's financial capital, financial market uncertainty poses a particularly large degree of risk for New York. Lower than anticipated levels of financial market activity could result in a further delay in the recovery of Wall Street profits and bonuses. A more severe national recession than expected could prolong the State's downturn, producing weaker employment, and wage growth than projected. Weaker than anticipated equity and real estate activity could negatively affect household spending and taxable capital gains realizations. These effects could ripple through the economy, further depressing both employment and wage growth. In contrast, should the national and world economies grow faster than expected, a stronger upturn in stock prices, along with other stronger financial market activity, could result in higher wage and bonus growth than projected.

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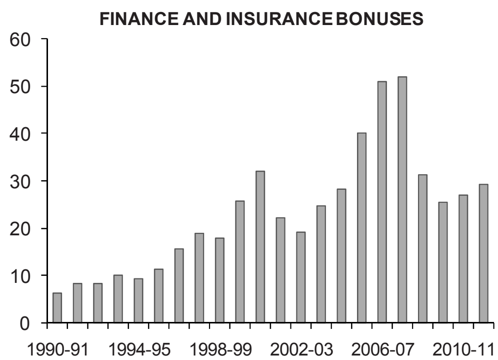
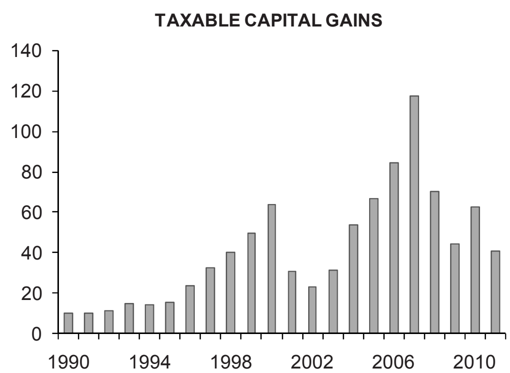
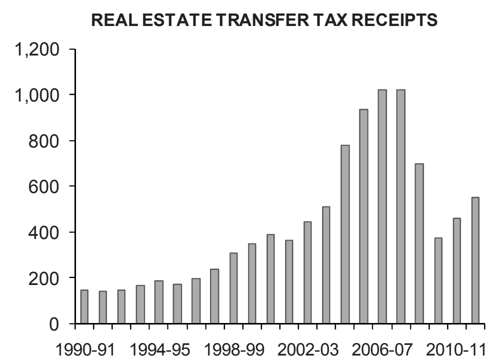
NEW YORK STATE ECONOMIC INDICATORS (Percent change from prior calendar year)			
	2008 (Estimate)	2009 (Forecast)	2010 (Forecast)
Personal Income	3.3	-2.7	1.8
Wages	2.0	-4.8	2.1
Nonagricultural Employment	0.7	-2.3	-0.3

Source: Moody's Economy.com; New York State Department of Labor; DOB staff estimates.







All Funds Projections

The receipts forecast describes estimates for the State's principal taxes, miscellaneous receipts, and transfers from other funds. The spending projections summarize the annual growth in current-services spending for each of the State's major areas of spending (e.g., Medicaid, school aid, mental hygiene).

Updated All Funds Receipts Projections

Financial Plan receipts comprise a variety of taxes, fees, and charges for State-provided services, Federal grants, and other miscellaneous receipts. The receipts estimates and projections have been prepared by DOB with the assistance of the Department of Taxation and Finance and other agencies responsible for the collection of State receipts.

2009-10 All Funds Receipts Overview

TOTAL RECEIPTS (millions of dollars)				
	2008-09 Actual	2009-10 First Quarterly Update	Annual $ Change	Annual % Change
General Fund	53,801	52,366	(1,435)	-2.7%
State Funds	80,265	81,902	1,637	2.0%
All Funds	119,235	129,790	10,555	8.9%

All Funds receipts are projected to total $129.8 billion for 2009-10, comprising tax receipts ($60.6 billion), Federal grants ($47.8 billion) and miscellaneous receipts ($21.4 billion). The following table summarizes the actual receipts for 2008-09 and the updated projections for 2009-10

TOTAL RECEIPTS (millions of dollars)							
	2008-09 Actual	2009-10 Estimated	Annual $ Change	Annual % Change	2010-11 Projected	Annual $ Change	Annual % Change
General Fund	**53,801**	**52,366**	**(1,435)**	**-2.7%**	**55,373**	**3,007**	**5.7%**
Taxes	38,301	38,137	(164)	-0.4%	41,231	3,094	8.1%
Miscellaneous Receipts	3,105	2,901	(204)	-6.6%	2,687	(214)	-7.4%
Federal Grants	45	68	23	51.1%	60	(8)	-11.8%
Transfers	12,350	11,260	(1,090)	-8.8%	11,395	135	1.2%
State Funds	**80,265**	**81,902**	**1,637**	**2.0%**	**86,250**	**4,348**	**5.3%**
Taxes	60,337	60,556	219	0.4%	64,889	4,333	7.2%
Miscellaneous Receipts	19,883	21,277	1,394	7.0%	21,300	23	0.1%
Federal Grants	45	69	24	53.3%	61	(8)	-11.6%
All Funds	**119,235**	**129,790**	**10,555**	**8.9%**	**134,917**	**5,127**	**4.0%**
Taxes	60,337	60,556	219	0.4%	64,889	4,333	7.2%
Miscellaneous Receipts	20,064	21,435	1,371	6.8%	21,452	17	0.1%
Federal Grants	38,834	47,799	8,965	23.1%	48,576	777	1.6%

The receipt estimates for the current fiscal year have been revised downward significantly. Current year All Funds tax receipt estimates (before accounting for the new mobility tax) have been lowered by $1.7 billion since the Enacted Budget, due almost entirely to reductions in the personal income tax and the sales tax. The anticipated increase in personal income tax collections expected with the recently enacted high income surcharge has not materialized as expected. The settlement related to the 2008 tax year was also below expectations. In addition, the historic decline in State wages estimated for the current year is having an even greater adverse impact on State household spending than expected, particularly for autos and other big-ticket items. Consequently, sales tax receipts are now projected to be lower than anticipated in the Enacted Budget.

The total All Funds receipts estimate of $129.8 billion, represents an increase of $10.6 billion, or 8.9 percent, above 2008-09 results. This growth is comprised of increases in taxes ($219 million or 0.4 percent), miscellaneous receipts ($1.4 billion or 6.8 percent), and Federal grants ($9.0 billion or 23.1 percent).

Total State Funds receipts are estimated at nearly $81.9 billion, an expected increase of $1.6 billion, or 2.0 percent, from 2008-09 actual results. State Funds miscellaneous receipts are estimated to increase $1.4 billion, or 7.0 percent.

Total General Fund receipts, including transfers, are estimated at $52.4 billion, a decrease of $1.4 billion, or 2.7 percent, from 2008-09 results. The decline in General Fund tax receipts is estimated at 0.4 percent. General Fund miscellaneous receipts are estimated to decrease by 6.6 percent.

After controlling for the impact of Tax Law changes, base tax revenue is estimated to decline 9.6 percent for fiscal year 2009-10.

Fiscal Year 2010-11 Overview

Total All Funds receipts are expected to reach nearly $134.9 billion, an increase of $5.1 billion, or 4.0 percent, from 2009-10 estimated receipts. All Funds tax receipts are projected to increase by $4.3 billion or 7.2 percent. All Funds Federal grants are expected to increase by over $777 million, or 1.6 percent. All Funds miscellaneous receipts are projected to increase by $17 million, or 0.1 percent.

Total State Funds receipts are projected to be $86.3 billion, an increase of $4.3 billion, or 5.3 percent from 2009-10 estimated receipts.

Total General Fund receipts (including transfers from other funds) are projected to be nearly $55.4 billion, an increase of $3.0 billion, or 5.7 percent from 2009-10 estimated receipts. General Fund tax receipts are projected to increase by 8.1 percent from 2009-10 estimates and General Fund miscellaneous receipts are projected to decrease by 7.4 percent. The decline in General Fund miscellaneous receipts largely reflects the loss of anticipated receipts from New York City that have been subject to ongoing negotiations.

After controlling for the impact of policy changes, base tax revenue is expected to grow by 6.1 percent for fiscal year 2010-11.

Change from Enacted Budget

CHANGE FROM ENACTED BUDGET (millions of dollars)	2009-10 Enacted Budget	2009-10 First Quarterly Update	$ Change	% Change	2010-11 Enacted Budget	2010-11 First Quarterly Update	$ Change	% Change
General Fund*	**42,782**	**41,106**	**(1,676)**	**-3.9%**	**45,240**	**43,978**	**(1,262)**	**-2.8%**
Taxes	39,401	38,137	(1,264)	-3.2%	42,218	41,231	(987)	-2.3%
Miscellaneous Receipts	3,381	2,901	(480)	-14.2%	3,022	2,687	(335)	-11.1%
Federal Grants	0	68	68	N/A	0	60	60	N/A
State Funds	**82,675**	**81,902**	**(773)**	**-0.9%**	**85,885**	**86,250**	**365**	**0.4%**
Taxes	60,647	60,556	(91)	-0.2%	64,383	64,889	506	0.8%
Miscellaneous Receipts	22,027	21,277	(750)	-3.4%	21,501	21,300	(201)	-0.9%
Federal Grants	1	69	68	6800.0%	1	61	60	6000.0%
All Funds**	**130,550**	**129,790**	**(760)**	**-0.6%**	**134,554**	**134,917**	**363**	**0.3%**
Taxes	60,647	60,556	(91)	-0.2%	64,383	64,889	506	0.8%
Miscellaneous Receipts	22,185	21,435	(750)	-3.4%	21,653	21,452	(201)	-0.9%
Federal Grants	47,718	47,799	81	0.2%	48,518	48,576	58	0.1%

** Excludes Transfers.*
*** Includes DMCTD payroll tax.*

All Funds receipts estimates have been revised downward significantly for fiscal year 2009-10. Tax receipts to-date for fiscal year 2009-10 in many revenue categories have fallen below expectations. As a result of these and other factors outlined below, All Funds tax estimates for the year have been revised downward by $1.7 billion from the Enacted Budget, net of the DMCTD payroll tax. Miscellaneous receipts have been revised downward by $750 million, while Federal grants have been revised up by $81 million.

The downward revision to General Fund receipts for fiscal year 2009-10 is $1.7 billion, reflecting a $1.3 billion decrease in taxes.

The downward revisions alluded to above include:

- Changes in the timing of personal income tax collections related to the temporary rate increase.
- Weaker-than-expected to-date sales tax collections due to depressed household spending.
- Weaker than expected settlement on tax year 2008 personal income tax returns.

Multi-Year Receipts

Total Receipts (millions of dollars)	2010-2011 Projected	2011-2012 Projected	Annual $ Change	Annual % Change	2012-2013 Projected	Annual $ Change	Annual % Change
General Fund	**55,373**	**55,981**	**608**	**1.1%**	**56,243**	**262**	**0.5%**
Taxes	41,231	41,898	667	1.6%	42,275	377	0.9%
State Funds	**86,250**	**87,622**	**1,372**	**1.6%**	**88,202**	**580**	**0.7%**
Taxes	64,889	66,244	1,355	2.1%	67,071	827	1.2%
All Funds	**134,917**	**130,810**	**(4,107)**	**-3.0%**	**130,701**	**(109)**	**-0.1%**
Taxes	64,889	66,244	1,355	2.1%	67,071	827	1.2%

The economic forecast calls for a recession entailing employment losses through the third quarter of 2010, a historic decline in State wages of 4.8 percent in 2009, and low wage growth of 2.1 percent for 2010. This lowers the economic base on which the outyear revenue forecast is built. Overall, receipts growth in the three fiscal years following 2010-11 is expected to grow consistent with the projected slow growth in the U.S. and New York economies.

All Funds tax receipts in 2011-12 are projected to reach $66.2 billion, an increase of $1.4 billion, or 2.1 percent from 2010-11 estimates. All Funds tax receipts in 2012-13 are expected to increase by $827 million (1.2 percent) over the prior year. General Fund tax receipts are projected to reach $41.9 billion in 2011-12 and $42.3 billion in 2012-13 (see "All Funds Receipts Projections" herein for a detailed explanation of All Funds receipts projections by source).

Revenue Risks

- A significant downside risk remains with respect to the recovery from the financial sector meltdown. Contagion from the financial sector to other sectors of the economy could reduce employment, wages, and related withholding and estimated tax revenues more than expected.

- Real estate markets could remain depressed for longer than expected due to the continued credit crunch and Wall Street retrenchment, which could have a significant negative impact on capital gains realizations.

- Actions taken by the Federal government to assist the banking industry and credit markets could be less effective than intended, and take longer to achieve their desired objectives.

- Taxable sales could be driven down further by continued weakness in household spending.

- The estimated values for 2009-10 Enacted Budget law changes, especially the temporary income tax rate increase on high income taxpayers, represent a substantial portion of estimated receipts. In the current economic environment, impact on the small number of high income taxpayers makes these estimates highly uncertain. In particular, taxpayer behavior connected with the tax rate increase will likely continue to affect the timing of related collections.

- The real estate transfer tax forecast could be negatively affected as downward trends in the financial services sector, including falling employment and bonuses and weak equity markets, and rising office vacancy rates continue. The fallout from the subprime mortgage situation will also put pressure on consumer credit availability and may reduce the number of transactions. The decline in real estate prices in some areas of the State is likely to depress collections. The number of high value commercial property sales in New York City is expected to continue to decline from recent years.

- The estate tax is primarily based on the value of real estate, stocks and bonds. This tax could be more negatively affected by the declines in the value of these assets than currently anticipated.

- Over 50 percent of business tax audit and compliance receipts are expected during the second half of the fiscal year. This represents a risk to the Financial Plan during the October through March period.

Updated All Funds Disbursements Projections

The 2009-10 spending forecasts for each of the State's major programs and activities have been updated since the Enacted Budget Financial Plan as more information has become available. The changes include the General Fund revisions explained in detail earlier in this Updated Financial Plan.

Additional detailed information on annual spending changes for each of the State's major programs and activities may be found in the 2009-10 Enacted Budget Financial Plan available on-line at www.budget.state.ny.us.

TOTAL DISBURSEMENTS*
(millions of dollars)

		2009-10					
	2008-09 Actuals	Enacted Estimate	Change	Revised Estimate	Annual $ Change	Annual % Change	Adjusted % Change**
State Operating Funds	**78,168**	**78,742**	**1,729**	**80,471**	**2,303**	**2.9%**	**0.9%**
General Fund (excluding transfers)	48,436	49,449	(27)	49,422	986	2.0%	2.0%
Other State Funds	25,146	24,075	1,827	25,902	756	3.0%	-3.4%
Debt Service Funds	4,586	5,218	(71)	5,147	561	12.2%	12.2%
All Governmental Funds	**121,571**	**131,935**	**1,534**	**133,469**	**11,898**	**9.8%**	**8.5%**
State Operating Funds	78,168	78,742	1,729	80,471	2,303	2.9%	0.9%
Capital Projects Funds	6,830	8,832	(377)	8,455	1,625	23.8%	23.8%
Federal Operating Funds	36,573	44,361	182	44,543	7,970	21.8%	21.8%
General Fund, including Transfers	**54,607**	**54,908**	**151**	**55,059**	**452**	**0.8%**	**0.8%**

* *First Quarterly receipts and disbursements estimates do not include the $2.1 billion in savings that are expected to be achieved through legislation or administrative actions, or both, to address the current year shortfall, as options are currently under development.*

** *Excludes approximately $1.6 billion in special revenue fund disbursements related to the new Metropolitan Commuter Transportation Mobility Tax, a tax which is collected by the State on behalf of, and transferred in its entirety to, the MTA.*

Updated All Funds Disbursements Projections

All Funds spending is projected to total $133.5 billion in 2009-10, an increase of approximately $1.5 billion from the Enacted Budget. The Financial Plan impact of the recently-enacted Mobility Tax, a tax which is collected by the State on behalf of, and disbursed in its entirety to, the MTA to support the transit system, accounts for the growth in All Funds disbursements compared to the Enacted Budget Financial Plan. Excluding the impact of this pass-through tax, estimated All Funds disbursements for 2009-10 are expected at $131.8 billion, a decrease of $89 million from the Enacted forecast. Higher expected spending in the General Fund and State and Federal special revenue funds is more than offset by downward revisions to estimated capital projects fund spending based on program trends to date.

GAAP-Basis Financial Plans

The State Budget is required to be balanced on a cash basis, which is DOB's primary focus in preparing and implementing the State Financial Plan. State Finance Law also requires the Financial Plan be presented for informational purposes on a GAAP basis, in accordance with standards and regulations set forth by GASB. Thus, the GAAP projections provided herein are intended to supplement, for informational purposes, the cash-basis Financial Plan. The GAAP-basis plans model the accounting principles applied by OSC in preparation of the 2008-09 Financial Statements. See "GAAP-Basis Results for Prior Years" for a summary of 2008-09 results.

In 2009-10, the General Fund GAAP Financial Plan shows total revenues of $45.3 billion, total expenditures of $55.6 billion, and net other financing sources of $8.7 billion, resulting in an operating deficit of $1.5 billion prior to legislative/administrative actions to close the cash gap and a projected accumulated deficit of $4.5 billion. These changes are due primarily to the use of a portion of prior year reserves to support 2009-10 operations and the impact of economic conditions on revenue accruals, primarily PIT.

GASB 45

The State used an independent actuarial consulting firm to calculate retiree health care liabilities. The analysis calculated the present value of the actuarial accrued total liability for benefits as of March 31, 2009 at $55.4 billion ($46.3 billion for the State and $9.1 billion for SUNY), using the level percentage of projected payroll approach under the Frozen Entry Age actuarial cost method.

This liability was disclosed in the 2008-09 basic GAAP financial statements issued by the State Comptroller in July 2009. GASB rules indicate the liability may be amortized over a 30-year period; therefore, only the annual amortized liability above the current PAYGO costs is recognized in the financial statements. The 2008-09 liability totaled $4.2 billion ($3.2 billion for the State and $1 billion for SUNY) under the Frozen Entry Age actuarial cost method amortized based on a level percent of salary, or roughly $3 billion ($2.3 billion for the State and $0.7 billion for SUNY) above the current PAYGO retiree costs. This difference between the State's PAYGO costs and the actuarially determined required annual contribution under GASB 45 reduced the State's currently positive net asset condition at the end of 2008-09 by $3 billion.

GASB does not require the additional costs to be funded on the State's budgetary basis, and no funding is assumed for this purpose in the Financial Plan. On a budgetary (cash) basis, the State continues to finance these costs, along with all other employee health care expenses, on a PAYGO basis. See "General Fund Outyear Budget Projections" for a summary of projected spending for this purpose over the plan period.

As noted, the Updated Financial Plan does not assume pre-funding of the GASB 45 liability. If such liability were pre-funded at this time, the additional cost above the PAYGO amounts would be lowered. The State's Health Insurance Council, which consists of GOER, Civil Service, and DOB will continue to review this matter, and seek input from the State Comptroller, the legislative fiscal committees and other outside parties.

Special Considerations

The Updated Financial Plan forecast is subject to many complex economic, social, and political risks and uncertainties, many of which are outside the ability of the State to control. These include, but are not limited to: the performance of the national and State economies; the impact of continuing write-downs and other costs affecting the profitability of the financial services sector, and the concomitant effect on bonus income and capital gains realizations; the impact of calendar year 2009 wage and bonus activity on the State tax settlement in fiscal year 2010-11; increased demand in entitlement and claims-based programs such as Medicaid, public assistance, and preschool special education; access to the capital markets in light of disruptions in the municipal bond market; litigation against the State, including potential challenges to the constitutionality of certain tax actions authorized in the budget, the method of calculating the local share of FMAP, and a class action suit alleging discrimination in the administration of a civil service test between 1996 and 2006; and actions taken by the Federal government, including audits, disallowances, changes in aid levels, and changes to Medicaid rules.

In addition, the forecast contains specific transaction risks and other uncertainties including, but not limited to, the receipt of certain payments from public authorities; the receipt of miscellaneous revenues at the levels expected in the Financial Plan; and the achievement of cost-saving measures including, but not limited to, administrative savings in State agencies through the WRP and the transfer of available fund balances to the General Fund, at the levels currently projected. Such risks and uncertainties, if they were to materialize, could have an adverse impact on the Financial Plan in the current year.

An additional risk is the potential cost of collective bargaining agreements and salary increases for Judges (and possibly other elected officials) in 2009-10 and beyond. DOB estimates that if all remaining unsettled unions were to agree to the same terms that have been ratified by settled unions, it would result in added costs of approximately $250 million through 2010-11 (assuming a retroactive component for fiscal years prior to 2009-10), and $140 million in both 2011-12 and 2012-13. DOB has included a spending reserve to finance the costs of a pattern settlement for all unsettled unions, the largest of which represents costs for fiscal years 2009-10 and 2010-11 for NYSCOPBA. There can be no assurance that actual settlements will not exceed the amounts included in the Plan. In addition, no reserve has been set aside for potential pay raises for Judges.

THERE CAN BE NO ASSURANCE THAT (A) LEGISLATIVE OR ADMINISTRATIVE ACTIONS WILL BE SUFFICIENT TO ELIMINATE THE CURRENT-YEAR BUDGET GAP WITHOUT THE USE OF EXISTING RESERVES OR OTHER MEASURES NOT DESCRIBED IN THE UPDATED FINANCIAL PLAN, (B) RECEIPTS WILL NOT FALL BELOW CURRENT PROJECTIONS, REQUIRING ADDITIONAL BUDGET-BALANCING ACTIONS IN THE CURRENT YEAR, AND (C) THE GAPS PROJECTED FOR FUTURE YEARS WILL NOT INCREASE MATERIALLY FROM THE PROJECTIONS SET FORTH HEREIN.

In any year, the Financial Plan is subject to risks, that, if they were to materialize, could affect operating results. Special considerations include the following:

Cash Position

The Enacted Budget provides authorization for the General Fund to borrow resources temporarily from other funds for a period not to exceed four months. DOB currently projects that the General Fund will rely on this borrowing authority at times during the remainder of the fiscal year, including November and December 2009, when it projects month-end negative balances of between $1.2 and $1.4 billion. DOB expects the General Fund will return to a positive month-end balance in January 2010. The amount of resources that can be borrowed by the General Fund is limited to the available balances in the State's Short-Term Investment

Pool. DOB will continue to closely monitor and manage the General Fund cash flow during the fiscal year and may from time to time implement cash-management actions, such as altering the timing of discretionary payments, to maintain adequate operating balances. The current cash-flow forecast assumes successful implementation of gap-closing actions by March 2010.

First Quarter Operating Results

In the Enacted Budget Financial Plan, DOB noted that the General Fund would have narrow operating margins, especially in the early months of the fiscal year. Accordingly, it took a number of actions to improve the General Fund cash position during the first quarter of the fiscal year. The actions included the acceleration of transactions (e.g., transfers of fund balances and the financing of certain expenses with non-General Fund resources) that were planned for later in the fiscal year and the recovery of overpayments made to the City of New York related to the apportionment of personal income tax receipts. In part as a result of these actions, actual General Fund operating results through June 2009 were better than expected. The closing balance on June 30, 2009 was $1.0 billion, or $916 million higher than projected in the Enacted Budget Financial Plan.

The performance of General Fund receipts through the first quarter was below expectation. Through June 30, 2009, actual receipts fell $305 million below the Enacted forecast. The underlying performance was substantially worse, however, since the results, as noted above, included an income tax overpayment recovery ($387 million) and the acceleration of transfers ($121 million) planned for later in the fiscal year. Excluding these management actions, the unfavorable receipts variance through the first quarter of fiscal year 2009-10 was approximately $800 million.

General Fund disbursements were $1.2 billion below planned levels. Of this amount, approximately $130 million is expected to translate into annual Financial Plan savings and has been reflected in the Updated Financial Plan. The remainder of the variance is attributable to the timing of payments and the accelerated use of non-General Fund resources, neither of which is expected to affect annual spending levels. (see "Year-to-Date Operating Results" herein).

State Workforce Reductions

On March 24, 2009, the Executive announced that it would implement a Workforce Reduction Plan (WRP). In the Enacted Budget Financial Plan, DOB estimated that the WRP would result in a State workforce reduction equivalent to approximately 8,700 employees, and would generate savings of approximately $160 million in 2009-10 growing to over $300 million in 2010-11. Based on ongoing negotiations with the State's employee unions, the WRP has been changed to minimize layoffs and will be combined with other actions to achieve the savings projected in the Enacted Budget Financial Plan. The savings are expected to result from a multi-pronged approach, including:

- Continuation of the hiring freeze, eliminating funded vacancies and not filling attritions in State agencies.
- Instituting a severance program for CSEA, PEF, and M/C employees, which includes a separation payment of $20,000 per employee, to further reduce the workforce in the current fiscal year.

The above actions are expected to generate savings of approximately $260 million over the next two fiscal years. Additional savings are expected to result from:

- Aggressively using Voluntary Reduction in Work Schedules (VRWS).
- The withholding of salary increases related to M/C employees.
- The enactment of legislation to create a new tier of pension benefits.

To achieve the needed Financial Plan savings, more stringent workforce measures beyond those outlined above may be necessary.

Labor Settlements

The Enacted Budget Financial Plan included a spending reserve of roughly $400 million in 2009-10 and $275 million in both 2010-11 and 2011-12 to finance potential agreements with unsettled unions. The reserve was calculated on the assumption that the agreements would have terms and conditions comparable to the contracts that have been ratified by other unions, including CSEA and PEF. The recent binding arbitration awards for corrections officers and supervisors add costs above the pattern of settlements. The costs of the awards are accounted for in the Updated Financial Plan projections. However, it is possible that additional awards will be granted to these unions as part of ongoing arbitration. The unions that have not reached agreement with the State (excluding those in binding arbitration) cover graduate students and park police.

Debt Reform Cap

Based on the updated forecasts in the Updated Financial Plan, debt outstanding and debt service costs are expected to remain below the limits imposed by the Debt Reform Act over the plan period. The available room under the debt outstanding cap is expected to decline from 0.98 percent ($9.2 billion) in 2008-09 to 0.06 percent ($700 million) in 2013-14. The current projections represent an improvement compared to the Enacted Budget, which estimated that debt outstanding would exceed the cap by over $380 million (0.04 percent) beginning in 2012-13. The revisions primarily reflect an improved forecast for State personal income in future years. However, the changes to the debt reform projections over the last few quarters demonstrate the sensitivity of the cap calculations to volatility in State personal income levels. In the long run, measures to adjust capital spending and financing practices are likely to be needed for the State to stay in compliance with the statutory limitations.

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GAAP-Basis Results for Prior Fiscal Years

The Comptroller prepares Basic Financial Statements and other Supplementary Information on a GAAP basis for governments as promulgated by GASB. The Basic Financial Statements, released in July each year, include the Statement of Net Assets and Activities, the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for the Governmental Funds, the Statements of Net Assets, Revenues, Expenses and Changes in Fund Net Assets and Cash Flows for the Enterprise Funds, the Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets for the Fiduciary Funds and the Combining Statements of Net Assets and Activities for Discretely Presented Component Units. These statements are audited by independent certified public accountants. The Comptroller also prepares and issues a Comprehensive Annual Financial Report, which includes a management discussion and analysis (MD&A), the Basic Financial Statements, required supplementary information, other supplementary information which includes individual fund combining statements, and a statistical section. For information regarding the State's accounting and financial reporting requirements, see the section in the AIS dated May 15, 2009 entitled "State Organization—Accounting, Financial Reporting and Budgeting."

Both the Basic Financial Statements and Other Supplementary Information and Comprehensive Annual Financial Reports for prior fiscal years can be obtained from the Office of the State Comptroller, 110 State Street, Albany, NY 12236 or at the OSC website at www.osc.state.ny.us. The following table summarizes recent governmental funds results on a GAAP basis.

Comparison of Actual GAAP-Basis Operating Results
Surplus/(Deficit)
(millions of dollars)

Fiscal Year Ended	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	All Governmental Funds	Accum. General Fund Surplus/(Deficit)
March 31, 2009	(6,895)	(1,183)	35	44	(7,999)	(2,944)
March 31, 2008	1,567	(1,328)	(293)	(306)	(360)	3,951
March 31, 2007	202	(840)	92	501	(45)	2,384

Summary of Net Assets
(millions of dollars)

Fiscal Year Ended	Governmental Activities	Business-Type Activities	Total Primary Government
March 31, 2009	30,894	3,031	33,925
March 31, 2008	43,510	4,217	47,727
March 31, 2007	45,327	3,599	48,926

State Organization

State Government

The State has a centralized administrative system with most executive powers vested in the Governor. The State has four officials elected in statewide elections, the Governor, Lieutenant Governor, Comptroller and Attorney General. These officials serve four-year terms that next expire on December 31, 2010.

Name	Office	Party Affiliation	First Elected
David A. Paterson*	Governor	Democrat	N/A
Richard Ravitch**	Lieutenant Governor	Democrat	N/A
Thomas P. DiNapoli***	Comptroller	Democrat	2007
Andrew M. Cuomo	Attorney General	Democrat	2006

*Sworn in as Governor on March 17, 2008 following resignation of Governor Spitzer.
**Appointed by the Governor on July 8, 2009. The Governor's authority to appoint a Lieutenant Governor is being challenged in court. See Dean G. Skelos, et al. v. David A. Paterson, et al. (Nassau Co. Sup. Ct. Index no. 13426-2009)
***Elected by the State Legislature.

The Governor and Lieutenant Governor are elected jointly. David A. Paterson became Governor under provisions of the State Constitution following the resignation of former Governor Spitzer. The vacancy created in the office of Lieutenant Governor was filled on July 8, 2009 when the Governor appointed Richard Ravitch to serve as Lieutenant Governor. The Comptroller and Attorney General are chosen separately by the voters during the election of the Governor. The Governor appoints the heads of most State departments, including the Director of the Budget (the current Director is Robert L. Megna). DOB is responsible for preparing the Governor's Executive Budget, negotiating that budget with the State Legislature, and implementing the budget once it is adopted, which includes updating the State's fiscal projections quarterly. DOB is also responsible for coordinating the State’s capital program and debt financing activities. The Comptroller is responsible for auditing the disbursements, receipts and accounts of the State, as well as for auditing State departments, agencies, public authorities and municipalities. The Comptroller is also charged with managing the State's general obligation debt and most of its investments. The Attorney General is the legal advisor to State departments, represents the State and certain public authorities in legal proceedings and opines upon the validity of all State general obligations.

The State Legislature is composed of a 62-member Senate and a 150-member Assembly, all elected from geographical districts for two-year terms, expiring December 31, 2010. Both the Senate and the Assembly operate on a committee system. The Legislature meets annually, generally for about six months, and remains formally in session the entire year. In recent years there have been special sessions, as well. The current majority leaders of the Legislature are Pedro Espada Jr. (Democrat), and Sheldon Silver (Democrat), Speaker of the Assembly. The Temporary President of the Senate is Malcolm Smith. The minority leaders are Dean Skelos (Republican) in the Senate and Brian Kolb (Republican) in the Assembly.

State Retirement Systems

General

The New York State and Local Retirement Systems (the "Systems") provide coverage for public employees of the State and its localities (except employees of New York City and teachers, who are covered by separate plans). The Systems comprise the New York State and Local Employees' Retirement System and the New York State and Local Police and Fire Retirement System. The Comptroller is the administrative head of the Systems. State employees made up about 33 percent of the membership during the 2007-08 fiscal year. There were 3,020 other public employers participating in the Systems, including all cities and counties (except New York City), most towns, villages and school districts (with respect to non-teaching employees) and a large number of local authorities of the State.

As of March 31, 2008, 677,321 persons were members and 358,109 pensioners or beneficiaries were receiving benefits. The State Constitution considers membership in any State pension or retirement system to be a contractual relationship, the benefits of which shall not be diminished or impaired. Members cannot be required to begin making contributions or make increased contributions beyond what was required when membership began.

Recent market volatility and the recent decline in the market value of many equity investments have negatively impacted the assets held for the Systems. These or future downturns in financial markets will not affect the State's contributions to the Systems for fiscal year 2009 (which was based on the value of the assets as of April 1, 2007 and has already been paid) or the estimated contribution to the Systems for fiscal year 2010 (which is based on the value of the pension fund and its liabilities as of April 1, 2008). However, such downturns will result in an increase in the amount of the contributions required to be made for fiscal years after fiscal year 2010. The amount of such increases would depend, in part, on the value of the pension fund as of each April 1 as well as on the present value of the anticipated benefits to be paid by the pension fund as of each April 1. For fiscal year 2011, OSC anticipates a significant increase in contributions as compared to fiscal year 2010 since total assets fell from $155.8 billion as of March 31, 2008 to $110.9 billion as of March 31, 2009. Final contribution rates for fiscal year 2011 will be released in early September 2009.

Contributions

Funding is provided in large part by employer and employee contributions. Employers contribute on the basis of the plan or plans they provide for members. Members joining since mid-1976, other than police and fire members, are required to contribute 3 percent of their salaries for their first 10 years of membership.

Legislation enacted in May 2003 realigned the Retirement Systems billing cycle to match governments' budget cycles and also instituted a minimum annual payment. The employer contribution for a given fiscal year will be based on the value of the pension fund and its liabilities on the prior April 1. In addition, employers are required to make a minimum contribution of at least 4.5 percent of payroll every year.

The State paid, in full, its employer contributions for the fiscal year ending March 31, 2009. Payments totaled $1.06 billion. This amount included amounts required to be paid by the Judiciary bill and the amortization payments for the 2005 and 2006 bills.

The State bill for the fiscal year ending March 31, 2010 is estimated to be $959.1 million, assuming a payment on September 1, 2009.

Assets and Liabilities

Assets are held exclusively for the benefit of members, pensioners and beneficiaries. Investments for the Systems are made by the Comptroller as trustee of the Common Retirement Fund, a pooled investment vehicle. OSC reports that the net assets available for benefits as of March 31, 2008 were $155.8 billion (including $2.9 billion in receivables), a decrease of $0.8 billion or 0.5 percent from the 2006-07 level of $156.6 billion, reflecting, in large part, equity market performance. OSC reports that the present value of anticipated benefits for current members, retirees, and beneficiaries increased from $163.1 billion on April 1, 2007 to $170.5 billion (including $66.1 billion for current retirees and beneficiaries) on April 1, 2008. The funding method used by the Systems anticipates that the net assets, plus future actuarially determined contributions, will be sufficient to pay for the anticipated benefits of current members, retirees and beneficiaries. Actuarially determined contributions are calculated using actuarial assets and the present value of anticipated benefits. Actuarial assets differed from net assets on April 1, 2008 in that amortized cost was used instead of market value for bonds and mortgages and the non-fixed investments utilized a smoothing method which recognized 20 percent of unexpected gain for the 2008 fiscal year, 40 percent of the unexpected gain for the 2007 fiscal year, 60 percent of the unexpected gain for the 2006 fiscal year and 80 percent of the unexpected gain for the 2005 fiscal year. Actuarial assets increased from $142.6 billion on April 1, 2007 to $151.8 billion on April 1, 2008. The funded ratio, as of April 1, 2008, using the entry age normal funding method, was 107 percent. The tables that follow show net assets, benefits paid and the actuarially determined contributions that have been made over the last ten years. See also "Contributions" above.

Net Assets Available for Benefits of the New York State and Local Retirement Systems (1)
(millions of dollars)

Fiscal Year Ended March 31	Total Assets(2)	Percent Increase/ (Decrease) From Prior Year
1999	112,723	6.0
2000	128,889	14.3
2001	114,044	(11.5)
2002	112,725	(1.2)
2003	97,373	(13.6)
2004	120,799	24.1
2005	128,038	6.0
2006	142,620	11.4
2007	156,625	9.8
2008	155,846	(0.5)

Sources: State and Local Retirement Systems.

(1) Includes relatively small amounts held under Group Life Insurance Plan. Includes some employer contribution receivables. Fiscal year ending March 31, 2008 includes approximately $2.9 billion of receivables.

(2) Includes certain accrued employer contributions to be paid with respect to service rendered during fiscal years other than the year shown.

Contributions and Benefits
New York State and Local Retirement Systems
(millions of dollars)

Fiscal Year Ended March 31	Contributions Recorded All Participating Employers(1)	Local Employers(1)	State(1)	Employees	Total Benefits Paid(2)
1999	292	156	136	400	3,570
2000	165	11	154	423	3,787
2001	215	112	103	319	4,267
2002	264	199	65	210	4,576
2003	652	378	274	219	5,030
2004	1,287	832	455	222	5,424
2005	2,965	1,877	1,088	227	5,691
2006	2,782	1,714	1,068	241	6,073
2007	2,718	1,730	988	250	6,432
2008	2,649	1,641	1,008	266	6,883

(1) Includes employer premiums to Group Life Insurance Plan.
(2) Includes payments from Group Life Insurance Plan.

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Authorities and Localities

Localities

Certain localities outside New York City have experienced financial problems and have requested and received additional State assistance during the last several State fiscal years. While a relatively infrequent practice, deficit financing has become more common in recent years. Between 2004 and 2008, the State Legislature authorized 17 bond issuances to finance local government operating deficits. In addition, the State has periodically enacted legislation to create oversight boards in order to address deteriorating fiscal conditions within a locality. Currently, the City of Buffalo operates under a control board and the counties of Nassau and Erie as well as the cities of New York and Troy have boards in advisory status. The City of Yonkers no longer operates under an oversight board but must adhere to a separate fiscal agent act. The potential impact on the State of any future requests by localities for additional oversight or financial assistance is not included in the projections of the State's receipts and disbursements for the State's 2009-10 fiscal year or thereafter.

Like the State, local governments must respond to changing political, economic and financial influences over which they have little or no control. Such changes may adversely affect the financial condition of certain local governments. For example, the State or Federal government may reduce (or in some cases eliminate) funding of some local programs or disallow certain claims which, in turn, may require local governments to fund these expenditures from their own resources. Similarly, State policymakers have expressed interest in implementing a property tax cap for local governments. Adoption of a property tax cap would affect the amount of property tax revenue available for local government purposes and could adversely affect their operations, particularly those that are heavily dependent on property tax revenue such as school districts. Ultimately, localities or any of their respective public authorities may suffer serious financial difficulties that could jeopardize local access to the public credit markets, which may adversely affect the marketability of notes and bonds issued by localities within the State. Localities may also face unanticipated problems resulting from certain pending litigation, judicial decisions and long-range economic trends. Other large-scale potential problems, such as declining urban populations, increasing expenditures, and the loss of skilled manufacturing jobs, may also adversely affect localities and necessitate State assistance.

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The following table summarizes the debt of New York City and all localities in the State outside of New York City.

Debt of New York Localities (1)
(millions of dollars)

Locality Fiscal Year Ending	Combined New York City Debt (2)(3) Bonds	Notes	Other Localities Debt(4) Bonds(5)	Notes(5)	Total Locality Debt(4) Bonds(4)(5)	Notes(5)
1980	12,995	---	6,835	1,793	19,830	1,793
1990	20,027	---	10,253	3,082	30,280	3,082
1995	29,930	---	15,829	3,219	45,759	3,219
1996	31,623	---	16,414	3,590	48,037	3,590
1997	33,046	---	17,526	3,208	50,572	3,208
1998	34,690	---	17,100	3,203	51,790	3,203
1999	37,352	---	18,448	3,420	55,800	3,420
2000	39,244	515	19,082	4,005	58,326	4,520
2001	40,305	---	20,303	4,745	60,608	4,745
2002	42,721	2,200	21,721	5,184	64,442	7,384
2003	47,376	1,110	23,951	6,447	71,327	7,557
2004	50,265	---	26,679	5,120	76,944	5,120
2005	54,421	---	29,240	4,852	83,661	4,852
2006	55,381	---	30,745	4,766	86,126	4,766
2007	58,292	---	32,193	4,523	90,485	4,523

Source: Office of the State Comptroller.

NOTE: For localities other than New York City, the amounts shown for fiscal years ending in 1990 through 1997 may include debt that has been defeased through the issuance of refunding bonds.

(1) Because the State calculates locality debt differently for certain localities (including New York City), the figures above may vary from those reported by such localities. In addition, this table excludes indebtedness of certain local authorities and obligations issued in relation to State lease-purchase arrangements. New York City 2008 data may be found in the Debt of New York City table on page 125.

(2) New York City's debt outstanding has been revised as presented in the FY 2004 City Comptroller's Comprehensive Annual Financial Report.

(3) Includes New York City capital leases obligations which were not reflected in previous years. Includes bonds issued by the Dormitory Authority of the State of New York for education, health and courts capital projects, the Samurai Funding Corporation and other long-term financing leases which will be repaid from revenues of the City or revenues that would otherwise be available to the City if not needed for debt service.

(4) Outstanding bonded debt shown includes bonds issued by the localities and certain debt guaranteed by the localities and excludes capital lease obligations (for localities other than New York City), assets held in sinking funds and certain amounts available at the start of a fiscal year for redemption of debt. Starting in 2001, debt for other localities includes Installment Purchase Contracts.

(5) Does not include the indebtedness of certain localities that did not file annual financial reports with the Comptroller.

Litigation

Tobacco Master Settlement Agreement

In *Freedom Holdings Inc. et al. v. Spitzer et ano*., two cigarette importers brought an action in 2002 challenging portions of laws enacted by the State under the 1998 Tobacco Master Settlement Agreement (MSA) that New York and many other states entered into with the major tobacco manufacturers. The initial complaint alleged: (1) violations of the Commerce Clause of the United States Constitution; (2) the establishment of an "output cartel" in conflict with the Sherman Act; and (3) selective nonenforcement of the laws on Native American reservations in violation of the Equal Protection Clause of the United States Constitution. The United States District Court for the Southern District of New York granted defendants' motion to dismiss the complaint for failure to state a cause of action. Plaintiffs appealed from this dismissal. In an opinion dated January 6, 2004, the United States Court of Appeals for the Second Circuit (1) affirmed the dismissal of the Commerce Clause claim; (2) reversed the dismissal of the Sherman Act claim; and (3) remanded the selective enforcement claim to the District Court for further proceedings. Plaintiffs have filed an amended complaint that also challenges the MSA itself (as well as other related State statutes) primarily on preemption grounds. On September 14, 2004, the District Court denied all aspects of plaintiffs' motion for a preliminary injunction, except that portion of the motion relating to the ability of tobacco manufacturers to obtain the release of certain funds from escrow. Plaintiffs have appealed from the denial of the remainder of the motion to the United States Court of Appeals for the Second Circuit. In May 2005, the Second Circuit affirmed the denial of the preliminary injunction. In December 2006, the motions and cross-motions of the parties for summary judgment were fully submitted to the District Court. By order dated July 7, 2008, the District Court requested updated statistical information and other information needed to resolve certain material questions. Following an evidentiary hearing, by December 15, 2008 order summarizing a preliminary decision, the District Court dismissed all of plaintiff's claims. On January 12, 2009, the Court issued its opinion and order granting judgment dismissing the complaint. Plaintiff has appealed and the appeal is pending.

In *Grand River Ent. V. King*, a cigarette importer raises the same claims as those brought by the plaintiffs in *Freedom Holdings*, in a suit against the attorneys general of thirty states, including New York. The parties are scheduled to file opposing motions for summary judgment in the United States District Court for the Southern District of New York on August 12, 2009.

Representative Payees

In *Weaver v. State of New York*, filed in the New York State Court of Claims on July 17, 2008, the claimant alleges that executive directors of Office of Mental Health facilities, acting as representative payees under the Federal Social Security Act, have improperly received benefits due to patients and former patients and improperly applied those benefits to defray the cost of patient care and maintenance. The named claimant seeks benefits on her own behalf as well as certification of a class of claimants.

On September 26, 2008, the State moved to dismiss the claim on the grounds that (i) claimant failed to file a motion to certify the class in a timely manner and (ii) claimant's failure to identify the time and place in which each claim arose violates the provisions of Court of Claims Act §11(b). Claimant has opposed the motion and cross-moved, seeking certification of the class, pre-certification discovery, and partial summary judgment. The State submitted reply papers on April 1, 2009. The State has also opposed Claimant's cross-motions, and has submitted a motion for summary judgment. On July 7, Claimant moved to amend the complaint. All papers on Claimant's cross-motions and motion to amend, and on the State's summary judgment motion, are due on September 15, 2009.

Bottle Bill Litigation

In *International Bottled Water Association, et al. v. Paterson, et al.*, plaintiffs seek declaratory and injunctive relief declaring that certain amendments to the State's Bottle Bill enacted on April 7, 2009 as part of the 2009-2010 budget violate the due process clause, the equal protection clause and the commerce clause of the United States Constitution. On May 27, 2009, the United States District Court for the Southern District of New York issued a preliminary injunction staying the June 1, 2009 effective date of the amendments to the Bottle Bill and declared that the section of the amendments which requires that the plaintiffs and other beverage manufacturers and distributors place a unique New York-exclusive universal product code on all bottles covered by the law that are offered for sale in the State violates the commerce clause of the United States Constitution. By order entered May 29, 2009 that superseded the above-referenced May 27, 2009 preliminary injunction, the district court granted a preliminary injunction that (1) enjoined the State from implementing or enforcing the New-York exclusive universal product code provision of the Bottle Bill and (2) enjoined the State from implementing or enforcing any and all other amendments to the Bottle Bill signed into law on April 7, 2009, until April 1, 2010, to allow persons subject to the amendments sufficient time to comply with the law's requirements. On June 18, 2009, the State defendants have moved to modify the preliminary injunction.

Civil Service Litigation

In *Simpson v. New York State Department of Civil Service et ano.,* plaintiffs have brought a class action under 42 U.S.C 2000d *et seq.*, claiming that a civil service test administered between 1996 and 2006 resulted in a disparate impact upon the class. Cross motions for summary judgment are currently pending in the United States District Court for the Northern District of New York.

Glossary of Acronyms

(AFSCME) ....American Federation of State, County, and Municipal Employees
(AHC) ....Affordable Housing Corporation
(AIG)..American International Group
(AIM) ....Aid and Incentive for Municipalities
(ARRA)... American Recovery and Reinvestment Act of 2009
(ARS) .... Auction Rate Securities
(ATC).. Addiction Treatment Center
(AWP) ....Average Wholesale Price
(BANS) .... Bond Anticipation Notes
(BIC) ....Bond Issuance Change
(BMA).. Bond Market Association
(BOCES) ....Board of Cooperative Education Services
(CAFR) ....Comprehensive Annual Financial Report
(CAP) .... Comprehensive Attendance Program
(CDT)... Continuing Day Treatment Clinic
(CFE) ....Campaign for Fiscal Equity
(CFIA)...Court Facilities Incentive Aid
(CHCCDP).......................................Community Health Care Conversion Demonstration Project
(CHIPs) ....Consolidated Highway Improvement Programs
(CHP) ....Child Health Plus
(CMS) ....Centers for Medicare and Medicaid Services
(CLCs) ....21st Century Community Learning Centers
(CLRN) ....Community Legal Resources Network
(COLA) ....Cost-of-Living Adjustment
(COPS)..Community Optional Preventative Services
(CPFs) ....Community Projects Funds
(CPI)... Consumer Price Index
(CQCAPD)...Commission on Quality Care and Advocacy for Persons with Disabilities
(CRF) ....Contingency Reserve Fund
(CSEA)..Civil Service Employees Association
(CSTEP)…………………… .... …Collegiate Science and Technology Entry Program
(CW/CA).. Clean Water/Clean Air
(CWSRF) .... Clean Water State Revolving Fund
(CEFAP) ....Community Enhancement Facilities Assistance Program
(DBE)..Disadvantaged Business Enterprise
(DHBTF)... Dedicated Highway and Bridge Trust Fund
(DRRF) ....Debt Reduction Reserve Fund
(DRP) ....Deficit Reduction Plan
(DSFs) ....Debt Service Funds
(DWSRF) .... Drinking Water Revolving Fund
(EI) ....Early Intervention
(EITC) ....Earned Income Tax Credit
(EMSC)...Elementary, Middle, Secondary and Continuing Education
(EOCs) .... Educational Opportunity Centers
(EOP) ....Educational Opportunity Program
(EPF) ....Environmental Protection Fund
(EPIC) .... Elderly Pharmaceutical Insurance Coverage
(ERS) ....Employees' Retirement System

(ESCO)........Energy Service Companies
(EXCEL)........Expanding our Children's Education and Learning
(FCB)........Financial Control Board
(FHP)........Family Health Plus
(FMAP)........Federal Medical Assistance Percentage
(FMP)........Fiscal Management Plan
(FSA)........Financial Security Assurance
(GAAP)........Generally Accepted Accounting Principles
(GASB)........Governmental Accounting Standards Board
(GASB 34)........Governmental Accounting Standards Board Statement 34
(GDP)........Gross Domestic Product
(GHI)........Group Health Insurance
(GME)........Graduate Medical Education
(GOER)........Governor's Office of Employee Relations
(GPHW)........General Public Health Works
(GRT)........Gross Receipts Tax
(GSCs)........General State Charges
(GSEW)........Graduate Student Employees Union
(HAF)........Housing Assistance Fund
(HCBS)........Home and Community Based Services
(HCRA)........Health Care Reform Act
(HEAL NY)........Health Care Equity and Affordability Law for New Yorkers
(HEAP)........Home Energy Assistance Program
(HELP)........Higher Education Loan Program
(HHC)........Health and Hospital Corporation
(HESC)........Higher Education Services Corporation
(HHAC)........Homeless Housing Assistance Corporation
(HHAP)........Homeless Housing Assistance Program
(HIP)........Health Insurance Plan
(HMO)........Health Maintenance Organization
(HRPT)........Hudson River Park Trust
(HTFC)........Housing Trust Fund Corporation
(IDEA)........Individuals with Disabilities Education Act
(IFP)........Industrial Finance Program
(IPO)........Initial Public Offering
(IGT/DSH)........Intergovernmental Disproportionate Share
(ITC)........Investment Tax Credit
(LGAC)........Local Government Assistance Corporation
(LIBOR)........London Inter Bank Offered Rates
(LLC)........Limited Liability Company
(MCFFA)........Medical Care Facilities Finance Agency
(MCTD)........Metropolitan Commuter Transportation District
(MMTOA)........Metropolitan Mass Transportation Operating Assistance Fund
(MTASP)........Metropolitan Transport Authority Support Program
(MTOA)........Mass Transportation Operating Assistance Fund
(MOU)........Memorandum of Understanding
(M/WBE)........Minority/Women-Owned Business Enterprises
(NAICS)........North American Industry Classification System
(NBER)........National Bureau of Economic Research
(NPS)........Non-Personal Service
(NTI)........New York State Net Taxable Income

(NYCOMB) .... New York City Office of Management and Budget
(NYSCOPBRA)..New York State Correctional Officers and Police Benevolent Association
(NYS-OPTS)... New York State Options for People Through Services
(OCA) .... Office of Court Administration
(PACB) .... Public Authorities Control Board
(PAYGO) .... Pay-as-you-go
(PBT) .... Petroleum Business Tax
(PEF) .... Public Employees Federation
(PEP) .... Professional Education Pool
(PFJ) .... Power for Jobs
(PFM) .... Public Financial Management
(PFRS) .... Police and Fire Retirement System
(PIA) .... Patient Income Account
(PILOT) .... Payment in Lieu of Taxes
(PIT) .... Personal Income Tax
(PPA) .... Permanent Place of Abode
(PPI) .... Petroleum Price Index
(PRAG) ....Public Resources Advisory Group
(PSYCKES) .... Psychiatric Services and Clinical Knowledge Enhancement System
(PYCs) .... Prior Year Claims
(QPAI) .... Qualified Production Activity Income
(QCEW) .... Quarterly Census of Employment and Wages
(REIT) .... Real Estate Investment Fund
(RESCUE) .... Rebuilding Schools to Uphold Education
(RIC) .... Regulated Investment Company
(RBTF) .... Revenue Bond Tax Fund
(SAFETEA-LU)......................... Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users
(SBE) .... Sound Basic Education
(SEIP) .... Supplemental Education Improvement Program
(SFSF) .... State Fiscal Stabilization Fund
(SHU) .... Special Housing Unit
(SIP) .... Strategic Investment Program
(SOMTA) .... Sex Offender Management Treatment Act
(SPIF) .... State Parks Infrastructure Fund
(SRFs) .... Special Revenue Funds
(SSHS) .... School Supportive Health Services
(SSI) .... Supplemental Security Income
(STAR) .... School Tax Relief
(STARC) .... State Tax Asset Receivable Corporation
(STEP) .... Science and Technology Entry Programs
(ST&I) .... Science, Technology, and Innovation
(STIP) .... Short-Term Investment Pool
(SWN) .... Statewide Wireless Network
(TAG) .... Technical Assistance Grant
(TANF) .... Temporary Assistance for Needy Families
(TAP) .... Tuition Assistance Program
(TARP) .... Troubled Asset Relief Plan
(TAS) .... Technical Advisory Service
(TFA) .... Transitional Finance Authority

(TMT) .... Truck Mileage Tax
(TRANs) .... Tax and Revenue Anticipation Notes
(TSA) .... Teacher Support Aid
(TSFC) .... Tobacco Settlement Financing Corporation
(TSRF) .... Tax Stabilization Reserve Fund
(UDC) .... Urban Development Corporation
(UPK) .... Universal Pre-Kindergarten
(UUP) .... United University Professions
(VCI) .... Voluntary Compliance Initiative
(VESID) .... Vocational and Educational Services for Individuals with Disabilities
(VLT) .... Video Lottery Terminal
(VRDBs) .... Variable-Rate Demand Bonds
(VRWS) .... Voluntary Reduction in Work Schedule
(WHTI) .... Western Hemisphere Travel Initiative
(WMS) .... Welfare Management System
(WRP) .... Workforce Reduction Plan

NEW YORK STATE AGENCIES AND PUBLIC AUTHORITIES

(CUNY)	City University of New York
(DASNY)	Dormitory Authority of the State of New York
(DCJS)	Division of Criminal Justice Services
(DEC)	Department of Environmental Conservation
(DHCR)	Division of Housing and Community Renewal
(DMNA)	Department of Military and Naval Affairs
(DOB)	Division of the Budget
(DOCS)	Department of Correctional Services
(DOH)	Department of Health
(DOS)	Department of State
(DOT)	Department of Transportation
(DSP)	Division of State Police
(EFC)	Environmental Facilities Corporation
(ERDA)	Energy Research and Development Authority
(ESDC)	Empire State Development Corporation
(HFA)	Housing Finance Agency
(JDA)	Job Development Authority
(LGAC)	New York Local Government Assistance Corporation
(LIPA)	Long Island Power Authority
(MAC)	Municipal Assistance Corporation
(MTA)	Metropolitan Transportation Authority
(NYHELPS)	New York Higher Education Loan Program
(NYRA)	New York Racing Authority
(NYSTAR)	Office of Science, Technology and Academic Research
(OASAS)	Office of Alcoholism and Substance Abuse Services
(OCFS)	Office of Children and Family Services
(OCR)	Department of Transportation's Office of Civil Rights
(OFT)	Office for Technology
(OGS)	Office of General Services
(OMH)	Office of Mental Health
(OMIG)	Office of the Medicaid Inspector General
(OMRDD)	Office of Mental Retardation and Developmental Disabilities
(ORPS)	Office of Real Property Services
(OSC)	Office of the State Comptroller
(OTDA)	Office of Temporary and Disability Assistance
(PASNY)	Power Authority of the State of New York
(SED)	State Education Department
(SONYMA)	State of New York Mortgage Agency
(SUNY)	State University of New York

CASH FINANCIAL PLAN
GENERAL FUND
2009-2010
(millions of dollars)

	Enacted	Change	First Quarter
Opening fund balance	1,948	0	1,948
Receipts:			
Taxes:			
Personal income tax	24,404	(852)	23,552
User taxes and fees	8,520	(311)	8,209
Business taxes	5,495	(41)	5,454
Other taxes	982	(60)	922
Miscellaneous receipts	3,381	(480)	2,901
Federal Grants	0	68	68
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	8,130	(231)	7,899
Sales tax in excess of LGAC debt service	2,200	(87)	2,113
Real estate taxes in excess of CW/CA debt service	57	1	58
All other	1,169	21	1,190
Total receipts	54,338	(1,972)	52,366
Disbursements:			
Grants to local governments	37,086	(140)	36,946
State operations:			
Personal Service	6,465	(55)	6,410
Non-Personal Service	2,194	29	2,223
General State charges	3,704	139	3,843
Transfers to other funds:			
Debt service	1,783	(7)	1,776
Capital projects	551	14	565
State Share Medicaid	2,362	0	2,362
Other purposes	763	171	934
Total disbursements	54,908	151	55,059
Change in fund balance	(570)	(2,123)	(2,693)
Legislative/Administrative Actions to Close Gap	0	2,123	2,123
Closing fund balance	1,378	0	1,378
Reserves			
Tax Stabilization Reserve Fund	1,031	0	1,031
Statutory Rainy Day Reserve Fund	175	0	175
Contingency Reserve Fund	21	0	21
Community Projects Fund	78	0	78
Debt Reduction Reserve Fund **	73	0	73

***Reserve Funds that are DOB-designated uses of the Refund Reserve Account.*

Source: NYS DOB

CASH FINANCIAL PLAN
GENERAL FUND
2010-2011
(millions of dollars)

	Enacted	Change	First Quarter
Receipts:			
Taxes:			
Personal income tax	26,612	(585)	26,027
User taxes and fees	8,819	(236)	8,583
Business taxes	5,828	(131)	5,697
Other taxes	959	(35)	924
Miscellaneous receipts	3,022	(335)	2,687
Federal Grants	0	60	60
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	8,532	(186)	8,346
Sales tax in excess of LGAC debt service	2,254	(73)	2,181
Real estate taxes in excess of CW/CA debt service	147	1	148
All other	723	(3)	720
Total receipts	56,896	(1,523)	55,373
Disbursements:			
Grants to local governments	39,664	583	40,247
State operations:			
Personal Service	6,621	109	6,730
Non-Personal Service	2,304	0	2,304
General State charges	4,042	220	4,262
Transfers to other funds:			
Debt service	1,762	0	1,762
Capital projects	1,162	5	1,167
State Share Medicaid	2,388	0	2,388
Other purposes	1,079	2	1,081
Total disbursements	59,022	919	59,941
Deposit to/(use of) Community Projects Fund	55	0	55
HCRA Operating Surplus	15	(15)	0
Margin	(2,166)	(2,457)	(4,623)

Source: NYS DOB

CASH FINANCIAL PLAN
GENERAL FUND
2011-2012
(millions of dollars)

	Enacted	Change	First Quarter
Receipts:			
Taxes:			
Personal income tax	27,447	(1,168)	26,279
User taxes and fees	9,193	(185)	9,008
Business taxes	5,925	(269)	5,656
Other taxes	1,015	(60)	955
Miscellaneous receipts	3,017	(434)	2,583
Federal Grants	0	60	60
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	8,579	(383)	8,196
Sales tax in excess of LGAC debt service	2,344	(25)	2,319
Real estate taxes in excess of CW/CA debt service	244	0	244
All other	684	(3)	681
Total receipts	58,448	(2,467)	55,981
Disbursements:			
Grants to local governments	46,467	1,239	47,706
State operations:			
Personal Service	6,801	14	6,815
Non-Personal Service	2,374	0	2,374
General State charges	4,344	789	5,133
Transfers to other funds:			
Debt service	1,739	0	1,739
Capital projects	1,319	3	1,322
State Share Medicaid	2,887	(1)	2,886
Other purposes	1,320	3	1,323
Total disbursements	67,251	2,047	69,298
Deposit to/(use of) Community Projects Fund	(41)	0	(41)
HCRA Operating Surplus	5	(5)	0
Margin	(8,757)	(4,519)	(13,276)

Source: NYS DOB

CASH FINANCIAL PLAN
GENERAL FUND
2012-2013
(millions of dollars)

	Enacted	Change	First Quarter
Receipts:			
Taxes:			
Personal income tax	26,625	(897)	25,728
User taxes and fees	9,469	(152)	9,317
Business taxes	6,398	(180)	6,218
Other taxes	1,077	(65)	1,012
Miscellaneous receipts	3,043	(460)	2,583
Federal Grants	0	60	60
Transfers from other funds:			
PIT in excess of Revenue Bond debt service	8,110	(272)	7,838
Sales tax in excess of LGAC debt service	2,463	2	2,465
Real estate taxes in excess of CW/CA debt service	329	1	330
All other	695	(3)	692
Total receipts	58,209	(1,966)	56,243
Disbursements:			
Grants to local governments	50,283	1,083	51,366
State operations:			
Personal Service	6,870	14	6,884
Non-Personal Service	2,442	0	2,442
General State charges	4,760	1,370	6,130
Transfers to other funds:			
Debt service	1,725	0	1,725
Capital projects	1,491	(15)	1,476
State Share Medicaid	2,888	0	2,888
Other purposes	1,586	7	1,593
Total disbursements	72,045	2,459	74,504
Deposit to/(use of) Community Projects Fund	(92)	0	(92)
HCRA Operating Surplus	38	(32)	6
Margin	(13,706)	(4,457)	(18,163)

Source: NYS DOB

CASH FINANCIAL PLAN
GENERAL FUND
2009-2010 through 2012-2013
(millions of dollars)

	2009-2010 Projected	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
Receipts:				
Taxes:				
Personal income tax	23,552	26,027	26,279	25,728
User taxes and fees	8,209	8,583	9,008	9,317
Business taxes	5,454	5,697	5,656	6,218
Other taxes	922	924	955	1,012
Miscellaneous receipts	2,901	2,687	2,583	2,583
Federal grants	68	60	60	60
Transfers from other funds:				
PIT in excess of Revenue Bond debt service	7,899	8,346	8,196	7,838
Sales tax in excess of LGAC debt service	2,113	2,181	2,319	2,465
Real estate taxes in excess of CW/CA debt service	58	148	244	330
All other transfers	1,190	720	681	692
Total receipts	52,366	55,373	55,981	56,243
Disbursements:				
Grants to local governments	36,946	40,247	47,706	51,366
State operations:				
Personal Service	6,410	6,730	6,815	6,884
Non-Personal Service	2,223	2,304	2,374	2,442
General State charges	3,843	4,262	5,133	6,130
Transfers to other funds:				
Debt service	1,776	1,762	1,739	1,725
Capital projects	565	1,167	1,322	1,476
State Share Medicaid	2,362	2,388	2,886	2,888
Other purposes	934	1,081	1,323	1,593
Total disbursements	55,059	59,941	69,298	74,504
Deposit to/(use of) Community Projects Fund	(67)	55	(41)	(92)
Deposit to/(use of) Reserve for Timing Related Delays	(163)	0	0	0
Deposit to/(use of) Remaining Prior Year Reserves	(340)	0	0	0
General Fund Margin	(2,123)	(4,623)	(13,276)	(18,169)
HCRA Operating Surplus	0	0	0	6
Legislative/Administrative Actions to Close Gap	2,123	TBD	TBD	TBD
General Fund Margin	0	(4,623)	(13,276)	(18,163)

Source: NYS DOB

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2009-2010
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	1,948	2,471	298	4,717
Receipts:				
Taxes	38,137	8,646	11,702	58,485
Miscellaneous receipts	2,901	14,183	830	17,914
Federal grants	68	1	0	69
Total receipts	41,106	22,830	12,532	76,468
Disbursements:				
Grants to local governments	36,946	17,709	0	54,655
State operations:				
Personal Service	6,410	4,182	0	10,592
Non-Personal Service	2,223	3,026	74	5,323
General State charges	3,843	982	0	4,825
Debt service	0	0	5,073	5,073
Capital projects	0	3	0	3
Total disbursements	49,422	25,902	5,147	80,471
Other financing sources (uses):				
Transfers from other funds	11,260	3,941	6,510	21,711
Transfers to other funds	(5,637)	(1,283)	(13,906)	(20,826)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	5,623	2,658	(7,396)	885
Deposit to/(use of) Community Projects Fund	(67)	0	0	(67)
Deposit to/(use of) Prior Year Reserves	(503)	0	0	(503)
Change in fund balance	(2,123)	(414)	(11)	(2,548)
Legislative/Administrative Actions to Close Gap	2,123	0	0	2,123
Closing fund balance	1,378	2,057	287	3,722

Source: NYS DOB

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2010-2011
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	2,057	287	2,344
Receipts:				
Taxes	41,231	8,866	12,677	62,774
Miscellaneous receipts	2,687	14,101	820	17,608
Federal grants	60	1	0	61
Total receipts	43,978	22,968	13,497	80,443
Disbursements:				
Grants to local governments	40,247	17,804	0	58,051
State operations:				
Personal Service	6,730	4,200	0	10,930
Non-Personal Service	2,304	3,012	75	5,391
General State charges	4,262	1,040	0	5,302
Debt service	0	0	5,777	5,777
Capital projects	0	2	0	2
Total disbursements	53,543	26,058	5,852	85,453
Other financing sources (uses):				
Transfers from other funds	11,395	3,876	6,828	22,099
Transfers to other funds	(6,398)	(1,073)	(14,479)	(21,950)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	4,997	2,803	(7,651)	149
Deposit to/(use of) Community Projects Fund	55	0	0	55
Change in fund balance	(4,623)	(287)	(6)	(4,916)
Closing fund balance	(4,623)	1,770	281	(2,572)

Source: NYS DOB

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2011-2012
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	1,770	281	2,051
Receipts:				
Taxes	41,898	9,160	13,055	64,113
Miscellaneous receipts	2,583	14,435	839	17,857
Federal grants	60	1	0	61
Total receipts	44,541	23,596	13,894	82,031
Disbursements:				
Grants to local governments	47,706	18,298	0	66,004
State operations:				
Personal Service	6,815	4,585	0	11,400
Non-Personal Service	2,374	3,040	75	5,489
General State charges	5,133	1,240	0	6,373
Debt service	0	0	6,175	6,175
Capital projects	0	2	0	2
Total disbursements	62,028	27,165	6,250	95,443
Other financing sources (uses):				
Transfers from other funds	11,440	4,537	6,377	22,354
Transfers to other funds	(7,270)	(1,135)	(14,009)	(22,414)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	4,170	3,402	(7,632)	(60)
Deposit to/(use of) Community Projects Fund	(41)	0	0	(41)
Change in fund balance	(13,276)	(167)	12	(13,431)
Closing fund balance	(13,276)	1,603	293	(11,380)

Source: NYS DOB

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2012-2013
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	1,603	293	1,896
Receipts:				
Taxes	42,275	9,488	13,155	64,918
Miscellaneous receipts	2,583	14,732	858	18,173
Federal grants	60	1	0	61
Total receipts	44,918	24,221	14,013	83,152
Disbursements:				
Grants to local governments	51,366	18,947	0	70,313
State operations:				
Personal Service	6,884	4,603	0	11,487
Non-Personal Service	2,442	3,228	75	5,745
General State charges	6,130	1,298	0	7,428
Debt service	0	0	6,516	6,516
Capital projects	0	2	0	2
Total disbursements	66,822	28,078	6,591	101,491
Other financing sources (uses):				
Transfers from other funds	11,325	4,718	6,444	22,487
Transfers to other funds	(7,682)	(963)	(13,867)	(22,512)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	3,643	3,755	(7,423)	(25)
Deposit to/(use of) Community Projects Fund	(92)	0	0	(92)
Change in fund balance	(18,169)	(102)	(1)	(18,272)
Closing fund balance	(18,169)	1,501	292	(16,376)

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2009-2010
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	1,948	2,846	(506)	298	4,586
Receipts:					
Taxes	38,137	8,646	2,071	11,702	60,556
Miscellaneous receipts	2,901	14,341	3,363	830	21,435
Federal grants	68	44,792	2,939	0	47,799
Total receipts	41,106	67,779	8,373	12,532	129,790
Disbursements:					
Grants to local governments	36,946	56,937	860	0	94,743
State operations:					
Personal Service	6,410	6,671	0	0	13,081
Non-Personal Service	2,223	4,821	0	74	7,118
General State charges	3,843	2,013	0	0	5,856
Debt service	0	0	0	5,073	5,073
Capital projects	0	3	7,595	0	7,598
Total disbursements	49,422	70,445	8,455	5,147	133,469
Other financing sources (uses):					
Transfers from other funds	11,260	7,012	798	6,510	25,580
Transfers to other funds	(5,637)	(4,842)	(1,207)	(13,906)	(25,592)
Bond and note proceeds	0	0	532	0	532
Net other financing sources (uses)	5,623	2,170	123	(7,396)	520
Deposit to/(use of) Community Projects Fund	(67)	0	0	0	(67)
Deposit to/(use of) Prior Year Reserves	(503)	0	0	0	(503)
Change in fund balance	(2,123)	(496)	41	(11)	(2,589)
Legislative/Administrative Actions to Close Gap	2,123	0	0	0	2,123
Closing fund balance	1,378	2,350	(465)	287	3,550

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2010-2011
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	2,350	(465)	287	2,172
Receipts:					
Taxes	41,231	8,866	2,115	12,677	64,889
Miscellaneous receipts	2,687	14,253	3,692	820	21,452
Federal grants	60	45,446	3,070	0	48,576
Total receipts	43,978	68,565	8,877	13,497	134,917
Disbursements:					
Grants to local governments	40,247	57,619	855	0	98,721
State operations:					
Personal Service	6,730	6,740	0	0	13,470
Non-Personal Service	2,304	4,685	0	75	7,064
General State charges	4,262	2,120	0	0	6,382
Debt service	0	0	0	5,777	5,777
Capital projects	0	2	8,627	0	8,629
Total disbursements	53,543	71,166	9,482	5,852	140,043
Other financing sources (uses):					
Transfers from other funds	11,395	7,138	1,529	6,828	26,890
Transfers to other funds	(6,398)	(4,634)	(1,414)	(14,479)	(26,925)
Bond and note proceeds	0	0	597	0	597
Net other financing sources (uses)	4,997	2,504	712	(7,651)	562
Deposit to/(use of) Community Projects Fund	55	0	0	0	55
Change in fund balance	(4,623)	(97)	107	(6)	(4,619)
Closing fund balance	(4,623)	2,253	(358)	281	(2,447)

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2011-2012
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	2,253	(358)	281	2,176
Receipts:					
Taxes	41,898	9,160	2,131	13,055	66,244
Miscellaneous receipts	2,583	14,538	3,460	839	21,420
Federal grants	60	40,409	2,677	0	43,146
Total receipts	44,541	64,107	8,268	13,894	130,810
Disbursements:					
Grants to local governments	47,706	53,605	916	0	102,227
State operations:					
Personal Service	6,815	6,770	0	0	13,585
Non-Personal Service	2,374	4,672	0	75	7,121
General State charges	5,133	2,175	0	0	7,308
Debt service	0	0	0	6,175	6,175
Capital projects	0	2	7,984	0	7,986
Total disbursements	62,028	67,224	8,900	6,250	144,402
Other financing sources (uses):					
Transfers from other funds	11,440	7,325	1,752	6,377	26,894
Transfers to other funds	(7,270)	(4,181)	(1,471)	(14,009)	(26,931)
Bond and note proceeds	0	0	453	0	453
Net other financing sources (uses)	4,170	3,144	734	(7,632)	416
Deposit to/(use of) Community Projects Fund	(41)	0	0	0	(41)
Change in fund balance	(13,276)	27	102	12	(13,135)
Closing fund balance	(13,276)	2,280	(256)	293	(10,959)

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2012-2013
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	2,280	(256)	293	2,317
Receipts:					
Taxes	42,275	9,488	2,153	13,155	67,071
Miscellaneous receipts	2,583	14,835	2,897	858	21,173
Federal grants	60	39,954	2,443	0	42,457
Total receipts	44,918	64,277	7,493	14,013	130,701
Disbursements:					
Grants to local governments	51,366	53,771	922	0	106,059
State operations:					
Personal Service	6,884	6,798	0	0	13,682
Non-Personal Service	2,442	4,863	0	75	7,380
General State charges	6,130	2,297	0	0	8,427
Debt service	0	0	0	6,516	6,516
Capital projects	0	2	7,037	0	7,039
Total disbursements	66,822	67,731	7,959	6,591	149,103
Other financing sources (uses):					
Transfers from other funds	11,325	7,597	1,693	6,444	27,059
Transfers to other funds	(7,682)	(4,011)	(1,505)	(13,867)	(27,065)
Bond and note proceeds	0	0	381	0	381
Net other financing sources (uses)	3,643	3,586	569	(7,423)	375
Deposit to/(use of) Community Projects Fund	(92)	0	0	0	(92)
Change in fund balance	(18,169)	132	103	(1)	(17,935)
Closing fund balance	(18,169)	2,412	(153)	292	(15,618)

Source: NYS DOB

CASH DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
(thousands of dollars)

	2008-2009 Actuals	2009-2010 Projected	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT					
Agriculture and Markets, Department of	109,631	109,190	122,793	116,827	105,495
Alcoholic Beverage Control	17,022	18,075	18,781	19,114	19,607
Banking Department	78,971	79,009	81,698	80,831	82,212
Consumer Protection Board	3,840	3,096	3,266	3,231	3,321
Economic Development Capital Programs	21,176	4,300	2,500	2,500	2,500
Economic Development, Department of	104,306	97,698	148,367	178,395	243,395
Empire State Development Corporation	620,568	398,421	844,329	586,754	336,754
Energy Research and Development Authority	22,786	29,560	29,798	30,041	30,041
Housing and Community Renew al, Division of	320,605	878,541	441,678	303,489	302,846
Insurance Department	292,668	685,287	540,616	564,639	569,531
Olympic Regional Development Authority	9,503	9,509	7,714	7,924	7,924
Public Service, Department of	78,697	79,427	84,615	87,440	90,004
Science, Technology and Innovation, Foundation for	27,186	29,722	55,619	56,037	49,696
Strategic Investment	3,195	6,650	4,000	4,000	5,000
Functional Total	1,710,154	2,428,485	2,385,774	2,041,222	1,848,326
PARKS AND THE ENVIRONMENT					
Adirondack Park Agency	5,510	5,567	5,738	5,741	5,743
Environmental Conservation, Department of	878,910	1,151,981	1,165,955	917,116	908,565
Environmental Facilities Corporation	14,758	9,967	10,246	10,428	10,612
Hudson River Park Trust	14,290	21,392	10,000	0	0
Parks, Recreation and Historic Preservation, Office of	337,061	313,221	260,581	247,962	249,580
Functional Total	1,250,529	1,502,128	1,452,520	1,181,247	1,174,500
TRANSPORTATION					
Motor Vehicles, Department of	318,270	325,285	340,192	350,227	353,770
Thruw ay Authority	1,419	1,804	1,876	1,951	2,029
Metropolitan Transportation Authority	160,000	195,300	206,500	194,500	183,600
Transportation, Department of	6,498,414	8,494,081	9,220,636	9,046,666	8,910,330
Functional Total	6,978,103	9,016,470	9,769,204	9,593,344	9,449,729
HEALTH AND SOCIAL WELFARE					
Aging, Office for the	239,660	227,212	230,376	229,766	229,766
Children and Family Services, Office of	3,143,806	3,327,059	3,532,221	3,660,622	3,885,697
OCFS	3,097,973	3,256,215	3,415,535	3,522,267	3,743,011
OCFS - Medicaid	45,833	70,844	116,686	138,355	142,686
Health, Department of	38,097,712	41,545,921	44,144,173	47,198,279	48,246,083
Medical Assistance	32,427,350	36,037,869	38,438,425	41,303,145	42,490,213
Medicaid Administration	900,664	915,500	959,500	1,003,750	1,049,750
Public Health	4,769,698	4,592,552	4,746,248	4,891,384	4,706,120
Health - Medicaid Assistance	0	0	0	0	0
Human Rights, Division of	19,043	22,579	21,103	21,159	21,351
Labor, Department of	581,613	917,791	736,053	629,520	620,267
Medicaid Inspector General, Office of	61,224	80,022	82,520	85,937	85,937
Prevention of Domestic Violence, Office for	2,482	2,374	2,311	2,323	2,344
Stem Cell and Innovation	7,797	46,321	71,500	50,000	167,826

CASH DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
(thousands of dollars)

	2008-2009 Actuals	2009-2010 Projected	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
HEALTH AND SOCIAL WELFARE (Continued)					
Temporary and Disability Assistance, Office of	5,084,635	5,182,452	5,157,043	5,249,294	5,259,088
Welfare Assistance	3,339,685	3,743,369	3,704,967	3,822,845	3,823,509
Welfare Administration	361,065	56,433	55,041	55,041	55,041
All Other	1,383,885	1,382,650	1,397,035	1,371,408	1,380,538
Welfare Inspector General, Office of	1,180	1,403	1,432	1,456	1,472
Workers' Compensation Board	205,090	209,201	193,424	197,598	202,483
Functional Total	47,444,242	51,562,335	54,172,156	57,325,954	58,722,314
MENTAL HEALTH					
Mental Health, Office of	3,084,590	3,250,803	3,519,641	3,702,158	3,826,579
OMH	1,423,983	1,500,295	1,653,421	1,780,099	1,831,441
OMH - Medicaid	1,660,607	1,750,508	1,866,220	1,922,059	1,995,138
Mental Hygiene, Department of	308,318	1,570	1,997	1,484	1,484
Mental Retardation and Developmental Disabilities, Office of	4,183,851	4,225,403	4,447,454	4,612,261	4,800,172
OMRDD	559,080	546,785	553,810	572,075	595,412
OMRDD - Medicaid	3,624,771	3,678,618	3,893,644	4,040,186	4,204,760
Alcoholism and Substance Abuse Services, Office of	584,954	648,290	686,839	761,310	796,875
OASAS	484,789	546,336	579,461	651,210	685,234
OASAS - Medicaid	100,165	101,954	107,378	110,100	111,641
Developmental Disabilities Planning Council	4,915	4,200	4,200	4,200	4,200
Quality of Care for the Mentally Disabled, Commission on	15,207	16,676	18,319	18,404	18,612
Functional Total	8,181,835	8,146,942	8,678,450	9,099,817	9,447,922
PUBLIC PROTECTION					
Capital Defenders Office	370	0	0	0	0
Correction, Commission of	2,687	2,658	2,785	2,814	2,848
Correctional Services, Department of	2,699,307	2,984,485	2,814,797	2,840,967	2,879,717
Crime Victims Board	65,521	69,822	65,216	65,318	65,511
Criminal Justice Services, Division of	295,559	273,675	269,244	253,587	233,034
Homeland Security	108,459	362,166	285,458	551,984	549,093
Investigation, Temporary State Commission of	3,554	0	0	0	0
Judicial Commissions	5,288	5,214	5,208	5,311	5,385
Military and Naval Affairs, Division of	234,686	308,508	222,387	188,491	189,502
Parole, Division of	196,590	188,700	191,630	195,984	199,977
Probation and Correctional Alternatives, Division of	79,273	69,144	70,783	76,971	78,506
State Police, Division of	653,750	780,356	769,505	766,127	742,203
Functional Total	4,345,044	5,044,728	4,697,013	4,947,554	4,945,776

CASH DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
(thousands of dollars)

	2008-2009 Actuals	2009-2010 Projected	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
EDUCATION					
Arts, Council on the	45,842	49,183	48,729	48,827	48,827
City University of New York	1,071,277	1,716,892	1,502,408	1,549,843	1,583,274
Education, Department of	30,553,372	31,794,871	33,497,452	33,201,004	35,141,316
School Aid	23,164,174	24,722,363	26,343,578	26,230,966	28,024,810
School Aid - Medicaid Assistance	106,331	40,000	80,000	80,000	80,000
STAR Property Tax Relief	4,435,383	3,524,450	3,480,270	3,677,620	3,854,167
Special Education Categorical Programs	1,783,639	2,264,890	2,427,750	2,089,470	2,092,790
All Other	1,063,845	1,243,168	1,165,854	1,122,948	1,089,549
Higher Education Services Corporation	909,663	1,035,721	991,406	991,014	994,546
Higher Education Capital Grants	4,254	67,746	40,000	38,000	0
State University Construction Fund	16,482	19,586	20,992	21,463	21,822
State University of New York	6,484,894	7,248,524	7,685,601	7,801,987	7,879,976
Functional Total	39,085,784	41,932,523	43,786,588	43,652,138	45,669,761
GENERAL GOVERNMENT					
Audit and Control, Department of	258,126	263,980	265,052	269,832	274,416
Budget, Division of the	43,813	77,301	84,259	97,199	107,291
Civil Service, Department of	23,744	21,679	22,551	22,763	23,014
Elections, State Board of	97,117	157,241	7,175	7,284	7,426
Employee Relations, Office of	3,694	3,465	3,795	3,833	3,872
Executive Chamber	19,252	17,077	18,023	18,647	18,924
General Services, Office of *	215,793	230,610	224,397	231,139	235,329
Inspector General, Office of	6,446	6,462	6,776	6,852	6,937
Law , Department of	231,205	239,390	240,144	247,122	251,646
Lieutenant Governor, Office of the	133	0	276	1,193	1,208
Lottery, Division of	200,951	188,151	193,807	194,069	194,751
Public Employment Relations Board	3,660	4,270	4,561	4,600	4,648
Public Integrity, Commission on	4,879	4,865	5,017	5,350	5,530
Racing and Wagering Board, State	24,307	21,065	21,802	21,902	22,235
Real Property Services, Office of	58,369	46,269	42,761	43,772	44,359
Regulatory Reform, Governor's Office of	3,438	542	697	697	697
State, Department of	181,137	217,307	205,566	158,531	161,067
Tax Appeals, Division of	3,422	3,025	3,152	3,152	3,152
Taxation and Finance, Department of	372,992	412,154	427,072	427,511	428,627
Technology, Office for	21,364	141,081	149,275	147,592	120,543
Lobbying, Temporary State Commission on	(77)	0	0	0	0
Veterans Affairs, Division of	15,720	17,122	18,000	17,574	17,700
Functional Total	1,789,485	2,073,056	1,944,158	1,930,614	1,933,372
ALL OTHER CATEGORIES					
Legislature	221,729	225,717	220,717	220,717	220,717
Judiciary (excluding fringe benefits)	2,425,844	2,513,026	2,725,941	2,919,326	2,946,710
World Trade Center	48,622	54,119	44,119	34,118	20,000
Local Government Assistance	1,037,389	1,134,517	1,129,524	1,132,764	1,135,888
Long-Term Debt Service	4,585,862	5,147,137	5,851,815	6,249,770	6,590,712
Capital Projects	0	0	0	0	0
General State Charges	2,443,102	3,175,332	3,556,798	4,399,317	5,391,695
Miscellaneous	23,880	(487,002)	(372,338)	(325,702)	(394,602)
Functional Total	10,786,428	11,762,846	13,156,576	14,630,310	15,911,120
TOTAL ALL GOVERNMENTAL FUNDS SPENDING	121,571,604	133,469,513	140,042,439	144,402,200	149,102,820

GSC: Agency disbursements include grants to local governments, state operations and general state charges, which is a departure from prior Financial plan publications. In prior reports, general state charges were excluded from agency spending totals.

** To facilitate comparability, the new Office of Procurement Services is reflected within the amounts shown for the Office of General Services.*

Source: NYS DOB

CASHFLOW
GENERAL FUND
2009-2010
(dollars in millions)

	2009 April Actuals	May Actuals	June Actuals	July Projected	August Projected	September Projected	October Projected	November Projected	December Projected	2010 January Projected	February Projected	March Projected	Total
OPENING BALANCE	1,948	2,799	37	1,027	1,083	864	1,720	646	(1,364)	(1,150)	3,905	3,048	1,948
RECEIPTS:													
Personal Income Tax	2,867	744	2,058	1,655	1,566	2,844	932	415	2,125	5,315	1,180	1,851	23,552
User Taxes and Fees	614	594	804	637	648	840	656	634	766	690	556	770	8,209
Business Taxes	61	(16)	1,195	42	159	993	33	36	1,063	64	87	1,737	5,454
Other Taxes	51	96	65	79	80	80	79	79	79	79	79	76	922
Total Taxes	3,593	1,418	4,122	2,413	2,453	4,757	1,700	1,164	4,033	6,148	1,902	4,434	38,137
Licenses, Fees, etc.	28	76	44	34	49	43	45	43	31	34	60	113	600
Abandoned Property	9	0	29	16	10	42	16	107	38	69	56	133	525
Reimbursements	10	40	33	5	8	19	10	10	23	7	7	0	172
Investment Income	3	0	3	3	0	3	0	2	2	3	2	4	25
Other Transactions	31	84	144	44	52	607	42	39	84	43	38	371	1,579
Total Miscellaneous Receipts	81	200	253	102	119	714	113	201	178	156	163	621	2,901
Federal Grants	5	24	0	0	0	10	0	0	10	0	0	19	68
PIT in Excess of Revenue Bond Debt Service	954	165	928	550	241	1,080	509	110	1,055	1,199	203	905	7,899
Sales Tax in Excess of LGAC Debt Service	159	66	363	184	194	203	196	188	230	206	1	123	2,113
Real Estate Taxes in Excess of CW/CA Debt Servi	20	12	10	0	0	0	0	0	0	5	5	6	58
All Other	16	193	91	17	96	16	46	16	16	26	26	631	1,190
Total Transfers from Other Funds	1,149	436	1,392	751	531	1,299	751	314	1,301	1,436	235	1,665	11,260
TOTAL RECEIPTS	4,828	2,078	5,767	3,266	3,103	6,780	2,564	1,679	5,522	7,740	2,300	6,739	52,366
DISBURSEMENTS:													
School Aid	588	2,730	1,892	80	511	1,269	630	980	1,601	283	797	6,658	18,019
Higher Education	31	15	783	57	264	63	448	33	256	31	311	530	2,822
All Other Education	50	103	148	60	123	79	176	158	175	142	158	268	1,640
Medicaid - DOH	889	614	(88)	768	696	476	664	763	418	481	528	94	6,303
Public Health	47	52	40	114	35	68	71	44	52	61	24	45	653
Mental Hygiene	13	22	371	49	24	513	38	9	448	126	144	397	2,154
Children and Families	20	157	83	113	103	291	102	110	296	67	82	399	1,823
Temporary & Disability Assistance	63	61	59	381	62	284	61	62	(16)	61	5	191	1,274
Transportation	0	13	5	0	25	0	0	25	21	0	0	11	100
All Other	53	1	445	48	86	232	(18)	58	539	40	40	634	2,158
Total Local Assistance Grants	1,754	3,768	3,738	1,670	1,929	3,275	2,172	2,242	3,790	1,292	2,089	9,227	36,946
Personal Service	748	460	515	619	574	824	369	478	512	499	376	436	6,410
Non-Personal Service	213	188	163	157	208	233	180	160	197	179	198	147	2,223
Total State Operations	961	648	678	776	782	1,057	549	638	709	678	574	583	8,633
General State Charges	387	4	219	368	303	1,047	427	334	116	385	183	70	3,843
Debt Service	488	92	31	13	50	278	16	107	436	12	47	206	1,776
Capital Projects	31	40	29	53	21	(4)	151	47	5	95	46	51	565
State Share Medicaid	238	208	52	294	197	197	197	257	197	197	197	131	2,362
Other Purposes	118	80	30	36	40	74	126	64	55	26	21	264	934
Total Transfers to Other Funds	875	420	142	396	308	545	490	475	693	330	311	652	5,637
TOTAL DISBURSEMENTS	3,977	4,840	4,777	3,210	3,322	5,924	3,638	3,689	5,308	2,685	3,157	10,532	55,059
Excess/(Deficiency) of Receipts over Disbursements	851	(2,762)	990	56	(219)	856	(1,074)	(2,010)	214	5,055	(857)	(3,793)	(2,693)
Legislative/Administrative Actions to Close Gap	0	0	0	0	0	0	0	0	0	0	0	2,123	2,123
CLOSING BALANCE	2,799	37	1,027	1,083	864	1,720	646	(1,364)	(1,150)	3,905	3,048	1,378	1,378

Source: NYS DOB

GAAP FINANCIAL PLAN
GENERAL FUND
2009-2010 THROUGH 2012-2013
(millions of dollars)

	2009-2010 First Quarter	2010-2011 Projected	2011-2012 Projected	2012-13 Projected
Revenues:				
Taxes:				
Personal income tax	24,957	26,027	26,279	25,728
User taxes and fees	8,046	8,587	9,012	9,321
Business taxes	5,449	5,697	5,656	6,217
Other taxes	830	924	955	1,012
Miscellaneous revenues	5,933	5,505	5,508	5,560
Federal grants	68	60	60	60
Total revenues	45,283	46,800	47,470	47,898
Expenditures:				
Grants to local governments	38,970	42,492	50,049	53,730
State operations	12,386	12,645	14,532	15,342
General State charges	4,194	4,432	3,991	5,134
Debt service	0	0	0	0
Capital projects	1	0	0	0
Total expenditures	55,551	59,569	68,572	74,206
Other financing sources (uses):				
Transfers from other funds	14,621	14,585	14,631	18,732
Transfers to other funds	(6,326)	(6,901)	(7,139)	(11,578)
Proceeds from financing arrangements/	0			
advance refundings	450	355	360	359
Net other financing sources (uses)	8,745	8,039	7,852	7,513
Operating Surplus/(Deficit)	(1,523)	(4,730)	(13,250)	(18,795)

Source: NYS DOB

GAAP FINANCIAL PLAN
GENERAL FUND
2009-2010
(millions of dollars)

	Enacted	Change	First Quarter
Revenues:			
Taxes:			
Personal income tax	25,401	(444)	24,957
User taxes and fees	8,274	(228)	8,046
Business taxes	5,417	32	5,449
Other taxes	966	(136)	830
Miscellaneous revenues	6,426	(493)	5,933
Federal grants	0	68	68
Total revenues	46,484	(1,201)	45,283
Expenditures:			
Grants to local governments	38,494	476	38,970
State operations	12,201	185	12,386
General State charges	3,932	262	4,194
Debt service	0	0	0
Capital projects	1	0	1
Total expenditures	54,628	923	55,551
Other financing sources (uses):			
Transfers from other funds	14,942	(321)	14,621
Transfers to other funds	(6,552)	226	(6,326)
Proceeds from financing arrangements/	0		0
advance refundings	315	135	450
Net other financing sources (uses)	8,705	40	8,745
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	561	(2,084)	(1,523)
Operating Surplus/(Deficit)	561	(2,084)	(1,523)

Source: NYS DOB

Annual Information Statement

State of New York

May 15, 2009

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Annual Information Statement
State of New York
Dated: May 15, 2009

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Annual Information Statement of the State of New York

Introduction

This Annual Information Statement ("AIS") is dated May 15, 2009 and contains information only through that date. This AIS constitutes the official disclosure information regarding the financial condition of the State of New York (the "State") and replaces the Annual Information Statement dated May 12, 2008 and all updates and supplements thereto. This AIS is scheduled to be updated on a quarterly basis (in August 2009, November 2009, and February 2010) and may be supplemented from time to time as developments may warrant. This AIS, including the Exhibits attached hereto, should be read in its entirety, together with any update or supplement issued during the fiscal year.

In this AIS, readers will find:

1. A section entitled the "Current Fiscal Year" that contains (a) extracts from the 2009-10 Enacted Budget Financial Plan, dated April 28, 2009 (the "Financial Plan"), prepared by the Division of the Budget ("DOB"), including the State's official Financial Plan projections, and (b) a discussion of potential risks that may affect the Financial Plan during the State's current fiscal year under the heading "Special Considerations." The first part of the section entitled "Current Fiscal Year" summarizes the major components of the 2009-10 Enacted Budget and the projected impact on operations, annual spending growth, and the magnitude of future potential budget gaps; the second part provides detailed information on projected total receipts and disbursements in the State's governmental funds in 2009-10.

2. Information on other subjects relevant to the State's fiscal condition, including: (a) operating results for the three prior fiscal years, (b) the State's revised economic forecast and a profile of the State economy, (c) debt and other financing activities, (d) governmental organization, and (e) activities of public authorities and localities.

3. The status of significant litigation that has the potential to adversely affect the State's finances.

DOB is responsible for preparing the State's Financial Plan and presenting the information that appears in this AIS on behalf of the State. In preparing this AIS, DOB relies on information drawn from other sources, including the Office of the State Comptroller ("OSC"), that DOB believes to be reliable. Information relating to matters described in the section entitled "Litigation" is furnished by the State Office of the Attorney General.

During the fiscal year, the Governor, the State Comptroller, State legislators, and others may issue statements or reports that contain predictions, projections or other information relating to the State's financial condition, including potential operating results for the current fiscal year and projected baseline gaps for future fiscal years, that may vary materially from the information provided in this AIS, as updated or supplemented. Investors and other market participants should, however, refer to this AIS, as updated or supplemented, for the most current official information regarding the financial condition of the State.

The economic and financial condition of the State may be affected by various financial, social, economic, environmental, and political factors. These factors can be very complex, may vary from fiscal year to fiscal year, and are frequently the result of actions taken or not taken, not only by the State and its agencies and instrumentalities, but also by entities, such as the federal government or other nations, that are not under the control of the State. Because of the uncertainty and unpredictability of these factors, their impact cannot, as a practical matter, be quantified or incorporated into the assumptions underlying the State's projections.

This Annual Information Statement contains statements which, to the extent they are not recitations of historical fact, constitute "forward-looking statements." In this respect, the words "estimate," "project," "anticipate," "expect," "intend," "believe," and similar expressions are intended to identify forward-looking statements. A number of important factors affecting the State's financial results could cause actual results to differ materially from those stated in the forward-looking statements.

The State may issue AIS supplements or other disclosure notices to this AIS as events warrant. The State intends to announce publicly whenever an update or a supplement is issued. The State may choose to incorporate by reference all or a portion of this AIS in Official Statements or related disclosure documents for State or State-supported debt issuance. The State has filed this AIS with the Nationally Recognized Municipal Securities Information Repositories (NRMSIRs). An official copy of this AIS may be obtained by contacting the New York State Division of the Budget, State Capitol, Albany, NY 12224, Tel: (518) 474-8282 or from any NRMSIR. OSC expects to issue the Basic Financial Statements for the 2008-09 fiscal year in July 2009. Copies may be obtained by contacting the Office of the State Comptroller, 110 State Street, Albany, NY 12236 and will be available on its website at www.osc.state.ny.us.

Usage Notice

The AIS has been supplied by the State pursuant to its contractual obligations under various continuing disclosure agreements (each, a "CDA") entered into by the State in connection with financings of certain issuers, including public authorities of the State, that may depend in whole or in part on State appropriations as sources of payments of their respective bonds, notes or other obligations.

An informational copy of this AIS is available on the DOB website (www.budget.state.ny.us). The availability of this AIS in electronic form at DOB's website is being provided solely as a matter of convenience to readers and does not create any implication that there have been no changes in the financial condition of the State at any time subsequent to its release date. Maintenance of the AIS on the website is not intended as a republication of the information therein on any date subsequent to its release date.

Neither this AIS nor any portion thereof may be (i) included in a Preliminary Official Statement, Official Statement, or other offering document, or incorporated by reference therein, unless DOB has expressly consented thereto following a written request to the State of New York, Division of the Budget, State Capitol, Albany, NY 12224 or (ii) considered to be continuing disclosure in connection with any offering unless a CDA relating to the series of bonds or notes has been executed by DOB. Any such use, or incorporation by reference, of this AIS or any portion thereof in a Preliminary Official Statement, Official Statement, or other offering document or continuing disclosure filing without such consent and agreement by DOB is unauthorized and the State expressly disclaims any responsibility with respect to the inclusion, intended use, and updating of this AIS if so misused.

Current Fiscal Year

The 2009-10 Enacted Budget Financial Plan, extracts of which are set forth below, was prepared by the DOB and reflects the actions of the Legislature and Governor.

The Financial Plan contains estimates for the 2009-10 fiscal year and projections for the 2010-11 through 2012-13 fiscal years. As such, it contains estimates and projections of future results that should not be construed as statements of fact. These estimates and projections are based upon various assumptions that may be affected by numerous factors, including future economic conditions in the State and nation and potential litigation. There can be no assurance that actual results will not differ materially and adversely from the estimates and projections contained in the Financial Plan set forth below.

The State accounts for all of its spending and revenues by the fund in which the activity takes place (such as the General Fund), and the broad category or purpose of that activity (such as Grants to Local Governments). The Financial Plan tables sort all State projections and results by fund and category. The State Constitution requires the Governor to submit an Executive Budget that is balanced on a cash basis in the General Fund — the fund that receives the majority of State taxes, and all income not earmarked for a particular program or activity. Since this is the fund that is statutorily required to be balanced, the focus of the State's budget discussion is often weighted toward the General Fund.

The State also reports disbursements and receipts activity by other broad measures: State Operating Funds, which includes the General Fund and funds specified for dedicated purposes, but excludes capital project funds and Federal Funds; and All Governmental Funds ("All Funds"), which includes both State and Federal Funds and provides the most comprehensive view of the financial operations of the State.

Fund types of the State include: the General Fund; State special revenue funds (SRFs), which receive certain dedicated taxes, fees and other revenues that are used for a specified purpose; Federal SRFs, which receive Federal grants; State and Federal Capital Projects Funds, which account for costs incurred in the construction and reconstruction of roads, bridges, prisons, and other infrastructure projects; and Debt Service Funds, which pay principal, interest and related expenses on long-term bonds issued by the State and its public authorities.

2009-10 Enacted Budget Financial Plan Overview[1]

The Enacted Budget for 2009-10 closes the largest budget gap ever faced by the State. The combined current services budget gap[2] for 2008-09 and 2009-10 totaled $20.1 billion (2008-09: $2.2 billion; 2009-10: $17.9 billion), before the gap-closing actions approved by the Governor and Legislature and the receipt of extraordinary Federal aid. For perspective, the two-year budget gap that needed to be closed was equal to approximately 37 percent of total General Fund receipts in 2008-09. The cumulative gap for the five-year planning period from 2008-09 through 2012-13, before approved gap-closing actions, totaled $85.2 billion.

[1] Please see Exhibit C Glossary of Acronyms for the definitions of commonly used acronyms and abbreviations that appear in the text.

[2] The current-services gap represented (a) the difference between the General Fund disbursements expected to be needed to maintain current service levels and specific commitments, and the expected level of resources to pay for them, plus (b) the operating deficit projected in HCRA, which helps finance a number of State health care programs including a share of the Medicaid program.

Financial Plan Indicators

FINANCIAL PLAN AT-A-GLANCE: IMPACT ON KEY MEASURES (millions of dollars)	2007-08 Actuals	2008-09 Results*	2009-10 Enacted Budget
State Operating Funds Budget			
Size of Budget	$77,003	$78,168	$78,742
Annual Growth	4.8%	1.5%	0.7%
Other Budget Measures (Annual Growth)			
General Fund (with transfers)	$53,387	$54,607	$54,908
	3.5%	2.3%	0.6%
State Funds (Including Capital)	$81,379	$83,146	$84,657
	5.3%	2.2%	1.8%
Capital Budget (Federal and State)	$6,131	$6,830	$8,832
	10.3%	11.4%	29.3%
Federal Operating	$32,924	$36,573	$44,361
	-2.3%	11.1%	21.3%
All Funds	$116,058	$121,571	$131,935
	2.9%	4.8%	8.5%
All Funds (Including "Off-Budget" Capital)	$117,692	$123,833	$133,737
	3.2%	5.2%	8.0%
Inflation (CPI) Growth	3.3%	2.7%	-0.2%
All Funds Receipts (Annual Growth)			
Taxes	$60,871	$60,337	$60,647
	6.7%	-0.9%	0.5%
Miscellaneous Receipts	$19,643	$20,064	$22,185
	7.4%	2.1%	10.6%
Federal Grants	$34,909	$38,834	$47,718
	-2.6%	11.2%	22.9%
Total Receipts	$115,423	$119,235	$130,550
	3.8%	3.3%	9.5%
Base Tax Growth/(Decline) **	6.0%	-3.0%	-6.5%
Combined General Fund/HCRA Outyear Gap Forecast			
2008-09	N/AP	N/AP	$0
2009-10	N/AP	N/AP	$0
2010-11	N/AP	N/AP	($2,166)
2011-12	N/AP	N/AP	($8,757)
2012-13	N/AP	N/AP	($13,706)
Cumulative Gaps	N/AP	N/AP	($24,629)
Total General Fund Reserves	$2,754	$1,948	$1,378
State Workforce (Subject to Executive Control)	137,635	136,490	128,803
Debt			
Debt Service as % All Funds	4.0%	4.3%	4.5%
State-Related Debt Outstanding	$49,884	$51,730	$54,532

** Unaudited Year-End Results.*

*** Reflects estimated growth/(decline) in tax receipts excluding the impact of Tax Law changes since SFY 1986-87.*

The combined current-services gap for 2008-09 and 2009-10 grew steadily over the past year, increasing four-fold since May 2008. The $15 billion increase in the combined gap, to $20.1 billion, was due almost exclusively to the precipitous decline in projected receipts, reflecting the severity of the current economic downturn and dislocation in the financial markets. The current recession has been characterized by a loss of vast sums of wealth from depressed equity and real estate markets. As of the fourth quarter of 2008, an unprecedented $12.8 trillion in net wealth had been destroyed nationwide since the third quarter of calendar year 2007. This is expected to have a substantial impact on taxable income and, by extension, State tax receipts. To understand the impact of the downturn on income, a comparison to the last recession is instructive: New York State adjusted gross income fell by $28 billion in 2001 and another $21 billion in 2002, following the collapse of the high-tech/Internet bubble and the attacks of September 11. In contrast, gross income losses of $52 billion in 2008-09 and $53 billion in 2009-10 – or more than twice the last recession – are projected.

Addressing the Budget Gaps

The gap-closing plan for 2008-09 and 2009-10 was enacted in two parts. First, in early February 2009, the Governor and Legislature approved a deficit reduction plan (DRP) for 2008-09. The DRP provided approximately $2.4 billion in savings over the two-year period, reducing the combined gap from $20.1 to $17.7 billion. Second, in March 2009, the Governor and Legislature reached final agreement on a budget for 2009-10, with the Legislature completing action on all appropriations and enabling legislation to implement the budget on April 3, 2009 (all debt service appropriations for 2009-10 were enacted on March 5, 2009). The Enacted Budget Financial Plan includes $11.5 billion in gap-closing actions, beyond the $2.4 billion approved in the DRP, for a total of $13.9 billion in gap-closing actions.[3]

To close the two-year budget gap in 2008-09 and 2009-10, the Governor and Legislature approved a total of $13.9 billion in gap-closing actions, including $6.5 billion in actions to restrain spending, $5.4 billion in actions to increase receipts, and $2 billion in non-recurring actions (more than half of which were used in 2008-09 to close a gap that opened in the last half of the fiscal year). The most significant actions include freezing the foundation aid and Universal Prekindergarten education aid programs at 2008-09 levels; eliminating the Middle-Class STAR rebate program (but maintaining the STAR exemption program that will provide $3.5 billion in property tax relief); instituting Medicaid cost-containment; reducing the size of the State workforce; and increasing personal income tax rates on high-income earners.

In addition, the gap-closing plan includes $6.15 billion in direct fiscal relief that the Federal government is providing to the State under the American Recovery and Reinvestment Act of 2009 (ARRA) to stabilize State finances and help prevent reductions in essential services. This extraordinary aid consists of $5 billion in State savings resulting from a temporary increase in the amount of Medicaid spending that is paid for by the Federal government (known as FMAP) and $1.15 billion in Federal aid provided by the ARRA State Fiscal Stabilization Fund (SFSF) to restore proposed reductions in education, higher education, and other essential government services.

The following table summarizes the gap-closing plan by major function and activity.

[3] The gap-closing plan described herein refers to the combined actions taken in the DRP and the Enacted Budget for 2009-10, unless otherwise noted.

COMBINED GENERAL FUND AND HCRA GAP-CLOSING PLAN FOR 2009-10
ENACTED BUDGET INCLUDING DRP
(millions of dollars)

	2008-09	2009-10	Two-Year Total	2010-11	2011-12	2012-13
REVISED CURRENT SERVICES GAP ESTIMATES*	**(2,219)**	**(17,857)**	**(20,076)**	**(20,374)**	**(21,900)**	**(22,845)**
TOTAL ENACTED BUDGET GAP-CLOSING ACTIONS	**1,595**	**12,332**	**13,927**	**13,794**	**13,144**	**9,214**
Spending Restraint	**413**	**6,047**	**6,460**	**7,360**	**8,234**	**8,138**
Health Care	63	1,961	2,024	1,673	1,719	1,735
School Tax Relief Program	93	1,559	1,652	2,051	2,113	2,181
School Aid/Lottery Aid	0	948	948	1,870	2,835	2,695
Mental Hygiene	4	388	392	398	368	352
Higher Education	55	197	252	257	198	171
Public Safety	2	215	217	251	256	297
Human Services/Labor/Housing	4	188	192	189	129	60
Transportation	0	152	152	271	337	390
Repeal Planned Member Item Deposits	30	104	134	(85)	(85)	0
Local Government Aid	3	94	97	171	168	165
Other Education Aid	7	21	28	61	53	53
State Workforce	5	170	175	328	328	328
Convert Capital to PAYGO	0	0	0	(100)	(200)	(300)
All Other	147	50	197	25	15	11
Revenue Actions	**118**	**5,279**	**5,397**	**6,443**	**4,974**	**1,110**
Temporary PIT Increase	0	3,948	3,948	4,778	3,720	0
Increase 18-A Utility Assessment	0	557	557	557	557	557
Bottle Bill Unclaimed Deposits	0	115	115	115	115	115
Limit Itemized Deductions for High Income Taxpayers	0	140	140	200	150	150
Reform Empire Zones Program	0	90	90	101	113	126
Impose Fee on Non-LLC Partnerships	0	50	50	50	50	50
Impose Sales Tax on Certain Transportation-related Activities	0	26	26	34	34	34
Increase Beer/Wine Tax	0	14	14	14	14	14
Film Credit Restructuring	0	0	0	192	(180)	(228)
Reissue License Plates	0	0	0	129	129	20
All Other Revenue Actions	118	339	457	273	272	272
Non-Recurring Resources	**1,064**	**1,006**	**2,070**	**(9)**	**(64)**	**(34)**
Delay extra MA Cycle (two years)	0	400	400	0	(400)	0
Increase Business Tax Prepayment to 40 Percent	0	333	333	0	0	0
NYPA Payments	306	170	476	0	(25)	(25)
Equipment Financing	0	104	104	(4)	(4)	(4)
VLT Franchise Payment	0	0	0	0	370	0
Medicaid DRP Savings/CUNY Payment	300	(300)	0	0	0	0
All Other	458	299	757	(5)	(5)	(5)
FEDERAL ARRA AID	**1,299**	**4,850**	**6,149**	**4,414**	**(1)**	**(75)**
Enhanced FMAP/Medicaid Relief (excludes local share)	1,299	3,702	5,001	3,387	0	0
State Fiscal Stablization Relief	0	1,150	1,150	1,508	359	0
Federal Tax Relief Extended to State Tax Code	0	(2)	(2)	(481)	(360)	(75)
NET AVAILABLE RESOURCES APPLIED IN 2009-10	**(675)**	**675**	0	**0**	**0**	**0**
ENACTED BUDGET SURPLUS/(GAP) ESTIMATE	**0**	**0**	**0**	**(2,166)**	**(8,757)**	**(13,706)**

** Before 2008-09 Enacted DRP.*

Budget Outcomes

DOB estimates that, after gap-closing actions and Federal aid, the General Fund and HCRA Financial Plan for 2009-10 is balanced, and leaves budget gaps of $2.2 billion in fiscal year 2010-11, $8.8 billion in fiscal year 2011-12, and $13.7 billion in 2012-13. As required by law, the State ended the 2008-09 fiscal year in balance in the General Fund and HCRA.[4] As shown in the table above, the State received $1.3 billion in Federal aid under ARRA in 2008-09, of which it used $624 million to eliminate the 2008-09 gap, and $675 million that it applied to close a portion of the 2009-10 gap. Based on DOB's current estimates, the cumulative budget gap for the five-year period (2008-09 through 2012-13) has been reduced from $85.2 billion to $24.6 billion, a reduction of approximately $60.6 billion – or over 70 percent – from the current-services forecast.[5]

Annual growth of the State-financed portion of the budget – that is, spending financed directly by State residents through State taxes, fees, and other revenues – is held nearly flat. General Fund disbursements, including transfers to other funds, are expected to total $54.9 billion in 2009-10, an increase of $301 million (0.6 percent) from 2008-09 results. Projected General Fund spending for 2009-10 has been reduced by $8.7 billion compared to the current services forecast. State Operating Funds spending, which excludes Federal operating aid and capital spending, is projected to total $78.7 billion in 2009-10, an increase of $574 million (0.7 percent) over 2008-09 results. State Operating Funds spending in the Enacted Budget Financial Plan has been reduced by $9.4 billion compared to the current services forecast.

Elements of the Gap-Closing Plan

Before the dramatic economic events of 2008, the sustained growth in spending commitments since the last economic recovery was the principal contributor to the State's growing budget gaps. Over the last year, however, the precipitous decline in actual and projected receipts caused by the economic downturn has been the dominant cause of the extraordinary increase in the budget gaps. This is illustrated by looking at the combined budget gap for 2008-09 and 2009-10. In May 2008, the projected gap of $5 billion was driven almost exclusively by expected spending growth. In contrast, the $15 billion incremental <u>increase</u> to the combined gap since that time is almost entirely due to the worsening outlook for receipts.

Accordingly, the gap-closing plan under the State's control (that is, excluding Federal aid) is weighted toward spending restraint, but also relies on substantial tax and fee increases. Actions to restrain spending constitute approximately 46 percent of the State portion of the gap-closing plan. Actions to increase receipts constitute approximately 39 percent of the plan. Non-recurring resources make up the remainder.

The section below provides a summary of the actions under each category that have been approved for 2009-10.

Spending Restraint

Actions to restrain General Fund spending affect most activities funded by the State. General Fund spending in the Enacted Budget Financial Plan is projected to total $54.9 billion in 2009-10, an increase of $301 million over 2008-09 results. General Fund spending was reduced by $8.7 billion from current services levels.

[4] See "Prior Fiscal Years - Cash Basis Results for Prior Fiscal Years" in this AIS for more information.
[5] The estimates beyond 2009-10 are meant to provide a general perspective on the State's long-term operating forecast, and will be revised and updated quarterly.

COMBINED GENERAL FUND AND HCRA GAP-CLOSING PLAN FOR 2009-10 - SPENDING RESTRAINT (millions of dollars)	2008-09	2009-10	Total	2010-11	2011-12	2012-13
Spending Restraint (net of adds)	**413**	**6,047**	**6,460**	**7,360**	**8,234**	**8,138**
Health Care	63	1,961	2,024	1,673	1,719	1,735
School Tax Relief Program	93	1,559	1,652	2,051	2,113	2,181
School Aid/Lottery Aid	0	948	948	1,870	2,835	2,695
Mental Hygiene	4	388	392	398	368	352
Higher Education	55	197	252	257	198	171
Public Safety	2	215	217	251	256	297
Human Services/Labor/Housing	4	188	192	189	129	60
Transportation	0	152	152	271	337	390
Repeal Planned Member Item Deposits	30	104	134	(85)	(85)	0
Local Government Aid	3	94	97	171	168	165
Other Education Aid	7	21	28	61	53	53
State Workforce	5	170	175	328	328	328
Convert Capital to PAYGO	0	0	0	(100)	(200)	(300)
All Other	147	50	197	25	15	11

The most significant actions in the Enacted Budget Financial Plan that restrain General Fund spending include the following:

- **Health Care ($2.0 billion):** Enacts cost-containment measures, including rate reductions; updating the base year on which rates are calculated; re-establishing certain industry assessments; financing a greater share of Medicaid spending through HCRA; eliminating a planned human services COLA in 2009-10; and other targeted public health and aging reductions. In addition, the Enacted Budget authorizes savings actions to fully eliminate the HCRA operating deficit, including an increase in the Covered Lives Assessment, instituting a tax on for-profit HMOs, and increasing certain surcharges;
- **STAR ($1.7 billion):** Eliminates the Middle-class STAR rebate program (but maintains the STAR exemption program that will continue to provide tax relief); reduces the PIT credit for New York City taxpayers; and adjusts the timing of reimbursement to New York City;
- **School Aid ($948 million on a State fiscal year basis):** Maintains selected aids at 2008-09 school year levels; extends the phase-in of foundation aid and the UPK program from four to seven years; and authorizes additional lottery games that would increase projected resources available to education;
- **Mental Hygiene ($392 million):** Eliminates a cost-of-living increase for providers; institutes programmatic reforms to align reimbursement with actual costs (including closing, consolidating, and restructuring facility operations, thereby reducing the planned workforce by 865 positions); maximizes available Federal aid; and other measures;
- **Higher Education ($252 million):** Includes tuition increases at public universities approved by the SUNY and CUNY Boards of Trustees; reductions in support for the four statutory colleges at Cornell University and the College of Ceramics at Alfred University; an assessment on the SUNY and CUNY research foundations; inclusion of public sector pension income in TAP determinations; and other savings;

- **Public Safety ($217 million):** Closes three prison camps and various annexes in correctional facilities; improves parolee release and violation processes; eliminates farm operations at correctional facilities; reduces programs for inmates; and other operational changes;
- **Human Services ($192 million):** Increases the level of Federal funding that local districts are required to spend on child welfare services; eliminates the human services COLA; lowers reimbursement for optional, community-based preventive services; closes or downsizes 11 underutilized facilities (8 residential facilities and 3 non-residential facilities), and other measures;
- **Transportation ($152 million):** Reduces the General Fund subsidy to the DHBTF (which is made possible by an increase in certain fees) and to transit systems; and lowers spending on DOT operations consistent with the overall reduction in planned capital activities;
- **Member item funding ($134 million):** Eliminates deposits into the Community Projects Fund for the Governor and Assembly that had been authorized in prior years. The Enacted Budget includes $170 million in new member item deposits split equally between the Senate and Assembly. The new legislative deposits are scheduled to be made in 2010-11 and 2011-12. The Governor did not accept any new member-item funding;
- **Local Government Aid ($97 million):** Holds aid and incentive payments for cities, towns, and villages outside of New York City at 2008-09 levels; reduces VLT aid; and other measures; and
- **Other Education Aid ($28 million):** Reduces funding for, among other things, attendance-taking requirements at non-public schools, library aid, prior-year claims, and supplemental funding for certain after-school programs.

The gap-closing plan counts on savings from instituting a workforce reduction plan (WRP). The WRP would reduce the State Executive Branch workforce by approximately 8,700 unionized employees through attritions, layoffs, and abolitions of funded vacancies. These reductions are in addition to those that are expected to result from the facility closures and other actions affecting the workforce that were approved in this budget.

The Executive Budget had proposed achieving workforce savings without a substantial reduction in force through, among other things, the elimination of a planned 3 percent general salary increase for State employees in 2009-10 and a one-week wage deferral payable upon separation from State service. The State's public employee unions rejected the proposals. Pursuant to the Governor's directive, most non-unionized "management/confidential" employees in 2009-10 will not receive the planned general salary increase, merit awards, longevity payments, and performance advances and therefore will not be subject to the layoffs required in the WRP. See "State Workforce Reductions" herein for more information.

The Enacted Budget Financial Plan will finance a larger share of economic development projects with ongoing resources rather than with long-term debt, starting in fiscal year 2010-11. This will help relieve pressure on the State's statutory debt cap and realize debt service savings in future years. The determination to allocate the "pay-as-you-go resources" to economic development takes into account that projects in this area typically have above-average financing costs. See "Bond Market Issues" herein for more information.

The Enacted Budget Financial Plan includes a modest level of new initiatives in 2009-10, the costs of which are counted against the savings actions presented in this Financial Plan. The most significant initiatives include a new low-cost student loan program to which the State will make an initial contribution of $50 million in 2009-10; extension of a program to assist homeowners facing foreclosure; an increase in the basic public assistance grant of 10 percent annually over the next three years; and additional funding for HEAL-NY, quality incentive pools for nursing homes and home care agencies, and other health initiatives.

Revenue Actions

Balancing the budget exclusively through spending reductions in 2009-10 would have required an extraordinary retrenchment in State services. Absent any actions to raise receipts, DOB estimates that General Fund spending would have had to be reduced by nearly $18 billion from the level required to meet existing commitments – and by almost $9 billion from 2008-09 results – to achieve a balanced budget in 2009-10. Spending reductions of this magnitude would be in direct conflict with Federal efforts to stimulate the economy during a severe recession, raise grave health and public safety concerns, and place additional pressure on local property taxes. Therefore, to maintain essential services and assist residents affected by the economic downturn, the Enacted Budget includes a package of tax increases and other revenue enhancements to help close the budget gap and address the further deterioration in the revenue base.

COMBINED GENERAL FUND AND HCRA GAP-CLOSING PLAN FOR 2009-10 - REVENUE ACTIONS
(millions of dollars)

	2008-09	2009-10	Two-Year Total	2010-11	2011-12	2012-13
Revenue Actions	**118**	**5,279**	**5,397**	**6,443**	**4,974**	**1,110**
Temporary PIT Increase	0	3,948	3,948	4,778	3,720	0
Increase 18-A Utility Assessment	0	557	557	557	557	557
Bottle Bill Unclaimed Deposits	0	115	115	115	115	115
Limit Itemized Deductions for High Income Taxpayers	0	140	140	200	150	150
Reform Empire Zones Program	0	90	90	101	113	126
Impose Fee on Non-LLC Partnerships	0	50	50	50	50	50
Impose Sales Tax on Certain Transportation-related Activities	0	26	26	34	34	34
Increase Beer/Wine Tax	0	14	14	14	14	14
Film Credit Restructuring	0	0	0	192	(180)	(228)
Reissue License Plates	0	0	0	129	129	20
All Other Revenue Actions	118	339	457	273	272	272

The most significant actions include:

- **Temporary PIT Increase ($3.9 billion):** The State PIT rate will temporarily increase for higher-income filers for a three-year period from tax year 2009 through tax year 2011. The rate for married couples filing jointly will increase from 6.85 percent to 7.85 percent with incomes above $300,000 and to 8.97 percent for filers with incomes above $500,000;
- **Increase Utility Assessment ($557 million):** Increases the current regulatory fee on public utilities, including electric, gas, and water. The action will pay for State regulatory and management oversight by raising the fee from 1/3 of 1 percent to 1 percent of intrastate revenues, expanding the fee to include energy service companies, and establishing an additional 1 percent State energy and utility service conservation assessment, which will expire on March 31, 2014. In recognition of the competitive nature of the telecommunications industry, telecommunications utilities regulated under Public Service Law Section 18-A are exempted from this temporary assessment;

- **Bottle Bill ($115 million):** Expands the 5-cent deposit on carbonated beverages to include bottled water, and mandates that the State retain 80 percent of all unclaimed bottle deposits;
- **High-Income Itemized Deductions ($140 million):** Limits the ability of taxpayers with incomes over $1 million to reduce their tax liability by claiming itemized deductions ($140 million). Currently, taxpayers with incomes over $525,000 are allowed to claim 50 percent of the value of itemized deductions. To sustain philanthropic giving, charitable deductions are excluded from this provision and may still be claimed as itemized deductions for the purposes of State income taxes;
- **Empire Zones ($90 million):** Decertifies "shirt-changers" (that is, firms that change their names to maximize Zone benefits without providing any economic benefit) and firms producing less than $1 in actual investment and wages for every $1 in State tax incentives. The Empire Zone program will sunset on June 30, 2010 – one year earlier than in current law;
- **Non-LLC Partnerships ($50 million):** Imposes a new fee on non-LLC partnerships equal to fee amounts that currently apply to LLCs. Fee amounts will range from $1,900 to $4,500. Unlike the current LLC fee, partnerships with New York-source gross income under $1 million are exempt;
- **Transportation Services ($26 million):** Broadens the sales tax base to cover certain transportation-related services, such as limousine and black car services, but excludes taxis;
- **Beer/Wine Tax ($14 million):** Increases the excise tax on wine and beer. The tax on wine would increase from 18.9 cents per gallon to 30 cents per gallon, and the beer tax would increase from 11 cents per gallon to 14 cents per gallon. This translates into approximately 2 cents per bottle of wine and one and one-half cents per six pack of beer. These taxes were last increased in 1991, and are still among the lowest in the nation; and
- **License Plates ($129 million starting in 2010-11):** Effective April 1, 2010, the license plate reissuance fee is increased from $15 to $25, with revenues directed to the General Fund. License plates were last reissued in 2001.

Other revenue actions include increases in the bond issuance charge for public authorities and industrial development agencies; fines related to certain motor vehicle violations; real property transfer fees paid whenever a deed is recorded; and fees for license suspension. The Financial Plan also includes a potential franchise payment in 2011-12 related to the development of a new VLT facility. In addition, the Enacted Budget includes $350 million in new authorization for the State's film tax and television production credit, which is intended to help keep entertainment industry jobs in New York State.

The Enacted Budget Financial Plan does not include approximately $1.2 billion in tax and fee proposals that had been proposed in the Executive Budget. Extraordinary Federal aid was used to eliminate these tax proposals. See "2009-10 All Funds Financial Plan Forecast" herein for more information on tax receipt projections included in the Enacted Budget.

Non-Recurring Resources

The two-year gap-closing plan included approximately $1 billion in non-recurring resources in 2008-09 and a comparable amount in 2009-10. The 2008-09 gap had to be closed within a three-month period, which severely limited the types of savings measures that were possible.

COMBINED GENERAL FUND AND HCRA GAP-CLOSING PLAN FOR 2009-10 - NON-RECURRING RESOURCES (millions of dollars)	2008-09	2009-10	Two-Year Total	2010-11	2011-12	2012-13
Non-Recurring Resources	**1,064**	**1,006**	**2,070**	**(9)**	**(64)**	**(34)**
Delay extra MA Cycle (two years)	0	400	400	0	(400)	0
Increase Business Tax Prepayment to 40 Percent	0	333	333	0	0	0
NYPA Transfers	306	170	476	0	(25)	(25)
Equipment Financing	0	104	104	(4)	(4)	(4)
Finance CUNY Payments with Jan-Mar '09 MA Savings	300	(300)	0	0	0	0
EPF Sweep/Capital Bonding	75	50	125	0	0	0
School Aid Overpayment Recoveries	0	80	80	0	0	0
Medicaid Reimbursement of Education Costs	0	20	20	0	0	0
Recoup Overpayments to NYC (General Public Health Works)	11	15	26	0	0	0
Increase Pre-Paid Sales Tax on Cigarettes	0	14	14	0	0	0
Recoup Overpayments to NYC (Early Intervention)	0	9	9	0	0	0
Continue TADA software bonding	0	3	3	0	0	0
VLT Franchise Payment	0	0	0	0	370	0
Fund Sweeps/Other	372	108	480	(5)	(5)	(5)

The largest non-recurring actions over the two year period include:

- **Delay of the 53rd Medicaid Cycle Payment ($400 million):** The 2009-10 fiscal year included 53 weekly cycle payments, compared to the typical 52 payments. This action delays the payment of a 53rd cycle until fiscal year 2011-12;
- **Increase Business Tax Prepayment ($333 million):** Increases the mandatory first installment of tax due from certain business taxpayers from 30 percent to 40 percent of the previous year's tax liability. For most taxpayers, this installment is due in March with the filing of the previous year's tax return. This will not change the amount of tax liability, but simply the timing of payments;
- **New York Power Authority Excess Resources ($476 million):** Authorizes the transfer of $476 million to the General Fund (of which $306 million was received in 2008-09 and $170 million is planned in 2009-10). Of this amount, $215 million represents funds that were reserved by NYPA to pay for the disposal of waste at a Federal repository. It is anticipated that NYPA will not need these funds for several years. The remaining transfer represents assets not necessary to meet NYPA's short term operating, capital or debt service costs;
- **Equipment Financing ($104 million):** Authorizes the use of bond financing for eligible capital projects that were originally planned to be paid for with cash resources. DOB will make an annual determination on the financing for equipment, depending on Financial Plan needs, market conditions and debt management considerations; and
- **City University (no net impact):** To realize the benefit of health care savings in the DRP that were applicable to the final quarter of the 2008-09 fiscal year, but where the cash savings would occur in 2009-10, the State adjusted its reimbursement schedule to New York City related to the City University. Certain payments that were due in the first quarter of 2009-10, but that had been budgeted in 2008-09, will be made on their statutory due dates, not ahead of schedule. There is no net impact over the two fiscal years.

Other non-recurring resources consist of transfers of existing fund balances, cost-recoveries for overpayments in prior years, and other routine transactions.

Extraordinary Federal Aid

The gap-closing plan included $6.15 billion in fiscal relief that the Federal government is providing to the State under ARRA to stabilize State finances and help prevent reductions in essential services. Direct Federal aid for fiscal relief consists of the increase in the Federal matching rate for eligible State Medicaid expenditures and funds provided through the SFSF to restore proposed reductions in education and higher education and to maintain other essential government services. By law, the direct Federal fiscal relief must be used effectively and expeditiously to promote economic recovery, and may not be allocated for other purposes, such as funding reserves or paying down debt.

The ARRA increased the Federal government contribution, or matching rate, on eligible State Medicaid expenditures for the period from October 1, 2008 through December 31, 2010. The FMAP benefit to the State in 2008-09 totaled $1.3 billion, and is projected at $3.7 billion in 2009-10. In the Financial Plan, every $1 increase in the Federal matching rate corresponds to a $1 decrease in required State support for Medicaid, thus creating General Fund fiscal relief. In addition, since all Federal Medicaid payments must flow through the State's Financial Plan, the increase in FMAP results in an increase in the "pass-through" of more Federal aid to counties and New York City, which contribute to the financing of the State's Medicaid program. This pass-through amount totaled $440 million in 2008-09 and is projected at $1.4 billion in 2009-10. See "Spending Levels" herein for a discussion of the impact of Federal aid on State All Funds spending in 2009-10.

The SFSF is expected to provide $1.15 billion in fiscal relief in 2009-10. The SFSF consists of two parts: an Education Fund, which must be used to restore proposed reductions in education and higher education, and an Other Governmental Services Fund, which must be used to maintain essential government services. Direct Federal fiscal relief from the Education Fund is projected to total $876 million in 2009-10. Fiscal relief from the other Governmental Services Fund is expected to total $274 million in 2009-10. This aid adds $1.15 billion in spending to the All Funds budget.

Lastly, a substantial amount of Federal aid will flow to the State – and through the State Financial Plan to end recipients – that has no direct impact on the State's budget gaps. In addition, Federal spending is affected by the timing of certain transactions, including the approval of State health care initiatives, and the Federal match on spending restorations authorized in the Enacted Budget. In 2009-10, the State expects to receive extraordinary Federal aid of approximately $4.6 billion. Extraordinary Federal aid increases the State's All Funds budget, but has no relationship to the gap-closing plan. In addition, a substantial amount of other Federal aid that affects spending from Federal funds, but which has no impact on the budget gaps, will pass through the State's All Funds Financial Plan in 2009-10 and 2010-11. Most of this is related to the ARRA, but also reflects the timing of Federal aid payments, changes in distribution patterns, and other factors.

Spending Levels

General Fund disbursements, including transfers to other funds, are expected to total $54.9 billion, an increase of $301 million (0.6 percent) from 2008-09 results. Projected General Fund spending has been reduced by $8.7 billion compared to the current services forecast. State Operating Funds spending, which excludes Federal operating aid and capital spending, is projected to total $78.7 billion in 2009-10, an increase of $574 million (0.7 percent) over 2008-09 results. State Operating Funds spending in the Enacted Budget Financial Plan has been reduced by $9.4 billion compared to the current services forecast.

TOTAL DISBURSEMENTS (millions of dollars)							
			Before Actions **			After Actions	
	2008-09 Results **	2009-10 Base	Annual $ Change	Annual % Change	2009-10 Enacted	Annual $ Change	Annual % Change
State Operating Funds	**78,168**	**88,154**	**9,986**	**12.8%**	**78,742**	**574**	**0.7%**
General Fund *	48,436	57,136	8,700	18.0%	49,449	1,013	2.1%
Other State Funds	25,146	25,804	658	2.6%	24,075	(1,071)	-4.3%
Debt Service Funds	4,586	5,214	628	13.7%	5,218	632	13.8%
All Governmental Funds	**121,572**	**132,753**	**11,181**	**9.2%**	**131,935**	**10,363**	**8.5%**
State Operating Funds	78,168	88,154	9,986	12.8%	78,742	574	0.7%
Capital Projects Funds	6,830	7,983	1,153	16.9%	8,832	2,002	29.3%
Federal Operating Funds	36,574	36,616	42	0.1%	44,361	7,787	21.3%
General Fund, including Transfers	**54,607**	**63,565**	**8,958**	**16.4%**	**54,908**	**301**	**0.6%**

** Excludes transfers.*
*** Unaudited Results.*

The Federal ARRA and other Federal aid substantially increase All Funds spending in 2009-10. In total, Federal aid is responsible for $7.2 billion of the projected All Funds increase above the Executive Budget proposal. In addition, growing costs in Medicaid caseload and utilization trends, which are directly related to the economic downturn, add an additional $1.4 billion in projected costs on an All Funds basis. Therefore, extraordinary Federal aid and accelerating Medicaid entitlement costs together comprise $8.6 billion of the total increase in All Funds spending.

General Fund Balances

The State ended 2008-09 with a General Fund balance of $1.9 billion. The State expects to use approximately $570 million in available balances to finance operations in 2009-10, resulting in a projected year-end balance of $1.4 billion on March 31, 2010. Funds reserved by DOB for debt management purposes may also be spent during the 2009-10 fiscal year, depending on market conditions.

GENERAL FUND ESTIMATED CLOSING BALANCE (millions of dollars)			
	2008-09 Results*	2009-10 Enacted	Change
Projected Year-End Fund Balance	**1,948**	**1,378**	**(570)**
Tax Stabilization Reserve Fund	1,031	1,031	0
Rainy Day Reserve Fund	175	175	0
Contingency Reserve Fund	21	21	0
Reserved for Debt Reduction	73	73	0
Community Projects Fund	145	78	(67)
Remaining Reserve for 2009-10 Use	340	0	(340)
2008-09 Timing Related Changes	163	0	(163)

The timing of payments reflects differences between planned and actual disbursements that occur in any fiscal year. Approximately $163 million in payments that were planned to occur in 2008-09 are now budgeted in 2009-10. The State manages its cash balances to meet these payments. The table below summarizes the General Fund payments budgeted in 2008-09 but now expected to be made in the 2009-10 fiscal year.

2008-09 YEAR-END RESULTS GENERAL FUND TIMING RELATED CHANGES DECREASE/(INCREASE) (millions of dollars)	
Timing Related Changes	**163**
Non-public School Aid	51
Other Education programs, including school aid	45
PBA labor settlement	44
Lower Medicaid spending	23
Taxes on State Owned Lands	27
Higher capital spending	(44)
All Other	17

HCRA ended the 2008-09 fiscal year with a balance of $240 million. It is expected that HCRA will use this balance to finance spending in 2009-10, including $205 million in payments that were originally planned to occur in 2008-09. See the “HCRA Financial Plan” herein for more information.

2009-10 General Fund Financial Plan and OutYear Projections

DOB projects that the Enacted Budget Financial Plan is balanced in the General Fund in 2009-10 and projects outyear budget gaps of $2.2 billion in 2010-11, $8.8 billion in 2011-12, and $13.7 billion in 2012-13.

After actions, General Fund spending is projected to grow at an average annual rate of 7.2 percent from 2008-09 through 2012-13. Spending growth in the General Fund is projected to increase sharply in 2011-12, reflecting a return to a lower Federal match rate for Medicaid expenditures on January 1, 2010, which will increase General Fund costs. The spending is driven by Medicaid growth, rising costs for education, the State-financed cap on local Medicaid spending, employee and retiree health benefits, and child welfare programs. The receipts growth is consistent with DOB’s economic forecast for the recession and recovery. The temporary PIT increase, which covers calendar years 2009 through 2011, is expected to provide substantial additional receipts through fiscal year 2011-12. The following table summarizes the General Fund projections by major tax and Financial Plan category.

OUTYEAR GENERAL FUND PROJECTIONS
(millions of dollars)

	2009-10	2010-11	Annual $ Change	Annual % Change	2011-12	Annual % Change	2012-13	Annual % Change
Receipts								
Taxes	49,788	53,151	3,363	6.8%	54,747	3.0%	54,471	-0.5%
Personal Income Tax*	32,533	35,144	2,611	8.0%	36,026	2.5%	34,735	-3.6%
User Taxes and Fees*	10,721	11,073	352	3.3%	11,537	4.2%	11,932	3.4%
Business Taxes	5,495	5,828	333	6.1%	5,925	1.7%	6,398	8.0%
Other Taxes*	1,039	1,106	67	6.4%	1,259	13.8%	1,406	11.7%
Miscellaneous Receipts	3,381	3,022	(359)	-10.6%	3,017	-0.2%	3,043	0.9%
Other Transfers	1,169	723	(446)	-38.2%	684	-5.4%	695	1.6%
Total Receipts	**54,338**	**56,896**	**2,558**	**4.7%**	**58,448**	**2.7%**	**58,209**	**-0.4%**
Disbursements								
Grants to Local Governments:	37,086	39,664	2,578	7.0%	46,467	17.2%	50,283	8.2%
School Aid	18,019	18,787	768	4.3%	19,738	5.1%	21,953	11.2%
Total Medicaid (incl. administration)	6,401	8,640	2,239	35.0%	13,536	56.7%	14,644	8.2%
Medicaid (before local relief)	5,440	7,327	1,887	34.7%	11,827	61.4%	12,479	5.5%
Medicaid Cap/FHP Takeover	961	1,313	352	36.6%	1,709	30.2%	2,165	26.7%
Higher Education	2,837	2,578	(259)	-9.1%	2,718	5.4%	2,763	1.7%
Mental Hygiene	2,148	2,266	118	5.5%	2,407	6.2%	2,534	5.3%
Children and Family Services	1,823	1,968	145	8.0%	2,170	10.3%	2,313	6.6%
Other Education Aid	1,640	1,617	(23)	-1.4%	1,841	13.9%	1,925	4.6%
Temporary and Disability Assistance	1,275	1,301	26	2.0%	1,341	3.1%	1,428	6.5%
Local Government Assistance	1,135	1,130	(5)	-0.4%	1,134	0.4%	1,137	0.3%
Public Health	653	578	(75)	-11.5%	598	3.5%	635	6.2%
All Other	1,155	799	(356)	-30.8%	984	23.2%	951	-3.4%
State Operations:	8,659	8,925	266	3.1%	9,175	2.8%	9,312	1.5%
Personal Service	6,465	6,621	156	2.4%	6,801	2.7%	6,870	1.0%
Non-Personal Service	2,194	2,304	110	5.0%	2,374	3.0%	2,442	2.9%
General State Charges	3,704	4,042	338	9.1%	4,344	7.5%	4,760	9.6%
Pensions	1,148	1,412	264	23.0%	1,525	8.0%	1,654	8.5%
Health Insurance:								
Active Employees	1,712	1,906	194	11.3%	2,056	7.9%	2,217	7.8%
Retired Employees	1,123	1,247	124	11.0%	1,348	8.1%	1,456	8.0%
Fringe Benefit Escrow	(2,247)	(2,435)	(188)	8.4%	(2,534)	4.1%	(2,541)	0.3%
All Other	1,968	1,912	(56)	-2.8%	1,949	1.9%	1,974	1.3%
Transfers to Other Funds:	5,459	6,391	932	17.1%	7,265	13.7%	7,690	5.8%
State Share Medicaid	2,362	2,388	26	1.1%	2,887	20.9%	2,888	0.0%
Debt Service	1,783	1,762	(21)	-1.2%	1,739	-1.3%	1,725	-0.8%
Capital Projects	551	1,162	611	110.9%	1,319	13.5%	1,491	13.0%
All Other	763	1,079	316	41.4%	1,320	22.3%	1,586	20.2%
Total Disbursements	**54,908**	**59,022**	**4,114**	**7.5%**	**67,251**	**13.9%**	**72,045**	**7.1%**
Change in Reserves								
Timing Related Reserve	(163)	0			0		0	
Prior Year Reserves	(340)	0			0		0	
Community Projects Fund	(67)	55			(41)		(92)	
Deposit to/(Use of) Reserves	**(570)**	**55**			**(41)**		**(92)**	
General Fund Budget Surplus/(Gap) Estimate	**0**	**(2,181)**			**(8,762)**		**(13,744)**	
Add: HCRA Operating Surplus	**0**	**15**			**5**		**38**	
Combined Budget Surplus/(Gap) Estimate	**0**	**(2,166)**			**(8,757)**		**(13,706)**	

** Includes transfers after debt service.*

In evaluating the State's outyear operating forecast, it should be noted that the reliability of the estimates as a predictor of the State's future fiscal condition is likely to diminish as one moves further from the current year and budget year estimates. Accordingly, in terms of the outyear projections, 2010-11 is perhaps the most relevant from a planning perspective, since any gap in that year must be closed with the next budget and the variability of the estimates is likely to be less than in later years. The State will provide quarterly revisions to its multi-year estimates.

The following table provides a "zero-based" look at the causes of the 2010-11 General Fund budget gap. Detailed explanations of the assumptions underlying the outyear revenue and spending projections appear below.

2010-11 GENERAL FUND ANNUAL CHANGE
SAVINGS/(COSTS)
(millions of dollars)

	2009-10	2010-11	Annual $ Change	Annual % Change
RECEIPTS GROWTH	**54,338**	**56,896**	**2,558**	**4.7%**
Personal Income Tax*	32,533	35,144	2,611	8.0%
User Taxes and Fees*	10,721	11,073	352	3.3%
Business Taxes	5,495	5,828	333	6.1%
Other Taxes*	1,039	1,106	67	6.4%
Miscellaneous Receipts/Federal Grants	3,381	3,022	(359)	-10.6%
All Other Transfers	1,169	723	(446)	-38.2%
** Includes transfers after debt service*				
DISBURSEMENTS GROWTH	**54,908**	**59,022**	**4,114**	**7.5%**
Local Assistance	**37,086**	**39,664**	**2,578**	**7.0%**
Medicaid (incl. admin)	6,401	8,640	2,239	35.0%
Program Growth/Other	*2,026*	*4,223*	2,197	108.4%
Medicaid Cap/Family Health Plus Takeover	*961*	*1,313*	352	36.6%
Change in HCRA/Provider Assessment Financing	*3,414*	*3,104*	(310)	-9.1%
School Aid	18,019	18,787	768	4.3%
Other Education Aid	1,640	1,617	(23)	-1.4%
Higher Education	2,837	2,578	(259)	-9.1%
Children and Family Services	1,823	1,968	145	8.0%
Mental Hygiene	2,148	2,266	118	5.5%
All Other Local Assistance	4,218	3,808	(410)	-9.7%
State Operations	**8,659**	**8,925**	**266**	**3.1%**
Personal Service	6,465	6,621	156	2.4%
Non-personal Service	2,194	2,304	110	5.0%
General State Charges	**3,704**	**4,042**	**338**	**9.1%**
Health Insurance	2,835	3,153	318	11.2%
Pensions	1,148	1,412	264	23.0%
Fringe Benefit Escrow Offset	(2,247)	(2,435)	(188)	8.4%
All Other	1,968	1,912	(56)	-2.8%
Transfers to Other Funds	**5,459**	**6,391**	**932**	
Change in Reserves	**570**	**(55)**	**(625)**	
Timing Related Reserve	163	-	(163)	
Prior Year Reserves	340	-	(340)	
Community Projects Fund	67	(55)	(122)	
"CURRENT SERVICES" BUDGET GAP FOR 2010-11 *			**(2,181)**	

** Excludes HCRA balance, which is projected to remain positive over the multi-year Financial Plan.*

The outyear forecast for 2010-11 is based on assumptions of economic performance, revenue collections, spending patterns, and projections for the current services costs of program activities. DOB believes the estimates of annual change in receipts and disbursements that constitute the current services gap forecast are based on reasonable assumptions and methodologies.

General Fund Outyear Receipts/Projections

Overall, tax receipts growth in the two fiscal years following 2009-10 is expected to grow within a range of 2 to 8 percent. This reflects an economic forecast of a national recovery beginning in the third quarter of 2009 with many aspects of New York State's recovery lagging into 2010. The receipts growth is supported significantly by revenue actions in the Budget, including the three-year temporary increase in PIT rates. Tax receipts in 2012-13 are expected to decline slightly, primarily due to the expiration of the temporary rate increase.

- Total General Fund receipts are projected to reach $56.9 billion in 2010-11, $58.4 billion in 2011-12 and $58.2 billion in 2012-13.
- Total State Funds receipts are projected to be approximately $85.9 billion in 2010-11, $89.0 billion in 2011-12 and $88.6 billion in 2012-13.
- Total All Funds receipts in 2010-11 are projected to reach $134.6 billion, an increase of $4.0 billion, or 3 percent over 2009-10 estimates. All Funds receipts in 2011-12 are expected to decrease by $2.4 billion (1.7 percent) over the prior year. In 2012-13, receipts are expected to decrease by $1.1 billion (0.8 percent) from 2011-12 projections.
- All Funds tax receipts are expected to increase by 6.2 percent in 2010-11, 3.3 percent in 2011-12, and 0.3 percent in 2012-13.

General Fund Outyear Disbursement Projections

DOB forecasts General Fund spending of $59 billion in 2010-11, an increase of $4.1 billion (7.5 percent) over estimated 2009-10 levels. Growth in 2011-12 is projected at $8.2 billion (13.9 percent) and in 2012-13 at $4.8 billion (7.1 percent). The growth levels are based on current services projections, as modified by the actions contained in the 2009-10 Enacted Budget. They do not incorporate any estimate of potential new actions to control spending in future years.

General Fund Grants to Local Governments

Annual growth in local assistance over the plan period is driven primarily by Medicaid (including administrative costs and local cost sharing), school aid and aid for children and family services. The following table summarizes some of the factors that affect the local assistance projections over the Financial Plan period.

FORECAST FOR SELECTED PROGRAM MEASURES AFFECTING LOCAL ASSISTANCE
(millions of dollars, where applicable)

	Results	Forecast				
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Medicaid						
Medicaid Coverage	3,559,381	3,691,391	3,983,166	4,271,459	4,564,665	4,861,432
Family Health Plus Coverage	518,189	424,949	424,788	460,584	552,384	552,384
Child Health Plus Coverage	360,436	381,303	428,220	437,220	446,220	455,220
Medicaid Inflation	2.0%	2.9%	3.0%	3.0%	3.0%	3.0%
Medicaid Utilization	-3.0%	-2.4%	1.8%	5.8%	5.0%	4.0%
State Takeover of County/NYC Costs (Total)	$564	$724	$961	$1,313	$1,709	$2,165
- Family Health Plus	$396	$424	$445	$477	$507	$518
- Medicaid	$168	$300	$516	$836	$1,202	$1,647
Education						
School Aid (School Year)	$19,747	$21,452	$21,857	$22,420	$23,990	$26,170
Public Higher Education Enrollment	512,362	537,190	542,509	546,547	550,616	554,558
Tuition Assistance Program Recipients	309,320	312,362	312,655	313,155	313,655	314,000
Welfare						
Family Assistance Caseload	372,964	350,370	351,718	354,609	357,608	359,485
Single Adult/No Children Caseload	150,447	144,591	152,033	160,380	165,546	170,609
Mental Hygiene						
Office of Mental Health	30,088	31,570	33,170	34,766	35,898	37,429
OMRDD	34,571	35,248	36,162	37,220	38,101	38,756
OASAS	15,553	15,561	16,047	16,457	16,517	16,577
Total - Mental Hygiene Community Beds	80,212	82,379	85,379	88,443	90,516	92,762

Medicaid

General Fund spending for Medicaid is expected to grow by $2.2 billion in 2010-11, $4.9 billion in 2011-12, and another $1.1 billion in 2012-13, which includes a reduction in the State share resulting from the enhanced FMAP provided through the Federal ARRA.

MAJOR SOURCES OF ANNUAL CHANGE IN MEDICAID
(millions of dollars)

	2009-10	2010-11	Annual $ Change	Annual % Change	2011-12	Annual % Change	2012-13	Annual % Change
Base Growth Before Enhanced FMAP	**14,057**	**15,608**	***1,551***	***11.0%***	**17,601**	***12.8%***	**18,834**	***7.0%***
Enhanced FMAP -- State Share *	(3,155)	(2,883)	*272*	*-8.6%*	0	*-100.0%*	0	-
State Funds Base Growth (After FMAP)	**10,902**	**12,725**	***1,823***	***16.7%***	**17,601**	***38.3%***	**18,834**	***7.0%***
Less: Other State Funds Support	**4,501**	**4,085**	***(416)***	***-9.2%***	**4,065**	***-0.5%***	**4,190**	***3.1%***
HCRA Financing	2,668	2,238	*(430)*	*-16.1%*	2,218	*-0.9%*	2,343	*5.6%*
Provider Assessment Revenue	686	700	*14*	*2.0%*	700	*0.0%*	700	*0.0%*
Indigent Care Revenue	1,147	1,147	*0*	*0.0%*	1,147	*0.0%*	1,147	*0.0%*
Total General Fund	**6,401**	**8,640**	***2,239***	***35.0%***	**13,536**	***56.7%***	**14,644**	***8.2%***
Local Government Relief (incl. above)	961	1,313	*352*	*36.6%*	1,709	*103.4%*	2,165	*106.1%*

** Excludes enhanced FMAP for other state agencies.*

Medicaid growth results, in part, from the combination of projected increases in recipients, service utilization, and medical care cost inflation that affect nearly all categories of service (i.e., hospitals, nursing homes, etc.). The State cap on local Medicaid costs and takeover of local FHP costs, which are included in base categories of service, are projected to increase spending by $352 million in 2010-11, and $396 million in 2011-12. In 2011-12, $2.9 billion of the State Funds spending increase is due to the scheduled cessation of Federal assistance that had been granted to the State in 2009-10 and 2010-11 in accordance with ARRA. In addition, an extra weekly payment to providers deferred from 2009-10 adds $400 million in base spending across all categories of service in 2011-12.

The average number of Medicaid recipients is expected to grow to 4.27 million in 2010-11, an increase of 7.2 percent from the estimated 2009-10 caseload of 3.98 million. FHP enrollment is estimated to grow to approximately 460,600 individuals in 2010-11, an increase of 8.4 percent over projected 2008-09 enrollment of almost 424,800 individuals.

School Aid

MULTI-YEAR SCHOOL AID PROJECTIONS - SCHOOL-YEAR BASIS
(millions of dollars)

	2009-10	2010-11	Annual $ Change	Annual % Change	2011-12	Annual % Change	2012-13	Annual % Change
Foundation Aid	14,876	14,876	0	0.0%	15,890	6.8%	17,390	9.4%
Universal Pre-kindergarten	376	376	0	0.0%	460	22.3%	520	13.0%
High Tax Aid	205	205	0	0.0%	100	-51.2%	100	0.0%
EXCEL Building Aid*	165	185	20	12.1%	192	3.8%	192	0.0%
Expense-Based Aids	5,595	6,080	485	8.7%	6,600	8.6%	7,170	8.6%
Other Aid Categories/Initiatives	640	698	58	9.1%	748	7.2%	798	6.7%
Total School Aid	**21,857**	**22,420**	**563**	**2.6%**	**23,990**	**7.0%**	**26,170**	**9.1%**

** Represents State debt service costs.*

School aid is projected to increase in 2009-10 and beyond. In future years, increases in foundation aid and UPK are also projected primarily due to increases in expense-based aids such as building aid and transportation aid. On a school-year basis, school aid is projected at $22.4 billion in 2010-11, $24.0 billion in 2011-12, and $26.2 billion in 2012-13. On a State fiscal-year basis, General Fund school aid spending is projected to grow by $768 million in 2010-11, $951 million in 2011-12, and $2.2 billion in 2012-13.

Outside the General Fund, revenues from core lottery sales are projected to increase by $27 million in 2010-11, $67 million in 2011-12, and $106 million in 2012-13 (totaling $2.5 billion in 2012-13). Revenues from VLTs are projected to increase by $68 million in 2010-11, $657 million in 2011-12 and decrease by $260 million in 2012-13 (totaling $944 million in 2012-13). VLT estimates for 2011-12 assume the one-time receipt of $370 million in additional revenues from the State's sale of operating rights at a VLT facility, and assume the start of operations at Aqueduct in 2011, and Belmont by 2012.

Mental Hygiene

Mental hygiene spending is projected at $2.3 billion in 2010-11, $2.4 billion in 2011-12, and $2.5 billion in 2012-13. Sources of growth include: increases in the projected State share of Medicaid costs; projected expansion of the various mental hygiene service systems including the OMH's children's services; increases in the NYS-CARES program and in the development of children's beds in OMRDD to bring children back from out-of-state placements; the New York/New York III Supportive Housing agreement and community bed expansion in OMH; and several chemical dependence treatment and prevention initiatives in OASAS, including treatment costs associated with Rockefeller Drug Law reform.

Children and Family Services

Children and Family Services local assistance spending is projected to grow by $145 million in 2010-11, $202 million in 2011-12 and $143 million in 2012-13. The increases are driven primarily by expected growth in local claims-based programs, including child welfare.

Temporary and Disability Assistance

Spending is projected at $1.3 billion in 2010-11, and is expected to increase to $1.4 billion by 2012-13, primarily the result of an expected decrease in Federal offsets, which increases the level of General Fund resources needed to fund existing commitments.

General Fund State Operations

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING STATE OPERATIONS

	Results	Forecast				
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
State Operations						
Prison Population (Corrections)	62,261	61,400	59,500	59,400	59,300	59,300
Negotiated Salary Increases*	3.0%	3.0%	3.0%	4.0%	0.0%	0.0%
Personal Service Inflation	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
State Workforce	199,754	199,916	190,335	190,195	190,195	190,195

** Negotiated salary increases reflect labor settlements included in the Financial Plan estimates.*

State Operations spending is expected to total $8.9 billion in 2010-11, an annual increase of $266 million (3.1 percent). In 2011-12, spending is projected to grow by another $250 million (2.8 percent) to a total of $9.1 billion, followed by another $137 million (1.5 percent) for a total of $9.3 billion in 2012-13. The personal service portion of these increases reflects both the impact of the settled labor contracts and potential spending for unsettled unions (assuming comparable agreements to currently-settled unions), salary adjustments for performance advances, longevity payments and promotions; and increased staffing levels. Inflationary increases for non-personal service costs result in higher spending in all years. Additional growth is driven by spending for ongoing initiatives, including the civil commitment program for sexual offenders, and medical and pharmacy costs in the areas of mental hygiene and corrections.

The agencies and authorities experiencing the most significant personal service and non-personal service growth are depicted in the charts below, followed by brief descriptions.

Personal Service

GENERAL FUND - PERSONAL SERVICE (millions of dollars)					
	2009-10	2010-11	Annual $ Change	2011-12	2012-13
Total	**6,465**	**6,621**	**156**	**6,801**	**6,870**
Potential Labor Settlements	400	275	(125)	275	275
Workforce Reduction	(191)	(219)	(28)	(219)	(219)
Judiciary	1,500	1,681	181	1,829	1,862
State University	806	876	70	895	913
Correctional Services	1,773	1,807	34	1,803	1,807
Tax and Finance	281	296	15	296	296
State Police	453	420	(33)	420	420
All Other	1,443	1,485	42	1,502	1,516

- **Potential Labor Settlements:** The Financial Plan includes spending for potential settlements with unions that have not yet reached agreement with the State. The spending assumes settlements at the same terms that have been ratified by settled unions.
- **Workforce Reduction:** Reflects the WRP and the elimination of 2009-10 general salary increase, merit awards, longevity payments, and performance advances for most non-unionized employees.
- **Judiciary:** Reflects projections of anticipated needs for OCA.
- **State University:** Primarily reflects negotiated salary increases and increased investment in operations afforded by tuition increases.
- **Correctional Services:** Growth reflects facility closures, reductions in force, and ongoing cost controls.
- **Department of Taxation and Finance:** Changes reflect the annualization of additional full-time employees added for enhanced audit activity and information technology purposes.
- **State Police:** The higher spending in 2009-10 over 2010-11 is driven by the retroactive component of the PBA labor contract settlement expected to be paid in 2009-10.

Non-Personal Service

GENERAL FUND - NON-PERSONAL SERVICE (millions of dollars)					
	2009-10	2010-11	Annual $ Change	2011-12	2012-13
Total	**2,194**	**2,304**	**110**	**2,374**	**2,442**
Correctional Services	615	643	28	666	700
State Police	50	55	5	80	74
Public Health	127	146	19	150	150
State University	364	379	15	397	421
All Other	1,038	1,081	43	1,081	1,097

- **Correctional Services:** Growth is primarily driven by the escalating costs of food, fuel, utilities, and providing health care services and prescription drugs to inmates.
- **State Police:** Spending growth reflects costs previously supported by cellular surcharge revenues in other State funds, that will be supported by General Fund revenues in 2009-10.
- **Public Health:** Growth is largely driven by the annualization of funding for the State to directly enroll individuals into Medicaid, CHP and FHP.
- **State University:** Primarily reflects funding for inflationary increases in non-personal service at SUNY.

General Fund General State Charges

FORECAST OF SELECTED PROGRAM MEASURES AFFECTING GENERAL STATE CHARGES

	Results	Forecast				
	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
General State Charges						
Pension Contribution Rate as % of Salary	9.7%	8.8%	7.6%	10.5%	11.4%	11.5%
Rate of Growth Employee/Retiree Health Insurance	5.4%	4.9%	6.6%	10.5%	8.5%	8.5%

GSCs are projected to total $4.0 billion in 2010-11, $4.3 billion in 2011-12 and $4.8 billion in 2012-13. The annual increases are due mainly to anticipated cost increases in pensions and health insurance for State employees and retirees.

The State's pension contribution rate to the New York State and Local Retirement System, which is 7.6 percent for 2009-10, is expected to increase to 10.5 percent for 2010-11, 11.4 percent for 2011-12 and 11.5 percent in 2012-13. Pension costs in 2010-11 are projected to total $1.4 billion, an increase of $264 million over 2009-10. In 2011-12, costs are projected to increase an additional $113 million to total $1.5 billion. In 2012-13, they are expected to increase by $129 million to total $1.7 billion. Growth in all years is driven by anticipated increases in the employer contribution rate.

FORECAST OF NEW YORK STATE EMPLOYEE HEALTH INSURANCE COSTS (millions of dollars)

	Health Insurance		
Year	Active Employees	Retirees	Total State
2007-08 (Actual)	1,390	1,182	2,572
2008-09 (Unaudited Results)	1,639	1,068	2,707
2009-10 (Projected)	1,712	1,123	2,835
2010-11 (Projected)	1,906	1,247	3,153
2011-12 (Projected)	2,056	1,348	3,404
2012-13 (Projected)	2,217	1,456	3,673

All numbers reflect the cost of health insurance for General State Charges (Executive and Legislative branches) and the Office of Court Administration.

Spending for employee and retiree health care costs is expected to increase by $318 million in 2010-11, $251 million in 2011-12, and another $269 million in 2012-13, and assumes an average annual premium increase of approximately 8.0 percent. Health insurance is projected at $3.2 billion in 2010-11 ($1.9 billion for active employees and $1.25 billion for retired employees), $3.4 billion in 2011-12 ($2.1

billion for active employees and $1.3 billion for retired employees), and $3.7 billion in 2012-13 ($2.2 billion for active employees and $1.5 billion for retired employees).

See discussion of the GASB Statement 45 later in this AIS for the valuation of future State health insurance costs for State employees.

General Fund Transfers to Other Funds

OUTYEAR DISBURSEMENT PROJECTIONS - TRANSFERS TO OTHER FUNDS (millions of dollars)					
	2009-10	2010-11	Annual $ Change	2011-12	2012-13
Transfers to Other Funds:	**5,459**	**6,391**	**932**	**7,265**	**7,690**
Medicaid State Share	2,362	2,388	26	2,887	2,888
Debt Service	1,783	1,762	(21)	1,739	1,725
Capital Projects	551	1,162	611	1,319	1,491
Dedicated Highway and Bridge Trust Fund	383	763	380	842	923
All Other Capital	168	399	231	477	568
All Other Transfers	763	1,079	316	1,320	1,586
Mental Hygiene	12	295	283	494	705
Medicaid Payments for State Facility Patients	193	193	0	193	193
Judiciary Funds	149	150	1	156	161
SUNY- Hospital Operations	135	134	(1)	167	167
Banking Services	66	66	0	66	66
Empire State Stem Cell Trust Fund	16	13	(3)	-	56
Statewide Financial System	0	35	35	50	60
All Other	192	193	1	194	178

In 2010-11, transfers to other funds are estimated at $6.4 billion, an increase of $932 million over 2009-10. This includes increased transfers to the DHBTF (see additional discussion below), capital projects funds, and the mental hygiene system. In addition, transfers are increasing to fund the development of the State's new financial management system.

In 2011-12, transfers to other funds are expected to increase by $874 million. This increase reflects projected Medicaid State Share transfers without the benefit of the Federal ARRA package (or enhanced FMAPs), and expected increases in transfers to supplement resources available for the mental hygiene system. In 2012-13, transfers are expected to increase by $425 million, mainly to supplement resources available to the mental hygiene system and subsidize the DHBTF, as well as funding for stem cell research.

Dedicated Highway and Bridge Trust Fund

A significant portion of the capital and operating expenses of DOT and DMV are funded from the DHBTF. The Fund receives dedicated tax and fee revenue from the Petroleum Business Tax, the Motor Fuel Tax, the Auto Rental Tax, highway use taxes, transmission taxes and motor vehicle fees administered by DMV. The Financial Plan includes transfers from the General Fund that effectively subsidize the expenses of the DHBTF. The subsidy is required because the cumulative expenses of the fund – capital and operating expenses of DOT and DMV, debt service on DHBTF bonds and transfers for debt service on bonds that fund CHIPs and local transportation programs – exceed current and projected revenue deposits and bond proceeds. The AIS presents a revised forecast for the General Fund subsidy to reflect Enacted Budget Financial Plan projections. The subsidy is projected at $763 million for 2010-11 and $842 million for 2011-12, with continued growth thereafter.

Financial Plan Reserves

In January 2007, the State created a new statutory Rainy Day Reserve that has an authorized balance of 3 percent of General Fund spending. The Rainy Day Reserve may be used to respond to an economic downturn or catastrophic event. The State made its first deposit of $175 million in 2007-08. The Tax Stabilization Reserve has an authorized balance of 2 percent of General Fund spending and can be used only to cover unforeseen year-end deficits.

The State projects that General Fund reserves will total $1.4 billion at the end of 2009-10, with $1.2 billion in undesignated reserves available to deal with unforeseen contingencies and $151 million designated for subsequent use.

The $1.2 billion of undesignated reserves includes a balance of $1 billion in the Tax Stabilization Reserve, $175 million in the Rainy Day Reserve, and $21 million in the Contingency Reserve Fund for litigation risks.

The designated reserves consist of $78 million in the Community Projects Fund to finance existing "member-item" initiatives, and $73 million set aside for the debt management purposes.

Cash Flow Forecast

In 2009-10, the General Fund is projected to have quarterly-ending balances of $111 million in June 2009, $2.8 billion in September 2009, $1.2 billion in December 2009, and $1.4 billion at the end of March 2010. The lowest projected month-end cash flow balance is in June 2009. DOB's detailed monthly cash flow projections for 2009-10 are set forth in the Financial Plan tables.

OSC invests General Fund moneys, bond proceeds, and other funds not immediately required to make payments through the Short-Term Investment Pool (STIP), which is comprised of joint custody funds (Governmental Funds, Internal Service Funds, Enterprise Funds and Private Purpose Trust Funds), as well as several sole custody funds including the Tobacco Settlement Fund.

OSC is authorized to make short-term loans from STIP to cover temporary cash shortfalls in certain funds and accounts resulting from the timing of receipts and disbursements. The Legislature authorizes the funds and accounts that may receive loans each year, based on legislation submitted with the Enacted Budget. Loans may be granted only for amounts that the Director of the Budget certifies are "receivable on account" or can be repaid from the current operating receipts of the fund (i.e., loans cannot be granted in expectation of future revenue enhancements). The Enacted Budget includes new loan authorization for the General Fund, as described above.

The total outstanding loan balance was $1.6 billion on March 31, 2009. This was comprised of advances to finance capital spending that will be reimbursed by bond proceeds or Federal grants ($808 million), activities financed by the State in the first instance that will be reimbursed by Federal aid ($411 million), and loans across several State Special Revenue Funds ($279 million) and Proprietary Funds ($53 million).

The total loan balance typically increases throughout the State fiscal year, reaching its peak between the second and third quarters. The spike mainly reflects the payment of lottery aid for education, which is financed in large part by a loan that is repaid over the course of the year as lottery revenues are received.

2009-10 All Funds Financial Plan Forecast

This section describes the State's Financial Plan projections for receipts and disbursements based on the 2009-10 Enacted Budget agreement. The receipts forecast describes estimates for the State's principal taxes, miscellaneous receipts, and transfers from other funds. The spending projections summarize the annual growth in current-services spending and the impact of the Budget on the State's major areas of spending. Financial Plan projections are presented on an All Funds basis, which encompasses activity in the General Fund, State Operating Funds, Capital Projects Funds, and Federal Operating Funds, thus providing the most comprehensive view of the financial operations of the State.

2009-10 Receipts Forecast

Financial Plan receipts comprise a variety of taxes, fees, charges for State-provided services, Federal grants, and other miscellaneous receipts. The receipts estimates and projections have been prepared by DOB on a multi-year basis with the assistance of the Department of Taxation and Finance and other agencies responsible for the collection of State receipts.

Overview of the Revenue Situation

- The current economic slowdown has broadened to virtually every sector of the New York State economy except for education, health care and social assistance. As a result, DOB anticipates that weaker employment, declining corporate earnings, reduced household spending and lower real estate activity will negatively impact State revenue in 2009-10.
- Base receipt growth over the period 2006-07 to 2008-09, supported by a strong financial services sector and real estate market, averaged 5.3 percent. However, the current decline in economic activity is estimated to negatively impact receipt growth for 2009-10 and 2010-11. As a result, base tax receipts (adjusting for law changes) are expected to fall 6.5 percent in 2009-10 and grow by 4.8 percent in 2010-11.
- The negative impact of the depressed equity and real estate markets on the State's economy in general and the financial services industry in particular is expected to result in major declines in bonus payouts during the current fiscal year (down 20 percent from prior year) and reduced growth in business tax receipts over the remaining years of the Financial Plan.
- The volatile real estate and financial markets represent even greater risks to revenues due to the high concentration of taxable income among a relatively small segment of the taxpaying population.
- The decline in the residential housing market is projected to largely eliminate the surge in taxable capital gains realizations associated with real estate sales that characterized the last few years.
- The economy is expected to continue to decline, and as a result, 2009-10 growth in PIT withholding and sales tax collections will be weak absent the legislation enacted with the Budget.
- The combined impact of the declining real estate and financial markets and the deepening recession results in estimated declines in PIT liability of 9.8 percent in the 2008 tax year, and 11.7 percent in the 2009 tax year, before the impact of the temporary rate increase effective in 2009.
- The broadening impact of the economic slowdown has reduced consumption of durable goods, non-durable goods and taxable services. In addition, the outlook for the nominal value of cars

purchased and disposable income have deteriorated, all negatively impacting growth in the sales tax revenue base.

- The large audit settlements associated with financial service industry firms continued into 2008-09 but are expected to be largely concluded before 2009-10, and this loss of resources must be compensated for by other tax compliance actions included with the Budget.

All Funds receipts are projected to total $130.6 billion, an increase of $11.3 billion over 2008-09 results. The following table summarizes the receipts projections for 2009-10 and 2010-11.

TOTAL RECEIPTS
(millions of dollars)

	2008-09 Results*	2009-10 Estimated	Annual $ Change	Annual % Change	2010-11 Projected	Annual $ Change	Annual % Change
General Fund	**53,801**	**54,338**	**537**	**1.0%**	**56,896**	**2,558**	**4.7%**
Taxes	38,301	39,401	1,100	2.9%	42,218	2,817	7.1%
Miscellaneous Receipts	3,105	3,381	276	8.9%	3,022	(359)	-10.6%
Federal Grants	45	0	(45)	-100.0%	0	0	0.0%
Transfers	12,350	11,556	(794)	-6.4%	11,656	100	0.9%
State Funds	**80,265**	**82,675**	**2,410**	**3.0%**	**85,885**	**3,210**	**3.9%**
Taxes	60,337	60,647	310	0.5%	64,383	3,736	6.2%
Miscellaneous Receipts	19,883	22,027	2,144	10.8%	21,501	(526)	-2.4%
Federal Grants	45	1	(44)	-97.8%	1	0	0.0%
All Funds	**119,235**	**130,550**	**11,315**	**9.5%**	**134,554**	**4,004**	**3.1%**
Taxes	60,337	60,647	310	0.5%	64,383	3,736	6.2%
Miscellaneous Receipts	20,064	22,185	2,121	10.6%	21,653	(532)	-2.4%
Federal Grants	38,834	47,718	8,884	22.9%	48,518	800	1.7%

** Unaudited Year-End Results.*

Base growth in tax receipts is estimated to decline 6.5 percent adjusted for law changes for fiscal year 2009-10 and rise by 4.8 percent for 2010-11. Overall base growth in tax receipts is dependent on many factors. For several years prior to fiscal year 2008-09 the most important factors supporting tax receipt growth were related to:

- Improvements in overall economic activity, especially in New York City and surrounding counties;
- Continued profitability and compensation gains of financial services companies;
- Continued growth in the downstate commercial real estate market; and
- Continued positive impact of high-income taxpayers on PIT growth.

Personal Income Tax

PERSONAL INCOME TAX
(millions of dollars)

	2008-09 Results*	2009-10 Estimated	Annual $ Change	Annual % Change	2010-11 Projected	Annual $ Change	Annual % Change
General Fund**	**23,196**	**24,404**	**1,208**	**5.2%**	**26,612**	**2,208**	**9.0%**
Gross Collections	44,011	44,070	59	0.1%	47,558	3,488	7.9%
Refunds/Offsets	(7,171)	(6,832)	339	-4.7%	(7,435)	(603)	8.8%
STAR	(4,434)	(3,524)	910	-20.5%	(3,480)	44	-1.2%
RBTF	(9,210)	(9,310)	(100)	1.1%	(10,031)	(721)	7.7%
State/All Funds	**36,840**	**37,238**	**398**	**1.1%**	**40,123**	**2,885**	**7.7%**
Gross Collections	44,011	44,070	59	0.1%	47,558	3,488	7.9%
Refunds	(7,171)	(6,832)	339	-4.7%	(7,435)	(603)	8.8%

** Unaudited Year-End Results.*
*** Excludes Transfers.*

All Funds PIT receipts, which reflect gross payments minus refunds, are estimated at $37.2 billion for 2009-10, a $398 million increase from the prior year. This is primarily attributable to an increase in withholding of $2.9 billion due to the three-year temporary increase in tax rates adopted in the Enacted Budget Plan. The increase is partially offset by decreases in extension payments and final payments for tax year 2008 of $2.5 billion (53 percent) and $565 million (22.6 percent), respectively. The decrease reflects the extraordinary weak settlement in tax year 2008 returns attributable to the declining economy. Estimated payments for tax year 2009 are projected to increase by $50 million (0.6 percent), with the increase entirely due to the impact of the temporary tax rate increase. Receipts from delinquencies are projected to increase $166 million over the prior year while refunds are estimated to decline by $339 million (4.7 percent). The following table summarizes, by component, actual receipts for 2008-09 and forecast amounts through 2012-13.

PERSONAL INCOME TAX FISCAL YEAR COLLECTION COMPONENTS
ALL FUNDS
(millions of dollars)

	2008-09 (Results)*	2009-10 (Enacted)	2010-11 (Projected)	2011-12 (Projected)	2012-13 (Projected)
Receipts					
Withholding	27,686	30,626	31,063	32,350	32,949
Estimated Payments	12,690	10,193	13,033	13,285	11,945
Current Year	7,889	7,938	9,605	9,932	8,675
Prior Year*	4,801	2,255	3,428	3,353	3,270
Final Returns	2,686	2,136	2,293	2,459	2,637
Current Year	192	207	207	207	207
Prior Year**	2,494	1,929	2,086	2,252	2,430
Delinquent Collections	949	1,115	1,169	1,207	1,247
Gross Receipts	44,011	44,070	47,558	49,301	48,777
Refunds					
Prior Year*	4,544	4,238	4,823	5,109	5,352
Previous Years	402	344	324	324	324
Current Year*	1,750	1,750	1,750	1,750	1,750
State-City Offset*	475	500	538	621	712
Total Refunds	**7,171**	**6,832**	**7,435**	**7,804**	**8,138**
Net Receipts	**36,840**	**37,238**	**40,123**	**41,497**	**40,639**

** Unaudited Year-End Results*
*** These components, collectively, are known as the "settlement" on the prior year's tax liability.*

The table below shows the tax liability and fiscal impacts of the temporary tax rate increase by components.

TEMPORARY PERSONAL INCOME TAX INCREASE ALL FUNDS (millions of dollars)					
Tax Year		Fiscal Year			Liability Totals
		2009-10	2010-11	2011-12	
2009	Withholding	2,340	0	0	
	Estimated Tax	937	0	0	
	Settlement	0	623	0	
	Total	**3,277**	**623**	**0**	**3,900**
2010	Withholding	671	1,494	0	
	Estimated Tax	0	1,818	0	
	Settlement	0	0	348	
	Total	**671**	**3,312**	**348**	**4,331**
2011	Withholding	0	843	1,686	
	Estimated Tax	0	0	1,686	
	Settlement	0	0	0	
	Total	**0**	**843**	**3,372**	**4,215**
	Cash Total	**3,948**	**4,778**	**3,720**	**12,446**

All Funds income tax receipts of $40.1 billion for 2010-11 are projected to increase $2.9 billion or 7.7 percent from the prior year. Gross receipts are projected to grow 7.9 percent, largely reflecting projected increases in tax year 2010, estimated payments of $1.7 billion (21.0 percent), extension payments of $1.2 billion (52.0 percent) and withholding of $437 million (1.4 percent). Most of the increases in estimated payments and withholding are due to the enacted PIT temporary increase. Payments from final returns for tax year 2009 are projected to increase by $157 million (8.1 percent) and receipts from delinquencies are projected to increase $54 million (4.8 percent) over the prior year. Refunds are estimated to grow by $603 million or 8.8 percent, largely reflecting the impact of tax reductions contained in the Federal ARRA that affect the State's tax base.

General Fund income tax receipts are the net of deposits to the STAR Fund, which provides property tax relief, and the RBTF, which supports debt service payments on State PIT revenue bonds. General Fund income tax receipts of $24.4 billion for 2009-10 are expected to increase by $1.2 billion or 5.2 percent from the prior year. This increase reflects a decrease in STAR deposits of $910 million as a result of elimination of both the STAR rebate program and associated enhanced NYC STAR credit for 2009-10, partly offset by an increase in deposits to RBTF of $100 million.

General Fund income tax receipts of $26.6 billion for 2010-11 are projected to grow by $2.2 billion, or 9.0 percent over the current year. Along with the increase in All Funds receipts noted above, there is a marginal decrease of $44 million in STAR deposits. Deposits to the RBTF are expected to increase by 7.7 percent, the same percentage increase as projected for net collections since the deposit equals 25 percent of net collections.

PERSONAL INCOME TAX
(millions of dollars)

	2010-11 Projected	2011-12 Projected	Annual $ Change	2012-13 Projected	Annual $ Change
General Fund*	**26,612**	**27,447**	**835**	**26,625**	**(822)**
Gross Collections	47,558	49,301	1,743	48,777	(524)
Refunds/Offsets	(7,435)	(7,804)	(369)	(8,138)	(334)
STAR	(3,480)	(3,677)	(197)	(3,854)	(177)
RBTF	(10,031)	(10,373)	(342)	(10,160)	213
State/All Funds	**40,123**	**41,497**	**1,374**	**40,639**	**(858)**
Gross Collections	47,558	49,301	1,743	48,777	(524)
Refunds	(7,435)	(7,804)	(369)	(8,138)	(334)

** Excludes Transfers.*

All Funds income tax receipts of $41.5 billion for 2011-12 are projected to increase $1.4 billion, or 3.4 percent over the prior year. Gross receipts are projected to increase 3.7 percent and reflect withholding that is projected to grow by 4.1 percent ($1.3 billion). Total estimated taxes on prior and current year liabilities will increase by an estimated 1.9 percent ($252 million). Payments from final returns are expected to increase 7.2 percent ($166 million). Delinquencies are projected to increase $38 million or 3.3 percent over the prior year. Growth in total refunds is projected to increase $369 million or 5.0 percent over the prior year.

General Fund income tax receipts of $27.4 billion for 2011-12 are projected to increase by $835 million, or 3.1 percent from 2010-11. General Fund receipts for 2011-12 reflect a $197 million increase in STAR deposits, and a $342 million increase in deposits to the RBTF.

All Funds income tax receipts for 2012-13 are projected to be $40.6 billion. General Fund receipts are projected at $26.6 billion. Both figures reflect declines from the prior year due to the expiration of the temporary PIT increase after tax year 2011(with the last fiscal impact of the temporary increase occurring in 2011-12).

User Taxes and Fees

USER TAXES AND FEES (millions of dollars)							
	2008-09 Results*	2009-10 Estimated	Annual $ Change	Annual % Change	2010-11 Projected	Annual $ Change	Annual % Change
General Fund**	**8,361**	**8,520**	**159**	**1.9%**	**8,819**	**299**	**3.5%**
Sales Tax	7,707	7,793	86	1.1%	7,962	169	2.2%
Cigarette and Tobacco Taxes	446	425	(21)	-4.7%	421	(4)	-0.9%
Motor Vehicle Fees	(42)	19	61	-145.2%	149	130	684.2%
Alcoholic Beverage Taxes	206	235	29	14.1%	239	4	1.7%
ABC License Fees	44	48	4	9.1%	48	0	0.0%
State/All Funds	**14,004**	**14,375**	**371**	**2.6%**	**14,793**	**418**	**2.9%**
Sales Tax	10,985	11,147	162	1.5%	11,386	239	2.1%
Cigarette and Tobacco Taxes	1,340	1,331	(9)	-0.7%	1,324	(7)	-0.5%
Motor Fuel	504	520	16	3.2%	523	3	0.6%
Motor Vehicle Fees	723	876	153	21.2%	1,058	182	20.8%
Highway Use Tax	141	155	14	9.9%	149	(6)	-3.9%
Alcoholic Beverage Taxes	206	235	29	14.1%	239	4	1.7%
ABC License Fees	44	48	4	9.1%	48	0	0.0%
Auto Rental Tax	61	63	2	3.3%	66	3	4.8%

** Unaudited Year-End Results.*
*** Excludes Transfers.*

All Funds user taxes and fee receipts for 2009-10 are estimated to be approximately $14.4 billion, an increase of $371 million or 2.6 percent from 2008-09. Sales tax receipts are expected to increase by $162 million from the prior year due to a base decline of over 2 percent, which is more than offset by tax law changes. Non-sales tax user taxes and fees are estimated to increase by $209 million from 2008-09 mainly due to tax law changes in motor vehicle fees.

General Fund user taxes and fee receipts are expected to total $8.5 billion in 2009-10, an increase of $159 million or 1.9 percent from 2008-09. The increase largely reflects an increase in receipts due to sales tax receipts ($86 million), motor vehicle fees ($61 million) and alcoholic beverage taxes ($29 million), partially offset by a decrease in cigarette tax collections ($21 million).

All Funds user taxes and fee receipts for 2010-11 are projected to be $14.8 billion, an increase of $418 million, or 2.9 percent from 2009-10. This increase largely reflects fee and tax law changes in sales and use tax collections and motor vehicle fees. General Fund user taxes and fee receipts are projected to total $8.8 billion in 2010-11, an increase of $299 million, or 3.5 percent from 2009-10. This increase largely reflects fee and tax law changes in sales and use tax collections and motor vehicle fees.

USER TAXES AND FEES (millions of dollars)	2010-11 Projected	2011-12 Projected	Annual $ Change	2012-13 Projected	Annual $ Change
General Fund*	**8,819**	**9,193**	**374**	**9,469**	**276**
Sales Tax	7,962	8,325	363	8,693	368
Cigarette and Tobacco Taxes	421	416	(5)	409	(7)
Motor Vehicle Fees	149	160	11	67	(93)
Alcoholic Beverage Taxes	239	244	5	249	5
ABC License Fees	48	48	0	51	3
State/All Funds	**14,793**	**15,284**	**491**	**15,698**	**414**
Sales Tax	11,386	11,864	478	12,383	519
Cigarette and Tobacco Taxes	1,324	1,307	(17)	1,283	(24)
Motor Fuel	523	525	2	528	3
Motor Vehicle Fees	1,058	1,074	16	976	(98)
Highway Use Tax	149	155	6	160	5
Alcoholic Beverage Taxes	239	244	5	249	5
ABC License Fees	48	48	0	51	3
Auto Rental Tax	66	67	1	68	1

** Excludes Transfers.*

All Funds user taxes and fees are projected to increase by $491 million in 2011-12 and then increase by $414 million in 2012-13. This reflects the proposed fee and tax law changes becoming fully effective.

Business Taxes

BUSINESS TAXES (millions of dollars)	2008-09 Results*	2009-10 Estimated	Annual $ Change	Annual % Change	2010-11 Projected	Annual $ Change	Annual % Change
General Fund	**5,556**	**5,495**	**(61)**	**-1.1%**	**5,828**	**333**	**6.1%**
Corporate Franchise Tax	2,755	2,916	161	5.8%	3,211	295	10.1%
Corporation & Utilities Tax	654	729	75	11.5%	690	(39)	-5.3%
Insurance Tax	1,086	1,171	85	7.8%	1,181	10	0.9%
Bank Tax	1,061	679	(382)	-36.0%	746	67	9.9%
State/All Funds	**7,604**	**7,676**	**72**	**0.9%**	**8,045**	**369**	**4.8%**
Corporate Franchise Tax	3,221	3,374	153	4.8%	3,704	330	9.8%
Corporation & Utilities Tax	863	955	92	10.7%	905	(50)	-5.2%
Insurance Tax	1,181	1,434	253	21.4%	1,471	37	2.6%
Bank Tax	1,233	793	(440)	-35.7%	878	85	10.7%
Petroleum Business Tax	1,106	1,120	14	1.3%	1,087	(33)	-2.9%

** Unaudited Year-End Results.*

All Funds business tax receipts for 2009-10 are estimated at $7.7 billion, an increase of $72 million, or 0.9 percent from the prior year. The estimates reflect a net increase in receipts of $585 million resulting from tax law changes. The increase in the prepayment rate from 30 percent to 40 percent for most business taxpayers and the imposition of the insurance premiums tax on for-profit HMOs are the major tax law changes. Absent these provisions, All Funds business tax receipts are expected to decline by $513 million or 6.7 percent. The majority of this decline is in the corporate franchise tax and the bank tax. Corporate profits are expected to decline 22 percent in calendar year 2009 although the related revenue decline will be far less due to a higher proportion of taxpayers filing under non-income tax bases. Bank tax receipts in 2008-09 were bolstered by one-time receipts from the three month reopening of VCI.

This program, which allowed taxpayers to voluntarily report the use of IRS designated tax shelters, accounted for $370 million, or 81 percent of All Funds audit collections of $455 million. Bank tax audit collections are expected to fall to $71 million in 2009-10. Excluding Enacted Budget provisions, corporation and utilities tax receipts are expected to grow 4.6 percent as revenue from the telecommunication sector remains strong and the insurance tax is expected to remain virtually unchanged.

All Funds business tax receipts for 2010-11 of $8.0 billion are projected to increase by $369 million, or 4.8 percent over the prior year, reflecting rebound induced growth rates of 9.8 and 10.7 percent in corporate franchise tax and bank tax receipts respectively.

General Fund business tax receipts for 2009-10 of $5.5 billion are estimated to decrease by $61 million, or 1.1 percent below 2008-09 results. The General Fund decrease in business tax receipts is larger than the All Funds decline because the net revenue from the imposition of the insurance premiums tax on for-profit HMOs is dedicated to HCRA. Aside from this Enacted Budget provision, business tax receipts deposited to the General Fund reflect the All Funds trends discussed above.

General Fund business tax receipts for 2010-11 of $5.8 billion are projected to increase $333 million, or 6.1 percent over the prior year. Corporate franchise tax and bank tax receipts are projected to increase 10.1 percent and 9.9 percent, respectively as the economy begins to recover.

BUSINESS TAXES
(millions of dollars)

	2010-11 Projected	2011-12 Projected	Annual $ Change	2012-13 Projected	Annual $ Change
General Fund	**5,828**	**5,925**	**97**	**6,398**	**473**
Corporate Franchise Tax	3,211	3,129	(82)	3,513	384
Corporation & Utilities Tax	690	722	32	754	32
Insurance Tax	1,181	1,252	71	1,332	80
Bank Tax	746	822	76	799	(23)
State/All Funds	**8,045**	**8,177**	**132**	**8,697**	**520**
Corporate Franchise Tax	3,704	3,628	(76)	4,047	419
Corporation & Utilities Tax	905	942	37	979	37
Insurance Tax	1,471	1,550	79	1,636	86
Bank Tax	878	967	89	940	(27)
Petroleum Business Tax	1,087	1,090	3	1,095	5

All Funds business tax receipts estimated for 2011-12 and 2012-13 reflect trend growth that is determined in part by the expected levels of corporate profits, taxable insurance premiums, electric utility consumption prices, the consumption of telecommunications services and automobile fuel consumption and fuel prices. Business tax receipts are projected to increase to $8.2 billion (1.6 percent) in 2011-12, and $8.7 billion (6.4 percent) in 2012-13. General Fund business tax receipts over this period are expected to increase to $5.9 billion (1.7 percent) in 2011-12 and $6.4 billion (8.0 percent) in 2012-13.

Other Taxes

OTHER TAXES (millions of dollars)	2008-09 Results*	2009-10 Estimated	Annual $ Change	Annual % Change	2010-11 Projected	Annual $ Change	Annual % Change
General Fund**	**1,188**	**982**	**(206)**	**-17.3%**	**959**	**(23)**	**-2.3%**
Estate Tax	1,163	958	(205)	-17.6%	935	(23)	-2.4%
Gift Tax	2	0	(2)	-100.0%	0	0	0.0%
Real Property Gains Tax	0	0	0	N/A	0	0	0.0%
Pari-Mutuel Taxes	22	23	1	4.5%	23	0	0.0%
All Other Taxes	1	1	0	0.0%	1	0	0.0%
State/All Funds	**1,889**	**1,357**	**(532)**	**-28.2%**	**1,422**	**65**	**4.8%**
Estate Tax	1,163	958	(205)	-17.6%	935	(23)	-2.4%
Gift Tax	2	0	(2)	-100.0%	0	0	0.0%
Real Property Gains Tax	0	0	0	N/A	0	0	0.0%
Real Estate Transfer Tax	701	375	(326)	-46.5%	463	88	23.5%
Pari-Mutuel Taxes	22	23	1	4.5%	23	0	0.0%
All Other Taxes	1	1	0	0.0%	1	0	0.0%

** Unaudited Year-End Results.*
*** Excludes Transfers.*

All Funds other tax receipts for 2009-10 are estimated to be $1.4 billion, down $532 million or 28.2 percent from 2008-09 receipts. This decrease reflects a 17.6 percent decline in the estate tax collections due to declines in equity and home values experienced over the past year, combined with a nearly 47 percent decline in real estate transfer tax collections as a result of current conditions in the real estate and credit markets. General Fund other tax receipts are expected to total $982 million in fiscal year 2009-10, reflecting the $205 million decline in estate tax collections.

All Funds other tax receipts for 2010-11 are projected to be $1.4 billion, up $65 million or 4.8 percent from 2009-10, reflecting growth in the real estate transfer tax of 23.5 percent, reflecting the beginning of a rebound in the residential and commercial markets, partially offset by a 2.4 percent decline in estate tax collections. General Fund other tax receipts are expected to total $959 million in fiscal year 2010-11, an decrease of $23 million which is attributable to a projected decline in the estate tax.

OTHER TAXES (millions of dollars)	2010-11 Projected	2011-12 Projected	Annual $ Change	2012-13 Projected	Annual $ Change
General Fund*	**959**	**1,015**	**56**	**1,077**	**62**
Estate Tax	935	991	56	1,053	62
Gift Tax	0	0	0	0	0
Real Property Gains Tax	0	0	0	0	0
Pari-Mutuel Taxes	23	23	0	23	0
All Other Taxes	1	1	0	1	0
State/All Funds	**1,422**	**1,566**	**144**	**1,708**	**142**
Estate Tax	935	991	56	1,053	62
Gift Tax	0	0	0	0	0
Real Property Gains Tax	0	0	0	0	0
Real Estate Transfer Tax	463	551	88	631	80
Pari-Mutuel Taxes	23	23	0	23	0
All Other Taxes	1	1	0	1	0

** Excludes Transfers.*

The 2011-12 All Funds receipts projection for other taxes is nearly $1.6 billion, up $144 million or 10.1 percent from 2010-11 receipts. Growth in the estate tax is projected to follow expected increases in household net worth as equity prices begin to rebound. Receipts from the real estate transfer tax are projected to increase, reflecting the continued improvement in the residential and commercial markets.

The 2012-13 All Funds receipts projection for other taxes of $1.7 billion is up $142 million or 9.1 percent from 2011-12 receipts.

Miscellaneous Receipts and Federal Grants

MISCELLANEOUS RECEIPTS AND FEDERAL GRANTS (millions of dollars)	2008-09 Results*	2009-10 Estimated	Annual $ Change	Annual % Change	2010-11 Projected	Annual $ Change	Annual % Change
General Fund	**3,150**	**3,381**	**231**	**7.3%**	**3,022**	**(359)**	**-10.6%**
Miscellaneous Receipts	3,105	3,381	276	8.9%	3,022	(359)	-10.6%
Federal Grants	45	0	(45)	-100.0%	0	0	0.0%
State Funds	**19,928**	**22,028**	**2,100**	**10.5%**	**21,502**	**(526)**	**-2.4%**
Miscellaneous Receipts	19,883	22,027	2,144	10.8%	21,501	(526)	-2.4%
Federal Grants	45	1	(44)	-97.8%	1	0	0.0%
All Funds	**58,898**	**69,903**	**11,005**	**18.7%**	**70,171**	**268**	**0.4%**
Miscellaneous Receipts	20,064	22,185	2,121	10.6%	21,653	(532)	-2.4%
Federal Grants	38,834	47,718	8,884	22.9%	48,518	800	1.7%

** Unaudited Year-End Results.*

All Funds miscellaneous receipts include moneys received from HCRA financing sources, SUNY tuition and patient income, lottery receipts for education, assessments on regulated industries, and a variety of fees and licenses. All Funds miscellaneous receipts are projected to total $22.2 billion in 2009-10, an increase of $2.1 billion from 2008-09 results, largely driven by programs financed with authority bond proceeds ($718 million), including spending in economic development, SUNY and State equipment financing; growth in SUNY tuition, fee, patient, and other income ($459 million), increased lottery receipts, including VLT ($213 million) and growth in HCRA receipts ($470 million).

Federal grants help pay for State spending on Medicaid, temporary and disability assistance, mental hygiene, school aid, public health, and other activities. Annual changes to Federal grants generally correspond to changes in federally-reimbursed spending. Accordingly, DOB typically plans that Federal reimbursement will be received in the State fiscal year in which spending occurs, but timing is often unpredictable. All Funds Federal grants are projected to total $47.7 billion in 2009-10, an increase of $8.9 billion from 2008-09 results driven by receipt of Federal ARRA monies.

General Fund miscellaneous receipts collections are estimated to be approximately $3.4 billion in 2009-10, up $276 million from 2008-09 results. This increase is primarily due to actions taken with the 2009-10 Enacted Budget.

All Funds miscellaneous receipts are projected to total $21.7 billion in 2010-11, a decrease of $532 million from the current year, driven by General Fund changes of $359 million primarily due to the loss of several one-time receipts including payments related to NYPA, augmented by a decline in programs financed with authority bond proceeds ($150 million).

All Funds Federal grants are projected to total $48.5 billion in 2010-11, an increase of $800 million from the current year reflecting an increase in Federal ARRA funding.

MISCELLANEOUS RECEIPTS AND FEDERAL GRANTS
(millions of dollars)

	2010-11 Projected	2011-12 Projected	Annual $ Change	2012-13 Projected	Annual $ Change
General Fund	**3,022**	**3,017**	**(5)**	**3,043**	**26**
Miscellaneous Receipts	3,022	3,017	(5)	3,043	26
Federal Grants	0	0	0	0	0
State Funds	**21,502**	**22,472**	**970**	**21,863**	**(609)**
Miscellaneous Receipts	21,501	22,471	970	21,862	(609)
Federal Grants	1	1	0	1	0
All Funds	**70,171**	**65,677**	**(4,494)**	**64,362**	**(1,315)**
Miscellaneous Receipts	21,653	22,574	921	21,965	(609)
Federal Grants	48,518	43,103	(5,415)	42,397	(706)

General Fund miscellaneous receipts and Federal grants are projected to be $3.0 billion in each year beginning in 2010-11.

All funds miscellaneous receipts are projected to increase by $921 million in 2011-12 and decline by $609 million in 2012-13 driven by the one-time receipt of franchise fees related to the development of VLT facilities ($370 million).

The loss of Federal ARRA aid drives the All Funds Federal grant declines of $5.4 billion in 2011-12 and $706 million in 2012-13.

2009-10 Financial Plan Disbursements Forecast

TOTAL DISBURSEMENTS
(millions of dollars)

	2008-09 Results **	2009-10 Base	Before Actions * Annual $ Change	Before Actions * Annual % Change	2009-10 Enacted	After Actions Annual $ Change	After Actions Annual % Change
State Operating Funds	**78,168**	**88,154**	**9,986**	**12.8%**	**78,742**	**574**	**0.7%**
General Fund ***	48,436	57,136	8,700	18.0%	49,449	1,013	2.1%
Other State Funds	25,146	25,804	658	2.6%	24,075	(1,071)	-4.3%
Debt Service Funds	4,586	5,214	628	13.7%	5,218	632	13.8%
All Governmental Funds	**121,571**	**132,753**	**11,182**	**9.2%**	**131,935**	**10,364**	**8.5%**
State Operating Funds	78,168	88,154	9,986	12.8%	78,742	574	0.7%
Capital Projects Funds	6,830	7,983	1,153	16.9%	8,832	2,002	29.3%
Federal Operating Funds	36,573	36,616	43	0.1%	44,361	7,788	21.3%
General Fund, including Transfers	**54,607**	**63,565**	**8,958**	**16.4%**	**54,908**	**301**	**0.6%**

** i.e. current services.*
*** Unaudited Results.*
**** Excludes transfers.*

General Fund disbursements, including transfers to other funds, are projected to total $54.9 billion in 2009-10, an increase of $301 million from 2008-09 results. State Operating Funds spending, which includes both the General Fund and spending from other operating funds supported by assessments, tuition, HCRA resources and other non-Federal revenues, is projected to total $78.7 billion in 2009-10. The General Fund and State Operating Funds spending totals are reduced by the increase in FMAP. The projected receipt of extraordinary Federal aid in 2009-10 adds approximately $7.2 billion to the All Funds spending total.

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The major sources of annual spending change between 2008-09 and 2009-10 (after Enacted Budget actions) are summarized in the table below.

ENACTED BUDGET SPENDING PROJECTIONS - AFTER ENACTED BUDGET ACTIONS
MAJOR SOURCES OF ANNUAL CHANGE
(millions of dollars)

	General Fund *	Other State Funds**	Total State Operating Funds	Capital Projects Funds	Federal Operating Funds	Total All Funds
2008-09 Results* **	**48,436**	**29,732**	**78,168**	**6,830**	**36,573**	**121,571**
Major Functions						
Public Health:						
Medicaid	(1,740)	1,073	(667)	0	4,272	3,605
Public Health	165	(406)	(241)	151	72	(18)
K-12 Education:						
School Aid	263	(197)	66	0	1,426	1,492
All Other Education Aid	16	(5)	11	113	592	716
STAR	0	(911)	(911)	0	0	(911)
Higher Education	578	427	1,005	232	110	1,347
Social Services:						
Temporary and Disability Assistance	66	(3)	63	(2)	(1)	60
Children and Family Services	148	(1)	147	(1)	37	183
Mental Hygiene	85	(98)	(13)	56	253	296
Transportation	(8)	(367)	(375)	735	(7)	353
General State Charges	620	(327)	293	0	97	390
Debt Service	49	564	613	0	0	613
All Other Changes						
Economic Development	(34)	217	183	436	301	920
Potential Labor Settlements	400	24	424	0	0	424
Labor	9	(3)	6	0	312	318
Homeland Security	46	(7)	39	(2)	217	254
Technology	11	0	11	97	12	120
Local Government Aid	97	0	97	0	0	97
State Police	(8)	66	58	26	(4)	80
Military and Naval Affairs	18	4	22	(7)	58	73
Judiciary	23	14	37	23	1	61
Elections	4	(3)	1	0	59	60
Empire State Stem Cell Trust Fund	0	38	38	0	0	38
Department of State	7	(3)	4	(14)	43	33
Criminal Justice Services	(13)	(9)	(22)	0	(1)	(23)
Parks and Recreation	(14)	(21)	(35)	13	(2)	(24)
Correctional Services	(71)	1	(70)	36	9	(25)
All Other	296	(506)	(210)	110	(68)	(168)
2009-10 Enacted Budget	**49,449**	**29,293**	**78,742**	**8,832**	**44,361**	**131,935**
Annual Dollar Change	*1,013*	*(439)*	*574*	*2,002*	*7,788*	*10,364*
Annual Percent Change	*2.1%*	*-1.5%*	*0.7%*	*29.3%*	*21.3%*	*8.5%*

** Excludes Transfers.*

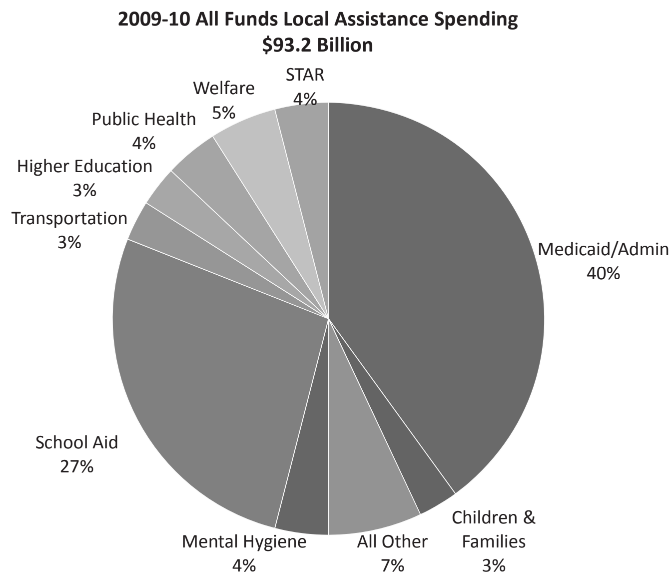
*** Includes State Special Revenue and Debt Service Funds.*

**** Unaudited Year-End Results.*

The spending forecast for each of the State's major financial plan categories follows. Projected current services disbursements are based on agency staffing levels, program caseloads, formulas contained in State and Federal law, inflation and other factors. The factors that affect spending estimates vary by program. For example, welfare spending is based primarily on anticipated caseloads that are estimated by analyzing historical trends, projected economic conditions, and changes in Federal law. All projections account for the timing of payments, since not all the amounts appropriated in the Budget are disbursed in the same fiscal year.

Grants to Local Governments

Grants to Local Governments (Local Assistance) include payments to local governments, school districts, health care providers, and other local entities, as well as certain financial assistance to, or on behalf of, individuals, families, and nonprofit organizations. Local Assistance comprises 71 percent of All Funds spending.



In 2009-10, All Funds spending for local assistance is proposed to total $93.2 billion. Total spending is comprised of State aid to medical assistance providers and public health programs ($40.5 billion); State aid for education, including school districts, universities, and tuition assistance ($34.3 billion); temporary and disability assistance ($4.8 billion); mental hygiene programs ($3.9 billion); transportation ($3.1 billion); children and family services ($2.7 billion); and local government assistance ($1.1 billion). Other local assistance programs include criminal justice, economic development, housing, parks and recreation, and environmental quality.

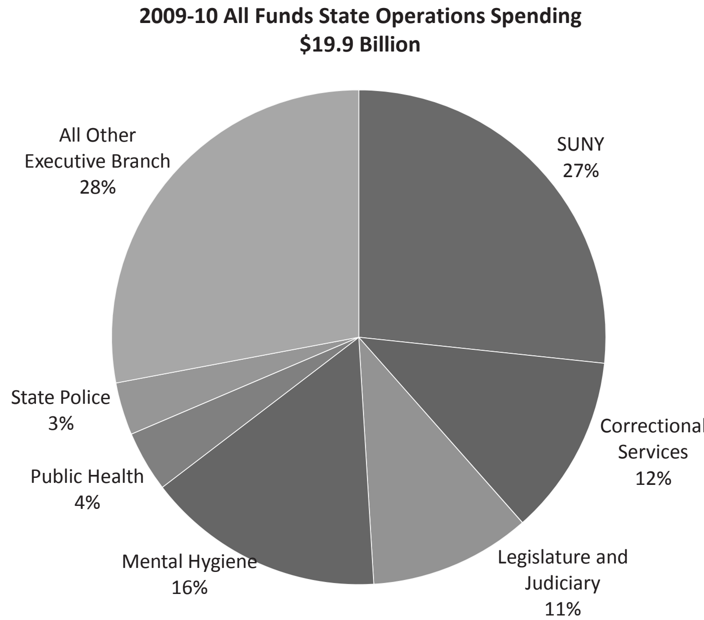
LOCAL ASSISTANCE SPENDING PROJECTIONS
(millions of dollars)

	2008-09 Results*	2009-10 Enacted	Annual $ Change	Annual % Change
General Fund	**37,040**	**37,086**	**46**	**0.1%**
Other State Support	16,944	16,199	(745)	**-4.4%**
State Operating Funds	**53,984**	**53,285**	**(699)**	**-1.3%**
Capital Project Funds	1,356	860	(496)	**-36.6%**
Federal Operating Funds	31,927	39,046	7,119	**22.3%**
All Funds	**87,267**	**93,191**	**5,924**	**6.8%**

** Unaudited Year-End Results.*

State Operations

State Operations spending is for personal service and non-personal service costs. Personal service costs, which account for approximately two-thirds of State Operations spending, include salaries of State employees of the Executive Branch, Legislature, and Judiciary, as well as overtime payments and costs for temporary employees. Non-personal service costs, which account for the remaining one-third of State Operations, represent other operating costs of State agencies, including real estate rental, utilities, contractual payments (i.e., consultants, information technology, and professional business services), supplies and materials, equipment, telephone service and employee travel.



Approximately 93 percent of the State workforce is unionized. The largest unions include CSEA, which primarily represents office support staff and administrative personnel, machine operators, skilled trade workers, and therapeutic and custodial care staff; PEF, which primarily represents professional and technical personnel (i.e., attorneys, nurses, accountants, social workers, and institution teachers); UUP, which represents faculty and non-teaching professional staff within the State University system; and NYSCOPBA, which represents security personnel (correction officers, safety and security officers).

The State workforce subject to Executive control (i.e., OSC, Law, SUNY/CUNY, and excluding the Legislature, Judiciary, and contractual labor), is projected to total 128,803 FTEs in 2009-10, a decrease of 7,687 from 2008-09 levels. Decreases are expected in nearly all agencies, mainly as a result of facility closures and the WRP.

State Operations spending, which is projected to total $19.9 billion in 2009-10, finances the costs of Executive agencies ($17.8 billion), and the Legislature and Judiciary ($2.1 billion). The largest agencies in dollar terms and staffing levels include SUNY ($5.3 billion; 40,609 FTEs), Correctional Services ($2.4 billion; 29,175 FTEs), Mental Hygiene ($3.1 billion; 38,160 FTEs), DOH ($800 million; 5,441 FTEs), and State Police ($715 million; 5,607 FTEs).

STATE OPERATIONS SPENDING PROJECTIONS (millions of dollars)	2008-09 Results*	2009-10 Enacted	Annual $ Change	Annual % Change
General Fund	**8,312**	**8,659**	**347**	**4.2%**
Other State Support	6,942	6,968	26	0.4%
State Operating Funds	**15,254**	**15,627**	**373**	**2.4%**
Capital Projects Funds	0	0	0	N/A
Federal Operating Funds	3,712	4,284	572	15.4%
Total All Funds	**18,966**	**19,911**	**945**	**5.0%**

** Unaudited Year-End Results.*

State Operations spending by category, based upon prior year spending trends, is allocated among employee regular salaries (69 percent), overtime payments (3 percent), contractual services (19 percent), supplies and materials (4 percent), equipment (2 percent), employee travel (1 percent), and other operational costs (2 percent).

STATE OPERATIONS SPENDING PROJECTIONS MAJOR SOURCES OF ANNUAL CHANGE - STATE OPERATING FUNDS (millions of dollars)	Personal Service	Non-Personal Service	State Operations
2008-09 Results*	**10,329**	**4,925**	**15,254**
Reserve for Unsettled Unions	424	0	424
Workforce Reduction	(267)	0	(267)
SUNY	106	194	300
State Police	103	(17)	86
Tax and Finance	42	5	47
Stem Cell Research	(1)	39	38
Judiciary	73	(42)	31
Labor management Committee	(4)	29	25
Correctional Services	(36)	54	18
Temporary and Disability Assistance	2	14	16
Public Health	3	22	25
Mental Hygiene	(187)	(2)	(189)
Insurance	(7)	(63)	(70)
2009-10 Spending Controls	0	(50)	(50)
All Other	(110)	49	(61)
2009-10 Enacted	**10,470**	**5,157**	**15,627**
Annual Dollar Change	*141*	*232*	*373*
Annual Percent Change	*1.4%*	*4.7%*	*2.4%*

** Unaudited Year-End Results.*

The State Operating Funds spending increase of $373 million (2.4 percent) in State Operations is primarily driven by a reserve to finance potential collective bargaining agreements with unsettled unions ($424 million), SUNY ($300 million), State Police ($86 million), Department of Taxation and Finance ($47 million), and stem cell research ($38 million) offset by a planned workforce reduction and a decline in State share Medicaid payments to State-owned mental hygiene facilities due to increased Federal

Medicaid participation. The annual changes by personal service and non-personal service are summarized in the following tables.

Personal Service

PERSONAL SERVICE
SOURCES OF ANNUAL SPENDING INCREASE/(DECREASE)
FROM 2008-09 TO 2009-10
(millions of dollars)

	General Fund	Other State Funds	Total State Operating Funds	Federal Operating Funds	Total All Funds
2008-09 Results*	**6,168**	**4,161**	**10,329**	**2,280**	**12,609**
Current Services:	**731**	**(21)**	**710**	**22**	**732**
Reserve for Unsettled Unions	400	24	424	0	424
Judiciary	58	0	58	(2)	56
Public Health	22	(18)	4	(18)	(14)
Children and Family Services	19	0	19	(3)	16
State University	38	(26)	12	1	13
State Police	86	13	99	(2)	97
Mental Hygiene	1	100	101	(19)	82
Agency Salary Adjustments	74	42	116	23	139
Workforce Changes	33	(156)	(123)	42	(81)
Extraordinary Federal Aid:	**0**	**(267)**	**(267)**	**301**	**34**
Mental Hygiene FMAP	0	(267)	(267)	267	0
Labor	0	0	0	30	30
All Other	0	0	0	4	4
Enacted Savings:	**(478)**	**130**	**(348)**	**(114)**	**(462)**
Workforce Reduction	(191)	(76)	(267)	(111)	(378)
SUNY Tuition Increase	(87)	108	21	0	21
Auto Insurance Surcharge	(48)	48	0	0	0
SUNY	(45)	88	43	0	43
DOCS Facility Closures/Correctional Services	(58)	0	(58)	0	(58)
Delay Mental Health Expansion	(11)	0	(11)	0	(11)
Youth Facility Closures/Downsizing	(10)	0	(10)	0	(10)
Real Property Services Fund Shift	20	(20)	0	0	0
Mental Hygiene	0	(29)	(29)	(10)	(39)
All Other	(48)	11	(37)	7	(30)
New Initiatives:	**44**	**2**	**46**	**0**	**46**
Tax and Finance	41	0	41	0	41
All Other	3	2	5	0	5
2009-10 Enacted	**6,465**	**4,005**	**10,470**	**2,489**	**12,959**
Total Annual Change	*297*	*(156)*	*141*	*209*	*350*

** Unaudited Year-End Results.*

Non-Personal Service

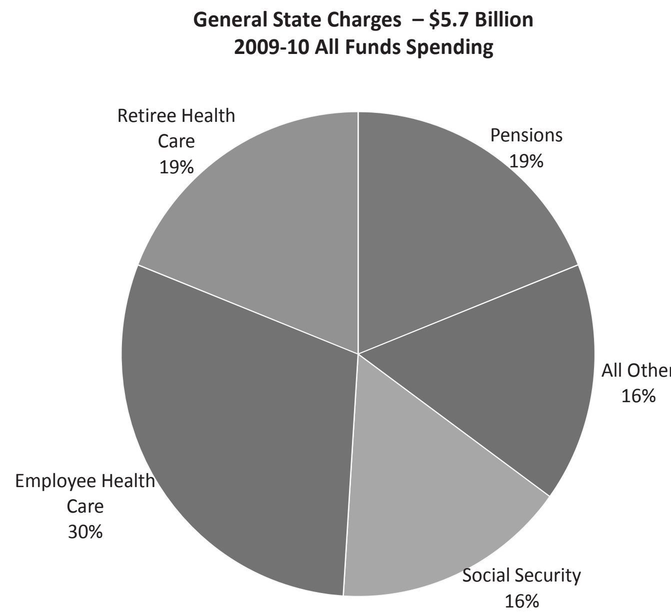
NON-PERSONAL SERVICE
SOURCES OF ANNUAL SPENDING INCREASE/(DECREASE)
FROM 2008-09 TO 2009-10
(millions of dollars)

	General Fund	Other State Funds	Total State Operating Funds	Federal Operating Funds	All Funds
2008-09 Results*	**2,144**	**2,781**	**4,925**	**1,432**	**6,357**
Current Services:	**194**	**89**	**283**	**208**	**491**
Correctional Services	76	0	76	0	76
Mental Hygiene	0	7	7	139	146
State University	63	116	179	(5)	174
State Police	15	(24)	(9)	(2)	(11)
Temporary and Disability Assistance	22	0	22	(9)	13
Public Health	16	9	25	3	28
Labor Management Committee	28	1	29	0	29
Judiciary	(45)	2	(43)	4	(39)
Elections	1	(3)	(2)	42	40
Insurance	(84)	2	(82)	0	(82)
Stem Cell Research	0	60	60	0	60
All Other	102	(81)	21	36	57
Extraordinary Federal Aid:	**0**	**0**	**0**	**173**	**173**
Labor	0	0	0	86	86
SUNY Pell Grants	0	0	0	28	28
Technology	0	0	0	12	12
Public Health	0	0	0	26	26
Criminal Justice	0	0	0	8	8
All Other	0	0	0	13	13
Enacted Savings:	**(199)**	**85**	**(114)**	**(18)**	**(132)**
DOCS Facility Closures/Correctional Services	(28)	0	(28)	0	(28)
2009-10 Spending Controls	(50)	0	(50)	0	(50)
Health Program Financing	0	15	15	0	15
SUNY Tuition Increase	(35)	45	10	0	10
Workers Compensation Board	0	20	20	0	20
SUNY	(19)	24	5	0	5
Mental Hygiene	0	(9)	(9)	(13)	(22)
SWN Funding	(26)	26	0	0	0
Public Safety	(13)	0	(13)	0	(13)
Economic Development	(11)	0	(11)	0	(11)
Stem Cell	0	(21)	(21)	0	(21)
All Other	(17)	(15)	(32)	(5)	(37)
New Initiatives:	**55**	**8**	**63**	**0**	**63**
Higher Education	50	3	53	0	53
All Other	5	5	10	0	10
2009-10 Enacted	**2,194**	**2,963**	**5,157**	**1,795**	**6,952**
Total Annual Change	*50*	*182*	*232*	*363*	*595*

** Unaudited Year-End Results.*

General State Charges

GSCs account for the costs of fringe benefits provided to State employees and retirees of the Executive, Legislative and Judicial branches, and certain fixed costs paid by the State. Fringe benefit payments, many of which are mandated by statute or collective bargaining agreements, include employer contributions for pensions, Social Security, health insurance, workers' compensation and unemployment insurance. Fixed costs include State taxes paid to local governments for certain State-owned lands, and payments related to lawsuits against the State and its public officers.



For most agencies, employee fringe benefit costs are paid centrally from appropriations made to GSCs. These centrally-paid fringe benefit costs represent the majority of GSCs spending. However, certain agencies, such as the Judiciary and SUNY, directly pay all or a portion of their employees' fringe benefit costs from their respective budgets. Employee fringe benefits paid through the GSCs account are paid from the General Fund in the first instance and then partially reimbursed by revenue collected from fringe benefit assessments on Federal funds and other special revenue accounts. The funding source of fringe benefit costs directly paid by certain agencies is dependent on the respective agencies' funding sources. Fixed costs are paid in full by General Fund revenues from the GSCs account.

GENERAL STATE CHARGES SPENDING PROJECTIONS
(millions of dollars)

	2008-09 Results*	2009-10 Enacted	Annual $ Change	Annual % Change
General Fund	3,084	3,704	620	20.1%
Other State Support	1,307	980	(327)	-25.0%
State Operating Funds	**4,391**	**4,684**	**293**	**6.7%**
Capital Projects Funds	0	0	0	0.0%
Federal Operating Funds	934	1,031	97	10.4%
Total All Funds	**5,325**	**5,715**	**390**	**7.3%**

** Unaudited Year-End Results.*

All Funds spending on GSCs is expected to total $5.7 billion in 2009-10, and includes health insurance spending for employees ($1.7 billion) and retirees ($1.1 billion), pensions ($1.1 billion) and Social Security ($962 million).

Debt Service

The State pays debt service on all outstanding State-supported bonds. These include general obligation bonds, for which the State is constitutionally obligated to pay debt service, as well as bonds issued by State public authorities (i.e., ESDC, DASNY, and the TA, subject to an appropriation). Depending on the credit structure, debt service is financed through transfers from the General Fund, dedicated taxes and fees, and other resources, such as patient income revenues.

DEBT SERVICE SPENDING PROJECTIONS
(millions of dollars)

	2008-09 Results*	2009-10 Enacted	Annual $ Change	Annual % Change
General Fund	**1,734**	**1,783**	**49**	**2.8%**
Other State Support	2,796	3,360	564	20.2%
State Operating Funds	**4,530**	**5,143**	**613**	**13.5%**
Capital Projects Funds	**0**	**0**	**0**	**0.0%**
Total All Funds	**4,530**	**5,143**	**613**	**13.5%**

** Unaudited Year-End Results.*

All Funds debt service is projected at $5.1 billion in 2009-10, of which $1.8 billion is paid from the General Fund through transfers and $3.4 billion from other State funds. The General Fund transfer primarily finances debt service payments on general obligation and service contract bonds. Debt service is paid directly from other State funds for the State's revenue bonds, including PIT revenue bonds, DHBTF bonds, and mental health facilities bonds.

The Enacted Budget Financial Plan includes $12 million in savings from debt management actions. Legislation was enacted to provide greater flexibility in administering the PIT Revenue Bond program by permitting DASNY and ESDC to issue bonds for any authorized PIT Revenue Bond purpose. This is expected to result in improved scheduling and sizing for PIT Revenue Bond sales, producing savings through efficiencies in bond pricing and administration. Administrative actions to reduce costs will be continued. These include a goal of selling 25 percent of bonds on a competitive basis, market conditions permitting, and maximizing refunding opportunities, including through consolidated service contract structures.

Capital Projects

Capital Projects account for spending across all functional areas to finance costs related to the acquisition, construction, repair or renovation of fixed assets. Spending from appropriations made from over 30 capital projects funds are financed from four sources: annual State taxes or dedicated miscellaneous receipts, grants from the Federal government, the proceeds of notes or bonds issued pursuant to general obligation bond acts which are approved by the State voters, and the proceeds of notes or bonds issued by public authorities pursuant to legal authorization for State capital spending.

CAPITAL PROJECTS SPENDING PROJECTIONS (millions of dollars)	2008-09 Results*	2009-10 Enacted	Annual $ Change	Annual % Change
General Fund	**473**	**551**	**78**	**16.5%**
Other State Support	4,505	5,364	859	19.1%
State Funds	**4,978**	**5,915**	**937**	**18.8%**
Federal Funds	1,852	2,917	1,065	57.5%
All Funds	**6,830**	**8,832**	**2,002**	**29.3%**

** Unaudited Year-End Results.*

All Funds capital spending is expected to total $8.8 billion in 2009-10. Transportation spending, primarily for improvements and maintenance to the State's highways and bridges, continues to account for the largest share (51 percent) of this total. The balance of projected spending will support capital investments in the areas of economic development (14 percent), education (11 percent), mental hygiene and public protection (7 percent), and parks and the environment (10 percent). The remainder of projected capital projects spending is spread across health and social welfare, general government and other areas (7 percent). State funds are expected to increase by $937 million, or 19 percent, primarily attributable to changes in transportation spending for the Five-Year Capital Plan ($200 million), education spending for SUNY and infrastructure improvements for private colleges and universities ($295 million), and economic development for previously authorized projects ($195 million). Federal ARRA funds represent 98 percent of the annual change in Federal spending. These funds are projected to increase Federal spending by $1.0 billion, providing significant investments in the State's capital infrastructure. Nearly half of this amount will be directed to DOT for infrastructure improvements.

Other Financing Sources/(Uses)

The most significant General Fund transfers to other funds in 2009-10 include transfers for State share Medicaid ($2.4 billion), general debt service ($1.8 billion), and capital projects ($551 million, including $168 million for PAYGO projects and a $383 million subsidy to the DHBTF). Judiciary funding includes money transferred to the Court Facilities Incentive Aid Fund, New York City County Clerks Fund, and Judiciary Data Processing Fund ($149 million). Also included in General Fund transfers to other funds are transfers representing payments for patients residing in State-operated health and SUNY facilities ($193 million), and SUNY hospital subsidy payments ($135 million).

In Special Revenue Funds, transfers to other funds include transfers to the Debt Service Funds representing the Federal share of Medicaid payments for patients residing in State-operated health and mental hygiene facilities and community homes, and patients at SUNY hospitals ($3.5 billion), a transfer from HCRA to the Capital Projects Fund to finance anticipated non-bondable spending for HEAL-NY ($140 million) and transfer of moneys from several Special Revenue accounts in excess of spending requirements ($1.0 billion).

Capital Projects funds transfers include transfers to the General Debt Service Fund from the DHBTF ($1.0 billion), and transfers from the Hazardous Waste Remedial Fund ($27 million), and the Environmental Protection Fund ($95 million), to the General Fund.

Debt Service Fund transfers to the General Fund include tax receipts in excess of debt service requirements for general obligation, LGAC and PIT Revenue Bonds ($10.4 billion). Transfers to Special Revenue Funds represent receipts in excess of lease/purchase obligations that are used to finance a portion of the operating expenses for DOH, mental hygiene, and SUNY ($3.8 billion).

CASH FINANCIAL PLAN
GENERAL FUND
2008-2009 and 2009-2010
(millions of dollars)

	2008-2009 Year-End*	2009-2010 Enacted	Annual $ Change	Annual % Change
Opening fund balance	2,754	1,948	(806)	
Receipts:				
Taxes:				
Personal income tax	23,196	24,404	1,208	5.2%
User taxes and fees	8,361	8,520	159	1.9%
Business taxes	5,556	5,495	(61)	-1.1%
Other taxes	1,188	982	(206)	-17.3%
Miscellaneous receipts	3,105	3,381	276	8.9%
Federal grants	45	0	(45)	-100.0%
Transfers from other funds:				
PIT in excess of Revenue Bond debt service	8,404	8,130	(274)	-3.3%
Sales tax in excess of LGAC debt service	2,195	2,200	5	0.2%
Real estate taxes in excess of CW/CA debt service	352	57	(295)	-83.8%
All other transfers	1,399	1,169	(230)	-16.4%
Total receipts	53,801	54,338	537	1.0%
Disbursements:				
Grants to local governments	37,040	37,086	46	0.1%
State operations:				
Personal Service	6,168	6,465	297	4.8%
Non-Personal Service	2,144	2,194	50	2.3%
General State charges	3,084	3,704	620	20.1%
Transfers to other funds:				
Debt service	1,734	1,783	49	2.8%
Capital projects	473	551	78	16.5%
State Share Medicaid	2,625	2,362	(263)	-10.0%
Other purposes	1,339	763	(576)	-43.0%
Total disbursements	54,607	54,908	301	0.6%
Change in fund balance	(806)	(570)	236	-29.3%
Closing fund balance	1,948	1,378	(570)	-29.3%
Reserves				
Tax Stabilization Reserve Fund	1,031	1,031	0	
Statutory Rainy Day Reserve Fund	175	175	0	
Contingency Reserve Fund	21	21	0	
Community Projects Fund	145	78	(67)	
Debt Reduction Reserve Fund **	73	73	0	
Reserve for Timing Related Delays**	163	0	(163)	
Remaining Reserve for 2009-10 Use**	340	0	(340)	

**Unaudited Year-end Results*

***Reserve Funds that are DOB-designated uses of the Refund Reserve Account.*

Source: NYS DOB

CASH FINANCIAL PLAN
GENERAL FUND
2009-2010 through 2012-2013
(millions of dollars)

	2009-2010 Enacted	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
Receipts:				
Taxes:				
Personal income tax	24,404	26,612	27,447	26,625
User taxes and fees	8,520	8,819	9,193	9,469
Business taxes	5,495	5,828	5,925	6,398
Other taxes	982	959	1,015	1,077
Miscellaneous receipts	3,381	3,022	3,017	3,043
Federal grants	0	0	0	0
Transfers from other funds:				
PIT in excess of Revenue Bond debt service	8,130	8,532	8,579	8,110
Sales tax in excess of LGAC debt service	2,200	2,254	2,344	2,463
Real estate taxes in excess of CW/CA debt service	57	147	244	329
All other transfers	1,169	723	684	695
Total receipts	54,338	56,896	58,448	58,209
Disbursements:				
Grants to local governments	37,086	39,664	46,467	50,283
State operations:				
Personal Service	6,465	6,621	6,801	6,870
Non-Personal Service	2,194	2,304	2,374	2,442
General State charges	3,704	4,042	4,344	4,760
Transfers to other funds:				
Debt service	1,783	1,762	1,739	1,725
Capital projects	551	1,162	1,319	1,491
State Share Medicaid	2,362	2,388	2,887	2,888
Other purposes	763	1,079	1,320	1,586
Total disbursements	54,908	59,022	67,251	72,045
Deposit to/(use of) Community Projects Fund	(67)	55	(41)	(92)
Deposit to/(use of) Reserve for Timing Related Delays	(163)	0	0	0
Deposit to/(use of) Remaining Prior Year Reserves	(340)	0	0	0
General Fund Margin	0	(2,181)	(8,762)	(13,744)
HCRA Operating Surplus	0	15	5	38
Combined General Fund/HCRA Margin	0	(2,166)	(8,757)	(13,706)

Source: NYS DOB

CURRENT STATE RECEIPTS
GENERAL FUND
2008-2009 and 2009-2010
(millions of dollars)

	2008-2009 Year-End*	2009-2010 Enacted	Annual $ Change	Annual % Change
Taxes:				
Withholdings	27,686	30,626	2,940	10.6%
Estimated Payments	12,690	10,193	(2,497)	-19.7%
Final Payments	2,686	2,136	(550)	-20.5%
Other Payments	949	1,115	166	17.5%
Gross Collections	44,011	44,070	59	0.1%
State/City Offset	(475)	(500)	(25)	5.3%
Refunds	(6,696)	(6,332)	364	-5.4%
Reported Tax Collections	36,840	37,238	398	1.1%
STAR (dedicated deposits)	(4,434)	(3,524)	910	-20.5%
RBTF (dedicated transfers)	(9,210)	(9,310)	(100)	1.1%
Personal income tax	23,196	24,404	1,208	5.2%
Sales and use tax	10,274	10,389	115	1.1%
Cigarette and tobacco taxes	446	425	(21)	-4.7%
Motor fuel tax	0	0	0	--
Motor vehicle fees	(42)	19	61	-145.2%
Alcoholic beverages taxes	206	235	29	14.1%
Highway Use tax	0	0	0	--
Alcoholic beverage control license fees	44	48	4	9.1%
Auto rental tax	0	0	0	--
Gross Utility Taxes and fees	10,928	11,116	188	1.7%
LGAC Sales Tax (dedicated transfers)	(2,567)	(2,596)	(29)	1.1%
User Taxes and fees	8,361	8,520	159	1.9%
Corporation franchise tax	2,755	2,916	161	5.8%
Corporation and utilities tax	654	729	75	11.5%
Insurance taxes	1,086	1,171	85	7.8%
Bank tax	1,061	679	(382)	-36.0%
Petroleum business tax	0	0	0	--
Business taxes	5,556	5,495	(61)	-1.1%
Estate tax	1,163	958	(205)	-17.6%
Real estate transfer tax	701	375	(326)	-46.5%
Gift tax	2	0	(2)	-100.0%
Real property gains tax	0	0	0	--
Pari-mutuel taxes	22	23	1	4.5%
Other taxes	1	1	0	0.0%
Gross Other taxes	1,889	1,357	(532)	-28.2%
Real estate transfer tax (dedicated)	(701)	(375)	326	-46.5%
Other taxes	1,188	982	(206)	-17.3%
Total Taxes	38,301	39,401	1,100	2.9%
Licenses, fees, etc.	1,006	690	(316)	-31.4%
Abandoned property	698	700	2	0.3%
Reimbursements	1,089	172	(917)	-84.2%
Investment income	104	155	51	49.0%
Other transactions	208	1,664	1,456	700.0%
Miscellaneous receipts	3,105	3,381	276	8.9%
Federal grants	45	0	(45)	-100.0%
Total	41,451	42,782	1,331	3.2%

**Unaudited Year-end Results*

Source: NYS DOB

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2008-2009*
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	2,754	3,520	286	6,560
Receipts:				
Taxes	38,301	7,780	12,241	58,322
Miscellaneous receipts	3,105	12,911	845	16,861
Federal grants	45	0	0	45
Total receipts	41,451	20,691	13,086	75,228
Disbursements:				
Grants to local governments	37,040	16,944	0	53,984
State operations:				
Personal Service	6,168	4,161	0	10,329
Non-Personal Service	2,144	2,725	56	4,925
General State charges	3,084	1,307	0	4,391
Debt service	0	0	4,530	4,530
Capital projects	0	9	0	9
Total disbursements	48,436	25,146	4,586	78,168
Other financing sources (uses):				
Transfers from other funds	12,350	4,562	5,976	22,888
Transfers to other funds	(6,171)	(1,156)	(14,464)	(21,791)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	6,179	3,406	(8,488)	1,097
Change in fund balance:	(806)	(1,049)	12	(1,843)
Deposit to/(use of) Community Projects Fund	(195)			
Deposit to/(use of) Prior Year Reserves	(562)			
Deposit to/(use of) Debt Reduction Reserve	(49)			
Closing fund balance	1,948	2,471	298	4,717

**Unaudited Year-end Results*

Source: NYS DOB

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2009-2010
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	1,948	2,471	298	4,717
Receipts:				
Taxes	39,401	7,076	12,082	58,559
Miscellaneous receipts	3,381	14,076	830	18,287
Federal grants	0	1	0	1
Total receipts	42,782	21,153	12,912	76,847
Disbursements:				
Grants to local governments	37,086	16,199	0	53,285
State operations:				
Personal Service	6,465	4,005	0	10,470
Non-Personal Service	2,194	2,888	75	5,157
General State charges	3,704	980	0	4,684
Debt service	0	0	5,143	5,143
Capital projects	0	3	0	3
Total disbursements	49,449	24,075	5,218	78,742
Other financing sources (uses):				
Transfers from other funds	11,556	3,769	6,520	21,845
Transfers to other funds	(5,459)	(1,287)	(14,223)	(20,969)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	6,097	2,482	(7,703)	876
Deposit to/(use of) Community Projects Fund	(67)	0	0	(67)
Deposit to/(use of) Prior Year Reserves	(503)	0	0	(503)
Change in fund balance	0	(440)	(9)	(449)
Closing fund balance	1,378	2,031	289	3,698

Source: NYS DOB

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2010-2011
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	2,031	289	2,320
Receipts:				
Taxes	42,218	7,098	12,945	62,261
Miscellaneous receipts	3,022	14,069	820	17,911
Federal grants	0	1	0	1
Total receipts	45,240	21,168	13,765	80,173
Disbursements:				
Grants to local governments	39,664	15,985	0	55,649
State operations:				
Personal Service	6,621	4,167	0	10,788
Non-Personal Service	2,304	2,953	75	5,332
General State charges	4,042	1,039	0	5,081
Debt service	0	0	5,791	5,791
Capital projects	0	2	0	2
Total disbursements	52,631	24,146	5,866	82,643
Other financing sources (uses):				
Transfers from other funds	11,656	3,874	6,830	22,360
Transfers to other funds	(6,391)	(1,076)	(14,737)	(22,204)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	5,265	2,798	(7,907)	156
Deposit to/(use of) Community Projects Fund	55	0	0	55
Change in fund balance	(2,181)	(180)	(8)	(2,369)
Closing fund balance	(2,181)	1,851	281	(49)

Source: NYS DOB

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2011-2012
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	1,851	281	2,132
Receipts:				
Taxes	43,580	7,342	13,468	64,390
Miscellaneous receipts	3,017	15,054	839	18,910
Federal grants	0	1	0	1
Total receipts	46,597	22,397	14,307	83,301
Disbursements:				
Grants to local governments	46,467	17,061	0	63,528
State operations:				
Personal Service	6,801	4,551	0	11,352
Non-Personal Service	2,374	2,976	75	5,425
General State charges	4,344	1,239	0	5,583
Debt service	0	0	6,183	6,183
Capital projects	0	2	0	2
Total disbursements	59,986	25,829	6,258	92,073
Other financing sources (uses):				
Transfers from other funds	11,851	4,534	6,378	22,763
Transfers to other funds	(7,265)	(1,138)	(14,419)	(22,822)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	4,586	3,396	(8,041)	(59)
Deposit to/(use of) Community Projects Fund	(41)	0	0	(41)
Change in fund balance	(8,762)	(36)	8	(8,790)
Closing fund balance	(8,762)	1,815	289	(6,658)

Source: NYS DOB

CASH FINANCIAL PLAN
STATE OPERATING FUNDS BUDGET
2012-2013
(millions of dollars)

	General Fund	Special Revenue Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	1,815	289	2,104
Receipts:				
Taxes	43,569	7,580	13,453	64,602
Miscellaneous receipts	3,043	15,101	858	19,002
Federal grants	0	1	0	1
Total receipts	46,612	22,682	14,311	83,605
Disbursements:				
Grants to local governments	50,283	17,345	0	67,628
State operations:				
Personal Service	6,870	4,565	0	11,435
Non-Personal Service	2,442	3,159	75	5,676
General State charges	4,760	1,297	0	6,057
Debt service	0	0	6,549	6,549
Capital projects	0	2	0	2
Total disbursements	64,355	26,368	6,624	97,347
Other financing sources (uses):				
Transfers from other funds	11,597	4,710	6,446	22,753
Transfers to other funds	(7,690)	(967)	(14,138)	(22,795)
Bond and note proceeds	0	0	0	0
Net other financing sources (uses)	3,907	3,743	(7,692)	(42)
Deposit to/(use of) Community Projects Fund	(92)	0	0	(92)
Change in fund balance	(13,744)	57	(5)	(13,692)
Closing fund balance	(13,744)	1,872	284	(11,588)

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2008-2009*
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	2,754	3,879	(433)	286	6,486
Receipts:					
Taxes	38,301	7,780	2,015	12,241	60,337
Miscellaneous receipts	3,105	13,089	3,025	845	20,064
Federal grants	45	36,907	1,882	0	38,834
Total receipts	41,451	57,776	6,922	13,086	119,235
Disbursements:					
Grants to local governments	37,040	48,871	1,356	0	87,267
State operations:					
Personal Service	6,168	6,441	0	0	12,609
Non-Personal Service	2,144	4,157	0	56	6,357
General State charges	3,084	2,241	0	0	5,325
Debt service	0	0	0	4,530	4,530
Capital projects	0	9	5,474	0	5,483
Total disbursements	48,436	61,719	6,830	4,586	121,571
Other financing sources (uses):					
Transfers from other funds	12,350	7,308	790	5,976	26,424
Transfers to other funds	(6,171)	(4,397)	(1,413)	(14,464)	(26,445)
Bond and note proceeds	0	0	457	0	457
Net other financing sources (uses)	6,179	2,911	(166)	(8,488)	436
Change in fund balance	(806)	(1,032)	(74)	12	(1,900)
Deposit to/(use of) Community Projects Fund	(195)				
Deposit to/(use of) Prior Year Reserves	(562)				
Deposit to/(use of) Debt Reduction Reserve	(49)				
Closing fund balance	1,948	2,847	(507)	298	4,586

**Unaudited Year-end Results*

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2009-2010
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	1,948	2,847	(507)	298	4,586
Receipts:					
Taxes	39,401	7,076	2,088	12,082	60,647
Miscellaneous receipts	3,381	14,234	3,740	830	22,185
Federal grants	0	44,779	2,939	0	47,718
Total receipts	42,782	66,089	8,767	12,912	130,550
Disbursements:					
Grants to local governments	37,086	55,245	860	0	93,191
State operations:					
Personal Service	6,465	6,494	0	0	12,959
Non-Personal Service	2,194	4,683	0	75	6,952
General State charges	3,704	2,011	0	0	5,715
Debt service	0	0	0	5,143	5,143
Capital projects	0	3	7,972	0	7,975
Total disbursements	49,449	68,436	8,832	5,218	131,935
Other financing sources (uses):					
Transfers from other funds	11,556	6,841	785	6,520	25,702
Transfers to other funds	(5,459)	(4,845)	(1,187)	(14,223)	(25,714)
Bond and note proceeds	0	0	532	0	532
Net other financing sources (uses)	6,097	1,996	130	(7,703)	520
Deposit to/(use of) Community Projects Fund	(67)	0	0	0	(67)
Deposit to/(use of) Prior Year Reserves	(503)	0	0	0	(503)
Change in fund balance	0	(351)	65	(9)	(295)
Closing fund balance	1,378	2,496	(442)	289	3,721

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2010-2011
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	2,496	(442)	289	2,343
Receipts:					
Taxes	42,218	7,098	2,122	12,945	64,383
Miscellaneous receipts	3,022	14,221	3,590	820	21,653
Federal grants	0	45,448	3,070	0	48,518
Total receipts	45,240	66,767	8,782	13,765	134,554
Disbursements:					
Grants to local governments	39,664	55,844	855	0	96,363
State operations:					
Personal Service	6,621	6,707	0	0	13,328
Non-Personal Service	2,304	4,626	0	75	7,005
General State charges	4,042	2,119	0	0	6,161
Debt service	0	0	0	5,791	5,791
Capital projects	0	2	8,525	0	8,527
Total disbursements	52,631	69,298	9,380	5,866	137,175
Other financing sources (uses):					
Transfers from other funds	11,656	7,136	1,524	6,830	27,146
Transfers to other funds	(6,391)	(4,637)	(1,416)	(14,737)	(27,181)
Bond and note proceeds	0	0	597	0	597
Net other financing sources (uses)	5,265	2,499	705	(7,907)	562
Deposit to/(use of) Community Projects Fund	55	0	0	0	55
Change in fund balance	(2,181)	(32)	107	(8)	(2,114)
Closing fund balance	(2,181)	2,464	(335)	281	229

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2011-2012
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	2,464	(335)	281	2,410
Receipts:					
Taxes	43,580	7,342	2,135	13,468	66,525
Miscellaneous receipts	3,017	15,157	3,561	839	22,574
Federal grants	0	40,426	2,677	0	43,103
Total receipts	46,597	62,925	8,373	14,307	132,202
Disbursements:					
Grants to local governments	46,467	52,440	916	0	99,823
State operations:					
Personal Service	6,801	6,736	0	0	13,537
Non-Personal Service	2,374	4,608	0	75	7,057
General State charges	4,344	2,174	0	0	6,518
Debt service	0	0	0	6,183	6,183
Capital projects	0	2	8,086	0	8,088
Total disbursements	59,986	65,960	9,002	6,258	141,206
Other financing sources (uses):					
Transfers from other funds	11,851	7,323	1,749	6,378	27,301
Transfers to other funds	(7,265)	(4,183)	(1,472)	(14,419)	(27,339)
Bond and note proceeds	0	0	454	0	454
Net other financing sources (uses)	4,586	3,140	731	(8,041)	416
Deposit to/(use of) Community Projects Fund	(41)	0	0	0	(41)
Change in fund balance	(8,762)	105	102	8	(8,547)
Closing fund balance	(8,762)	2,569	(233)	289	(6,137)

Source: NYS DOB

CASH FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2012-2013
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Opening fund balance	0	2,569	(233)	289	2,625
Receipts:					
Taxes	43,569	7,580	2,140	13,453	66,742
Miscellaneous receipts	3,043	15,204	2,860	858	21,965
Federal grants	0	39,954	2,443	0	42,397
Total receipts	46,612	62,738	7,443	14,311	131,104
Disbursements:					
Grants to local governments	50,283	52,267	922	0	103,472
State operations:					
Personal Service	6,870	6,760	0	0	13,630
Non-Personal Service	2,442	4,794	0	75	7,311
General State charges	4,760	2,296	0	0	7,056
Debt service	0	0	0	6,549	6,549
Capital projects	0	2	7,000	0	7,002
Total disbursements	64,355	66,119	7,922	6,624	145,020
Other financing sources (uses):					
Transfers from other funds	11,597	7,589	1,708	6,446	27,340
Transfers to other funds	(7,690)	(4,014)	(1,507)	(14,138)	(27,349)
Bond and note proceeds	0	0	382	0	382
Net other financing sources (uses)	3,907	3,575	583	(7,692)	373
Deposit to/(use of) Community Projects Fund	(92)	0	0	0	(92)
Change in fund balance	(13,744)	194	104	(5)	(13,451)
Closing fund balance	(13,744)	2,763	(129)	284	(10,826)

Source: NYS DOB

CASHFLOW
GENERAL FUND
2009-2010
(dollars in millions)

	2009 April Projected	May Projected	June Projected	July Projected	August Projected	September Projected	October Projected	November Projected	December Projected	2010 January Projected	February Projected	March Projected	Total
OPENING BALANCE	1,948	2,860	134	111	1,076	1,113	2,777	2,516	762	1,231	5,621	4,827	1,948
RECEIPTS:													
Personal Income Tax	2,983	1,004	2,083	1,987	1,764	2,964	1,236	433	2,105	4,729	1,210	1,906	24,404
User Taxes and Fees	627	643	860	684	678	855	666	657	797	711	571	771	8,520
Business Taxes	10	27	958	96	99	1,145	93	42	1,123	83	126	1,693	5,495
Other Taxes	52	84	86	85	85	85	84	84	84	84	84	85	982
Total Taxes	3,672	1,758	3,987	2,852	2,626	5,049	2,079	1,216	4,109	5,607	1,991	4,455	39,401
Licenses, Fees, etc.	45	70	50	35	60	45	55	50	35	40	70	135	690
Abandoned Property	19	0	16	16	10	52	14	172	38	69	56	238	700
Reimbursements	4	9	23	5	13	20	10	11	24	6	11	36	172
Investment Income	39	7	25	22	0	6	18	15	3	14	0	6	155
Other Transactions	40	45	81	47	57	758	48	37	89	41	36	385	1,664
Total Miscellaneous Receipts	147	131	195	125	140	881	145	285	189	170	173	800	3,381
Federal Grants	0	0	0	0	0	0	0	0	0	0	0	0	0
PIT in Excess of Revenue Bond Debt Service	1,049	256	926	661	312	1,090	616	110	1,024	979	217	890	8,130
Sales Tax in Excess of LGAC Debt Service	178	22	430	202	202	211	199	195	239	212	1	109	2,200
Real Estate Taxes in Excess of CW/CA Debt Service	20	20	0	0	0	0	0	0	0	5	5	7	57
All Other	1	0	187	44	0	70	12	0	133	10	10	702	1,169
Total Transfers from Other Funds	1,248	298	1,543	907	514	1,371	827	305	1,396	1,206	233	1,708	11,556
TOTAL RECEIPTS	5,067	2,187	5,725	3,884	3,280	7,301	3,051	1,806	5,694	6,983	2,397	6,963	54,338
DISBURSEMENTS:													
School Aid	578	2,656	2,017	129	526	1,261	554	982	1,598	288	785	6,645	18,019
Higher Education	28	20	764	84	224	163	368	26	240	47	332	540	2,836
All Other Education	57	150	280	115	117	66	109	94	142	98	153	259	1,640
Medicaid - DOH	974	666	107	793	714	322	543	822	429	433	549	49	6,401
Public Health	55	57	45	62	34	59	61	38	45	111	27	59	653
Mental Hygiene	12	38	366	44	16	506	45	8	453	125	142	393	2,148
Children and Families	27	198	91	278	98	107	91	110	283	71	82	387	1,823
Temporary & Disability Assistance	60	60	361	60	60	287	60	60	(13)	60	3	216	1,274
Transportation	0	16	28	0	16	3	0	19	4	0	10	4	100
All Other	37	38	494	63	56	215	58	53	534	44	43	557	2,192
Total Local Assistance Grants	1,828	3,899	4,553	1,628	1,861	2,989	1,889	2,212	3,715	1,277	2,126	9,109	37,086
Personal Service	735	546	478	641	515	853	437	484	551	455	377	393	6,465
Non-Personal Service	182	186	176	182	190	201	164	159	193	181	192	188	2,194
Total State Operations	917	732	654	823	705	1,054	601	643	744	636	569	581	8,659
General State Charges	409	(24)	168	348	290	999	422	292	82	375	219	124	3,704
Debt Service	617	0	0	13	50	278	16	107	436	12	47	207	1,783
Capital Projects	27	78	127	(113)	102	8	166	46	(1)	75	11	25	551
State Share Medicaid	238	197	197	197	197	197	197	197	197	197	197	154	2,362
Other Purposes	119	31	49	23	38	112	21	63	52	21	22	212	763
Total Transfers to Other Funds	1,001	306	373	120	387	595	400	413	684	305	277	598	5,459
TOTAL DISBURSEMENTS	4,155	4,913	5,748	2,919	3,243	5,637	3,312	3,560	5,225	2,593	3,191	10,412	54,908
Excess/(Deficiency) of Receipts over Disbursements	912	(2,726)	(23)	965	37	1,664	(261)	(1,754)	469	4,390	(794)	(3,449)	(570)
CLOSING BALANCE	2,860	134	111	1,076	1,113	2,777	2,516	762	1,231	5,621	4,827	1,378	1,378

Source: NYS DOB

CASH DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
(thousands of dollars)

	2008-2009 Year-End*	2009-2010 Enacted	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
ECONOMIC DEVELOPMENT AND GOVERNMENT OVERSIGHT					
Agriculture and Markets, Department of	109,631	109,190	122,793	116,827	105,495
Alcoholic Beverage Control	17,022	18,075	18,781	19,114	19,607
Banking Department	78,971	79,009	81,698	80,831	82,212
Consumer Protection Board	3,840	3,096	3,266	3,231	3,321
Economic Development Capital Programs	21,176	18,300	0	0	0
Economic Development, Department of	104,306	106,845	137,389	128,966	89,257
Empire State Development Corporation	620,568	749,723	745,739	733,604	455,754
Energy Research and Development Authority	22,786	29,560	29,798	30,041	30,041
Housing and Community Renewal, Division of	320,605	878,541	441,678	303,489	302,846
Insurance Department	292,668	521,987	540,616	564,639	569,531
Olympic Regional Development Authority	9,503	9,509	7,714	7,924	7,924
Public Service, Department of	78,697	79,427	84,615	87,440	90,004
Science, Technology and Innovation, Foundation for	27,186	26,122	26,674	27,455	27,455
Strategic Investment	3,195	9,000	14,000	10,376	5,000
Functional Total	1,710,154	2,638,384	2,254,761	2,113,937	1,788,447
PARKS AND THE ENVIRONMENT					
Adirondack Park Agency	5,510	5,567	5,738	5,741	5,743
Environmental Conservation, Department of	878,910	1,151,980	1,165,955	917,116	908,565
Environmental Facilities Corporation	14,758	9,967	10,246	10,428	10,612
Hudson River Park Trust	14,290	21,392	10,000	0	0
Parks, Recreation and Historic Preservation, Office of	337,061	312,021	260,581	247,962	249,580
Functional Total	1,250,529	1,500,927	1,452,520	1,181,247	1,174,500
TRANSPORTATION					
Motor Vehicles, Department of	318,270	325,285	340,192	350,227	353,770
Thruway Authority	1,419	1,804	1,876	1,951	2,029
Metropolitan Transportation Authority	160,000	195,300	206,500	194,500	183,600
Transportation, Department of	6,498,414	6,810,399	7,347,377	7,081,440	6,855,123
Functional Total	6,978,103	7,332,788	7,895,945	7,628,118	7,394,522
HEALTH AND SOCIAL WELFARE					
Aging, Office for the	239,660	227,132	230,296	229,686	229,686
Children and Family Services, Office of	3,143,806	3,327,059	3,466,221	3,570,622	3,722,697
OCFS	3,097,973	3,256,215	3,349,535	3,432,267	3,580,011
OCFS - Medicaid	45,833	70,844	116,686	138,355	142,686
Health, Department of	38,097,712	41,689,321	44,116,173	47,156,679	48,176,383
Medical Assistance	32,427,350	36,017,967	38,410,425	41,261,545	42,420,513
Medicaid Administration	900,664	915,500	959,500	1,003,750	1,049,750
Public Health	4,769,698	4,755,854	4,746,248	4,891,384	4,706,120
Health - Medicaid Assistance	0	0	0	0	0
Human Rights, Division of	19,043	22,579	21,103	21,159	21,351
Labor, Department of	581,613	917,791	736,053	629,520	620,267
Medicaid Inspector General, Office of	61,224	80,022	82,520	85,937	85,937
Prevention of Domestic Violence, Office for	2,482	2,374	2,311	2,323	2,344
Stem Cell and Innovation	7,797	46,321	71,500	50,000	167,826

CASH DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
(thousands of dollars)

	2008-2009 Year-End*	2009-2010 Enacted	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
HEALTH AND SOCIAL WELFARE (Continued)					
Temporary and Disability Assistance, Office of	5,084,635	5,146,806	5,045,459	5,120,793	5,132,029
Welfare Assistance	3,339,685	3,707,723	3,593,383	3,694,344	3,696,450
Welfare Administration	361,065	56,433	55,041	55,041	55,041
All Other	1,383,885	1,382,650	1,397,035	1,371,408	1,380,538
Welfare Inspector General, Office of	1,180	1,403	1,432	1,456	1,472
Workers' Compensation Board	205,090	209,201	193,424	197,598	202,483
Functional Total	47,444,242	51,670,009	53,966,492	57,065,773	58,362,475
MENTAL HEALTH					
Mental Health, Office of	3,084,590	3,246,186	3,515,210	3,697,727	3,817,148
OMH	1,423,983	1,496,517	1,649,787	1,776,465	1,822,807
OMH - Medicaid	1,660,607	1,749,669	1,865,423	1,921,262	1,994,341
Mental Hygiene, Department of	308,318	1,570	1,997	1,484	1,484
Mental Retardation and Developmental Disabilities, Office of	4,183,851	4,220,703	4,443,119	4,607,926	4,795,837
OMRDD	559,080	544,435	551,643	569,908	593,245
OMRDD - Medicaid	3,624,771	3,676,268	3,891,476	4,038,018	4,202,592
Alcoholism and Substance Abuse Services, Office of	584,954	647,810	686,399	760,870	796,435
OASAS	484,789	545,856	579,021	650,770	684,794
OASAS - Medicaid	100,165	101,954	107,378	110,100	111,641
Developmental Disabilities Planning Council	4,915	4,200	4,200	4,200	4,200
Quality of Care for the Mentally Disabled, Commission on	15,207	16,676	18,319	18,404	18,612
Functional Total	8,181,835	8,137,145	8,669,244	9,090,611	9,433,716
PUBLIC PROTECTION					
Capital Defenders Office	370	0	0	0	0
Correction, Commission of	2,687	2,658	2,785	2,814	2,848
Correctional Services, Department of	2,699,307	2,672,125	2,698,627	2,724,797	2,763,547
Crime Victims Board	65,521	69,822	65,216	65,318	65,511
Criminal Justice Services, Division of	295,559	273,675	269,244	253,587	233,034
Homeland Security	108,459	362,166	285,458	551,984	549,093
Investigation, Temporary State Commission of	3,554	0	0	0	0
Judicial Commissions	5,288	5,214	5,208	5,311	5,385
Military and Naval Affairs, Division of	234,686	308,508	222,387	188,491	189,502
Parole, Division of	196,590	188,700	191,630	195,984	199,977
Probation and Correctional Alternatives, Division of	79,273	69,144	70,783	76,971	78,506
State Police, Division of	653,750	740,746	736,005	732,627	708,703
Functional Total	4,345,044	4,692,758	4,547,343	4,797,884	4,796,106
EDUCATION					
Arts, Council on the	45,842	49,183	48,729	48,827	48,827
City University of New York	1,071,277	1,716,892	1,502,408	1,549,843	1,583,274
Education, Department of	30,553,372	31,794,871	33,257,387	33,060,194	35,005,696
School Aid	23,164,174	24,722,363	26,154,513	26,122,156	27,923,190
School Aid - Medicaid Assistance	106,331	40,000	80,000	80,000	80,000
STAR Property Tax Relief	4,435,383	3,524,450	3,480,270	3,677,620	3,854,167
Special Education Categorical Programs	1,783,639	2,264,890	2,376,750	2,057,470	2,058,790
All Other	1,063,845	1,243,168	1,165,854	1,122,948	1,089,549
Higher Education Services Corporation	909,663	1,035,721	991,406	991,014	994,546
Higher Education Capital Grants	4,254	67,746	40,000	38,000	0
State University Construction Fund	16,482	19,586	20,992	21,463	21,822
State University of New York	6,484,894	7,098,551	7,596,072	7,705,386	7,775,743
Functional Total	39,085,784	41,782,550	43,456,994	43,414,727	45,429,908

CASH DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
(thousands of dollars)

	2008-2009 Year-End*	2009-2010 Enacted	2010-2011 Projected	2011-2012 Projected	2012-2013 Projected
GENERAL GOVERNMENT					
Audit and Control, Department of	258,126	263,980	265,052	269,832	274,416
Budget, Division of the	43,813	77,301	84,259	97,199	107,291
Civil Service, Department of	23,744	21,679	22,551	22,763	23,014
Elections, State Board of	97,117	157,241	7,175	7,284	7,426
Employee Relations, Office of	3,694	3,465	3,795	3,833	3,872
Executive Chamber	19,252	17,077	18,023	18,647	18,924
General Services, Office of **	215,793	230,610	224,397	231,139	235,329
Inspector General, Office of	6,446	6,462	6,776	6,852	6,937
Law, Department of	231,205	239,390	240,144	247,122	251,646
Lieutenant Governor, Office of the	133	0	276	1,193	1,208
Lottery, Division of	200,951	188,151	193,807	194,069	194,751
Public Employment Relations Board	3,660	4,270	4,561	4,600	4,648
Public Integrity, Commission on	4,879	4,865	5,017	5,350	5,530
Racing and Wagering Board, State	24,307	21,065	21,802	21,902	22,235
Real Property Services, Office of	58,369	46,269	42,761	43,772	44,359
Regulatory Reform, Governor's Office of	3,438	542	697	697	697
State, Department of	181,137	217,311	205,566	158,531	161,067
Tax Appeals, Division of	3,422	3,025	3,152	3,152	3,152
Taxation and Finance, Department of	372,992	412,154	427,072	427,511	428,627
Technology, Office for	21,364	141,081	149,275	147,592	120,543
Lobbying, Temporary State Commission on	(77)	0	0	0	0
Veterans Affairs, Division of	15,720	17,122	18,000	17,574	17,700
Functional Total	1,789,485	2,073,060	1,944,158	1,930,614	1,933,372
ALL OTHER CATEGORIES					
Legislature	221,729	225,717	220,717	220,717	220,717
Judiciary (excluding fringe benefits)	2,425,844	2,513,026	2,725,941	2,919,326	2,946,710
World Trade Center	48,622	54,119	44,119	34,118	20,000
Local Government Assistance	1,037,389	1,134,517	1,129,524	1,132,764	1,135,888
Long-Term Debt Service	4,537,236	5,218,118	5,865,330	6,257,784	6,623,514
Capital Projects	0	0	0	0	0
General State Charges	2,443,102	3,035,762	3,336,744	3,610,540	4,022,379
Miscellaneous	72,506	(73,262)	(334,318)	(192,762)	(261,662)
Functional Total	10,786,428	12,107,997	12,988,057	13,982,487	14,707,546
TOTAL ALL GOVERNMENTAL FUNDS SPENDING	121,571,604	131,935,618	137,175,514	141,205,398	145,020,592

GSC: Agency disbursements include grants to local governments, state operations and general state charges, which is a departure from prior Financial plan publications. In prior reports, general state charges were excluded from agency spending totals.

**Unaudited Year-end Results*

*** To facilitate comparability, the new Office of Procurement Services is reflected within the amounts shown for the Office of General Services.*

Source: NYS DOB

GAAP-Basis Financial Plans/GASB Statement 45

The State Budget is statutorily required to be balanced on a cash basis, which is DOB's primary focus in preparing and implementing the State Financial Plan. State Finance Law also requires the Financial Plan be presented for informational purposes on a GAAP basis, in accordance with standards and regulations set forth by GASB. Thus, the GAAP projections provided herein are intended to supplement, for informational purposes, the cash-basis Financial Plan. The GAAP-basis plans model the accounting principles applied by OSC in preparation of the 2007-08 Financial Statements. OSC will issue the 2008-09 GAAP-basis Financial Statements in July 2009.

In 2009-10, the General Fund GAAP Financial Plan shows total revenues of $46.5 billion, total expenditures of $54.6 billion, and net other financing sources of $8.7 billion, resulting in an operating surplus of $561 million. These results reflect the impact of the Enacted Budget gap-closing actions.

The GAAP-basis results for 2007-08 showed the State in a net positive asset condition of $47.7 billion after reflecting the impact of GASBS 45 "Accounting and Financial Reporting by Employers for Post-Retirement Benefits."

The State used an independent actuarial consulting firm to calculate retiree health care liabilities. The analysis calculated the present value of the actuarial accrued total liability for benefits as of March 31, 2008 at $49.9 billion ($41.4 billion for the State and $8.5 billion for SUNY), using the level percentage of projected payroll approach under the Frozen Entry Age actuarial cost method. The actuarial accrued liability was calculated using a 4.2 percent annual discount rate. DOB expects the present value of the actuarial accrued total liability for benefits as of March 31, 2009 for the State, including SUNY, may increase by as much as $9 billion.

This liability was disclosed in the 2007-08 basic GAAP financial statements issued by the State Comptroller in July 2008. GASB rules indicate the liability may be amortized over a 30-year period; therefore, only the annual amortized liability above the current PAYGO costs is recognized in the financial statements. The 2007-08 liability totaled $3.8 billion ($3.1 billion for the State and $0.7 billion for SUNY) under the Frozen Entry Age actuarial cost method amortized based on a level percent of salary, or roughly $2.7 billion ($2.1 billion for the State and $0.6 billion for SUNY) above the current PAYGO retiree costs. This difference between the State's PAYGO costs and the actuarially determined required annual contribution under GASBS 45 reduced the State's currently positive net asset condition at the end of 2007-08 by $2.7 billion.

GASB does not require the additional costs to be funded on the State's budgetary basis, and no funding is assumed for this purpose in the Financial Plan. On a budgetary (cash) basis, the State continues to finance these costs, along with all other employee health care expenses, on a PAYGO basis. Anticipated increases in these costs are reflected in the State's multi-year Financial Plan as detailed below.

HISTORY AND FORECAST OF NEW YORK STATE EMPLOYEE HEALTH INSURANCE (millions of dollars)			
	Health Insurance		
Year	Active Employees	Retirees	Total State
1999-00	777	466	1,243
2000-01	876	521	1,397
2001-02	937	565	1,502
2002-03	1,023	634	1,657
2003-04	1,072	729	1,801
2004-05	1,216	838	2,054
2005-06	1,331	885	2,216
2006-07	1,518	913	2,431
2007-08	1,390	1,182	2,572
2008-09*	1,639	1,068	2,707
2009-10*	1,712	1,123	2,835
2010-11*	1,906	1,247	3,153
2011-12*	2,056	1,348	3,404
2012-13*	2,217	1,456	3,673

All numbers reflect the cost of Health Insurance for General State Charges (Executive and Legislative branches); actuals through 2007-08.

** Estimated.*

As noted, the current Financial Plan does not assume pre-funding of the GASBS 45 liability. If such liability were pre-funded at this time, the additional cost above the PAYGO amounts would be lowered. The State's Health Insurance Council, which consists of GOER, Civil Service, and DOB will continue to review this matter, and seek input from the State Comptroller, the legislative fiscal committees and other outside parties.

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DOB's detailed GAAP Financial Plan for 2009-10 is provided below.

GAAP FINANCIAL PLAN
ALL GOVERNMENTAL FUNDS
2009-2010
(millions of dollars)

	General Fund	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	(MEMO) Total
Revenues:					
Taxes	40,058	7,081	2,088	12,094	61,321
Public Health/Patient fees	0	3,881	0	473	4,354
Miscellaneous revenues	6,426	1,541	261	26	8,254
Federal grants	0	47,140	2,939	0	50,079
Total revenues	46,484	59,643	5,288	12,593	124,008
Expenditures:					
Grants to local governments	38,494	55,895	858	0	95,247
State operations	12,201	2,173	0	75	14,449
General State charges	3,932	363	0	0	4,295
Debt service	0	2	0	4,159	4,161
Capital projects	1	0	8,675	0	8,676
Total expenditures	54,628	58,433	9,533	4,234	126,828
Other financing sources (uses):					
Transfers from other funds	14,942	2,468	755	6,520	24,685
Transfers to other funds	(6,552)	(3,865)	(1,187)	(14,873)	(26,477)
Proceeds of general obligation bonds	0	0	532	0	532
Proceeds from financing arrangements/ advance refundings	315	0	4,031	0	4,346
Net other financing sources (uses)	8,705	(1,397)	4,131	(8,353)	3,086
Operating Surplus/(Deficit)	561	(187)	(114)	6	266

Source: NYS DOB

Special Considerations

Complex political, social, environmental and economic forces influence the State's economy and finances, many of which are outside the ability of the State to control. These include, but are not limited to, the performance of the national and State economies; the impact of continuing write-downs and other costs affecting the profitability of the financial services sector, and the concomitant effect on bonus income and capital gains realizations; the impact of calendar year 2008 wage and bonus activity on the State tax settlement in fiscal year 2009-10; access to the capital markets in light of the disruption in the municipal bond market; litigation against the State, including challenges to certain tax actions and other actions authorized in the Enacted Budget; and actions taken by the Federal government, including audits, disallowances, and changes in aid levels. Such forces may affect the State Financial Plan unpredictably from fiscal year to fiscal year.

For example, the State Financial Plan is based upon forecasts of national and State economic activity developed through both internal analysis and review of national and State economic forecasts prepared by commercial forecasting services and other public and private forecasters. Economic forecasts have frequently failed to predict accurately the timing and magnitude of changes in the national and the State economies. Many uncertainties exist in forecasts of both the national and State economies, including consumer attitudes toward spending, the extent of corporate and governmental restructuring, the condition of the financial sector, federal fiscal and monetary policies, the level of interest rates, and the condition of the world economy, which could have an adverse effect on the State. There can be no assurance that the State economy will not experience results in the current fiscal year that are materially worse than predicted, with corresponding material and adverse effects on the State's projections of receipts and disbursements. For more information, see the section entitled "Economics and Demographics" in this AIS.

Projections of total State receipts in the Financial Plan are based on the State tax structure in effect during the fiscal year and on assumptions relating to basic economic factors and their historical relationships to State tax receipts. In preparing projections of State receipts, economic forecasts relating to personal income, wages, consumption, profits and employment have been particularly important. The projections of receipts from most tax or revenue sources is generally made by estimating the change in yield of such tax or revenue source from its estimated tax base.

Projections of total State disbursements are based on assumptions relating to economic and demographic factors, levels of disbursements for various services provided by local governments (where the cost is partially reimbursed by the State), and the results of various administrative and statutory mechanisms in controlling disbursements for State operations. Factors that may affect the level of disbursements in the fiscal year include uncertainties relating to the economy of the nation and the State, the policies of the federal government, and changes in the demand for the use of State services.

An additional risk to the State Financial Plan arises from the potential impact of certain litigation and of federal disallowances now pending against the State, which could adversely affect the State's projections of receipts and disbursements. The State Financial Plan assumes no significant litigation or federal disallowances or other federal actions that could affect State finances. For more information on litigation pending against the State, see the section entitled "Litigation" in this AIS.

DOB believes that its projections of receipts and disbursements relating to the current State Financial Plan, and the assumptions on which they are based, are reasonable. Actual results, however, could differ materially and adversely from the projections set forth in this AIS. In the past, the State has taken management actions to address potential Financial Plan shortfalls, and DOB believes it could take similar actions should variances occur in its projections for the current fiscal year.

Actions affecting the level of receipts and disbursements, the relative strength of the State and regional economy, and actions by the federal government have helped to create projected structural budget gaps for the State. These gaps result in a significant disparity between recurring revenues and the costs of maintaining or increasing the level of support for State programs. To address a potential imbalance in any given fiscal year, the State would be required to take actions to increase receipts and/or reduce disbursements as it enacts the budget for that year, and, under the State Constitution, the Governor is required to propose a balanced budget each year. There can be no assurance however, that the Legislature will enact the Governor's proposals or that the State's actions will be sufficient to preserve budgetary balance in a given fiscal year or to align recurring receipts and disbursements in future fiscal years.

In any year, the Financial Plan is subject to risks that, if they were to materialize, could affect operating results. The most significant current risks include the following:

Risks to the Economic Forecast

DOB's outlook calls for an end to the current recession sometime in the third quarter of calendar year 2009, making it the longest since the Great Depression. However, there are a number of risks to the forecast. The large economic stimulus package passed by Congress in February and a Federal Reserve interest rate target of near zero, along with its massive injections of liquidity into the financial system, are expected to contribute to positive, albeit low growth in real U.S. GDP by the third quarter of 2009. However, the response of the economy to this stimulus depends in part on the normal functioning of credit markets. Further delay in the return of normalcy to markets could in turn delay the onset of the recovery. A weaker labor market than projected could result in even lower incomes and weaker household spending than projected. The global economy could contract further than anticipated, further depressing demand for U.S. exports and putting additional downward pressure on corporate earnings. Improving equity prices as markets look beyond the current crisis have been a recent bright spot, but slower corporate earnings growth than expected could further depress equity markets, delaying their recovery and that of Wall Street. On the other hand, a stronger response to the stimulus package, higher equity prices, or stronger global growth than anticipated could result in stronger economic growth than is reflected in the forecast.

All of the risks to the U.S. forecast apply to the State forecast as well, although as the nation's financial capital, financial market uncertainty poses a particularly large degree of risk for New York. Lower levels of financial market activity than anticipated could result in a further delay in the recovery of Wall Street profits and bonuses. A more severe national recession than expected could prolong the State's downturn, producing weaker employment and wage growth than projected. Weaker equity and real estate activity than anticipated could negatively affect household spending and taxable capital gains realizations. These effects could ripple though the economy, further depressing both employment and wage growth. In contrast, should the national and world economies grow faster than expected, a stronger upturn in stock prices, along with even stronger activity in mergers and acquisitions and other Wall Street activities, could result in higher wage and bonuses growth than projected.

State Cash Flow Projections

DOB currently projects that each month of the 2009-10 fiscal year will end with a positive cash balance in the General Fund. However, the General Fund's 2009-10 opening cash position of $1.9 billion was lower than in recent fiscal years and DOB expects extremely tight operating margins, including periodic negative balances in the General Fund, especially in the first quarter of the fiscal year, before the benefit of approved actions in the Enacted Budget are fully realized. The June 2009 closing balance of $111 million is the lowest projected for the fiscal year, based on the current forecast. DOB projects cash balances of $2.8 billion by September 30, 2009, $1.2 billion by December 30, 2009, and $1.4 billion by March 31, 2010. The settlement of tax liabilities for calendar year 2008, which primarily takes place in April and May 2009, has the potential to significantly alter the cash flow position of the State. DOB and the Department of Taxation and Finance are monitoring collections and refund activity closely.

The Enacted Budget authorizes the General Fund to borrow resources temporarily from other funds for a period not to exceed four months. In addition, under existing law, the General Fund is authorized to use resources in the State's Tax Stabilization Reserve for cash flow purposes, but is required to repay the amounts in full by the close of the fiscal year. Technical legislation approved in the Enacted Budget expands this authorization to include funds available in the Rainy Day Reserve and Contingency Reserve.

State Workforce Reductions

On March 24, 2009, the Executive announced that it would implement a WRP. DOB expects that the WRP will result in a State workforce reduction equivalent to approximately 8,700 employees, and will generate savings of approximately $160 million in 2009-10 growing to over $300 million in 2010-11. On April 7, 2009, DOB directed all State agencies to prepare WRPs to be submitted to DOB by April 21, 2009. The State workforce subject to Executive control finished 2008-09 at 136,490 positions compared to the Executive Budget estimate of 137,745, a decline of 1,255. In 2009-10, this portion of the workforce is expected to be reduced to 128,803 positions, a reduction of 7,687. DOB's plans to reflect the impact of the approved plans in the First Quarterly Update to the Financial Plan. There can be no assurance that the WRP will achieve the level of savings projected in the Financial Plan.

Labor Settlements

The State has reached labor settlements with several labor unions, CSEA, PEF, UUP, District Council 37, and the Police Benevolent Association. Under terms of these four-year contracts, which run from April 1, 2007 through April 1, 2011 (July 2, 2007 through July 1, 2011 for UUP), employees will receive pay increases of 3 percent annually in 2007-08 through 2010-11 and 4 percent in 2011-12. Pursuant to the Governor's directive, most non-unionized "management/confidential" will not receive the planned general salary increase, merit awards, longevity payments, and performance advances in 2009-10.

Other unions representing uniformed correctional officers, graduate students, and security/park police have not reached settlements with the State at this time. DOB estimates that if all the unsettled unions were to agree to the same terms that have been ratified by other unions, it would result in added costs of approximately $400 million in 2009-10, assuming a retroactive component for fiscal years 2007-08 and 2008-09, and approximately $275 million in both 2010-11 and 2011-12. The Enacted Budget for 2009-10 assumes spending related to these settlements. There can be no assurance that actual settlements will not exceed the amounts included in the Plan. In addition, no reserve has been set aside for potential pay raises for judges.

School Supportive Health Services

The OIG of the United States Department of Health and Human Services has conducted six audits of aspects of New York State's School Supportive Health Services program with regard to Medicaid reimbursement. The audits cover $1.4 billion in claims submitted between 1990 and 2001. To date, OIG has issued four final audit reports, which cover claims submitted by upstate and New York City school districts for speech pathology and transportation services. The final audits recommend that the CMS disallow $173 million of the $362 million in claims for upstate speech pathology services, $17 million of $72 million for upstate transportation services, $436 million of the $551 million in claims submitted for

New York City speech pathology services, and $96 million of the $123 million for New York City transportation services. New York State disagrees with the audit findings on several grounds and has requested that they be withdrawn. If the recommended disallowances are not withdrawn, the State expects to appeal.

While CMS has not taken any action with regard to the disallowances recommended by OIG, CMS is deferring 25 percent of New York City claims and 9.7 percent of claims submitted by the rest of the State, pending completion of the audits.

Proposed Federal Rule on Medicaid Funding

On May 25, 2007, CMS issued a final rule that, if implemented, would significantly curtail Federal Medicaid funding to public hospitals (including New York City's HHC) and programs operated by both OMRDD and OMH. The rule seeks to restrict State access to Federal Medicaid resources by changing the upper payment limit for certain rates to actual facility reported costs. It is estimated that this rule could result in a loss of $350 million annually in Federal funds for HHC and potentially larger losses in aid for the State Mental Hygiene System. As part of the Federal ARRA, implementation has been delayed until July 1, 2009.

On May 23, 2007, CMS issued another rule that would eliminate Medicaid funding for GME. The proposed rule clarifies that costs and payments associated with GME programs are not expenditures of Medicaid for which Federal reimbursement is available. This rule could result in a Financial Plan impact of up to $600 million since the State would be legally obligated to pay the lost non-Federal share. As part of the Federal ARRA, implementation has been delayed indefinitely.

On February 22, 2008, CMS issued a change to the rules that regulate State taxation of healthcare entities, effective April 22, 2008. The rule affords CMS flexibility in identifying a "linkage" between provider taxes and Medicaid payments rendering the tax invalid. The State currently uses a substantial amount of provider tax receipts to finance various healthcare programs that serve the State's most vulnerable populations. While the State strongly believes that its imposed taxes are in full compliance, the vagueness of the new rules provides no assurance that these funding streams are adequately protected. On May 6, 2009 CMS extended the delayed implementation through June 30, 2010.

CMS has also issued a rule regarding targeted case management which clarifies the definition of covered services. The final rule was issued on December 4, 2007 and made effective March 3, 2008. The State is currently in the process of litigating this issue and has requested a one-year implementation extension. On May 6, 2009, CMS issued a proposed regulation that would partially rescind the revised definitions of services covered and provide states with the necessary flexibility to ensure beneficiary access to case management services.

Further, CMS has proposed to restrict Medicaid coverage for rehabilitative services and reimbursement for school based health services, which could pose a risk to the Financial Plan and result in hundreds of millions of dollars in reduced Federal-share funding. As part of the ARRA, implementation of restrictions for rehabilitation services has been delayed indefinitely, while school based health services has been deferred until July 1, 2009. As a result of issues brought forward by states, the school based regulation was rescinded on May 6, 2009.

On all rules, the State is actively lobbying the Federal government to be held harmless, either through an extension/modification of the current moratorium or through other administrative or statutory means. The State is joined by many other states in challenging the adoption on the basis that CMS is overstepping its authority and ignoring Congressional intent.

New York City Personal Care Audit

The OIG of the United States Department of Health and Human Services released a September 2008 draft audit with regard to Medicaid reimbursement for personal care services in New York City. The draft audit reviewed claims for the period July 1, 2004 through December 31, 2006. Based upon their review, the OIG is calling for the State to repay an estimated $815 million in Federal Medicaid because payments were not supported with required medical exams and social and nursing assessments. Both New York City and DOH disagree with these findings and have since conducted their own claims review. On February 10, 2009, DOH submitted its formal response to OIG contesting the audit findings. To date, OIG has shared no additional comments.

Bond Market Issues

Current projections reflect that the level of State-supported debt outstanding and debt service costs will continue to remain below the limits imposed by the Debt Reform Act of 2000 through 2011-12. However, the State has entered into a period of significantly declining debt capacity. Based on the most recent personal income and debt outstanding forecasts, the State is now expected to exceed the debt outstanding cap in 2012-13 by approximately $300 million. The State expects to propose actions in the 2010-11 Executive Budget in order to stay within the statutory limitations.

Other Financial Plan Risks

The Financial Plan forecast also contains specific transaction risks and other uncertainties including, but not limited to, the development of new VLT facilities; the receipt of certain payments from public authorities; the receipt of miscellaneous revenues at the levels expected in the Financial Plan; the enforcement of certain tax regulations on Native American reservations; the timing and value of proceeds from the sale of Wellpoint stock expected to finance certain health care spending; and the achievement of cost-saving measures, including, but not limited to, administrative savings in State agencies through the WRP and the transfer of available fund balances to the General Fund, at the levels currently projected. Such risks and uncertainties, if they were to materialize, could have an adverse impact on the Financial Plan.

Finally, there can be no assurance that (1) receipts will not fall below current projections, requiring additional budget-balancing actions in the current year, and (2) the gaps projected for future years will not increase materially from the projections set forth in this AIS.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE GENERAL RESOLUTION

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APPENDIX B-I

SUMMARY OF CERTAIN PROVISIONS OF DORMITORY AUTHORITY OF THE STATE OF NEW YORK STATE PERSONAL INCOME TAX REVENUE BONDS (GENERAL PURPOSE) GENERAL RESOLUTION

The following sections contain definitions of certain terms used in this general summary ("Summary") of certain provisions of the Dormitory Authority of the State of New York State Personal Income Tax Revenue Bonds (General Purpose) General Bond Resolution (the "Resolution"). The definitions and Summary are not to be considered a full statement of all terms used in the Resolution and, accordingly, are qualified by reference to and are subject to the full text of the Resolution. A copy of the General Resolution may be obtained upon request from the Dormitory Authority of the State of New York.

Definitions

Acts shall mean the Issuer Act and the Enabling Act.

Administrative Fund shall mean the Fund designated as the Administrative Fund established in the Resolution.

Authorized Officer shall mean (i) in the case of the Issuer, the Chairman, the Vice Chairman, the Treasurer, an Assistant Treasurer, the Secretary, an Assistant Secretary, the Executive Director, the First Deputy Executive Director, the Chief Financial Officer, any Managing Director, the General Counsel, or any other person authorized by a Resolution or bylaws of the Issuer, from time to time, to perform any specific act or execute any specific document, and when used with reference to any act or document also means any other person authorized by resolution or by laws of the Issuer to perform such act or execute such document; and when used with reference to any act or document, any other person authorized by resolution of the Issuer to perform such act or sign such document, (ii) in the case of the State, the Director of the Budget and when used with reference to any act or document, any other person authorized by law or by the Director of the Budget to perform such act or sign such document, (iii) in the case of the Trustee, the President, any Vice President, any Assistant Vice President, any Senior Trust Officer, any Trust Officer or any Assistant Trust Officer, or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also, with respect to a particular matter, any other officer to whom such matter is referred because of such officer's knowledge and familiarity with the particular subject matter, and (iv) any other officer or employee so designated on its behalf by resolution of the Issuer or the Trustee, respectively.

Bond Proceeds Fund shall mean the Fund designated as the Bond Proceeds Fund established in the Resolution.

Cost of Issuance Account shall mean the account within the Bond Proceeds Fund so designated, created and established pursuant to the Resolution.

Debt Service Fund shall mean the Fund designated as the Debt Service Fund established in the Resolution.

Financing Agreement shall mean the State Personal Income Tax Revenue Bonds (General Purpose) Financing Agreement between the Issuer and the State, acting through the Director of the Budget.

Issuer shall mean the Dormitory Authority of the State of New York, a body corporate and politic constituting a public benefit corporation of the State created by the Issuer Act, and its successors and permitted assigns.

Issuer Act shall mean the Dormitory Authority Act (being Chapter 524 of the Laws of 1944 of the State, as the same may be amended from time to time, and constituting Title 4 of Article 8 of the Public Authorities Law), together with any other provision of State law relating to the authorization or financing of Costs of a Project.

Rebate Fund shall mean the Fund designated as the Rebate Fund established in the Resolution.

Resolution shall mean the Dormitory Authority of the State of New York State Personal Income Tax Revenue Bonds (General Purpose) General Bond Resolution (including the Standard Resolution Provisions set forth in Annex A) as from time to time amended or supplemented by Supplemental Resolutions in accordance with the terms and provisions of the Resolution.

Revenue Fund shall mean the Fund designated as the Revenue Fund established in the Resolution.

Subordinated Payment Fund shall mean the Fund designated as the Subordinated Payment Fund established in the Resolution.

(Section 101)

Standard Resolution Provisions

Except as otherwise specifically provided in the Resolution or by Supplemental Resolution, the Standard Resolution Provisions appended to the Resolution as Annex A constitute an integral part of the Resolution and have the same force and effect as if set forth in the forepart of the Resolution.

(Section 102)

Authority for the Resolution

The Resolution is adopted pursuant to the provisions of the Enabling Act and to the extent the same is applicable, the Issuer Act.

(Section 103)

Resolution to Constitute Contract

In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under the Resolution by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Bonds; and the pledge made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds, over any other thereof except as expressly provided in or permitted by the Resolution.

(Section 104)

Authorization of Bonds

The Resolution authorizes one or more Series of Bonds of the Issuer for an Authorized Purpose to be designated as "State Personal Income Tax Revenue Bonds (General Purpose)" and creates a continuing pledge and lien to secure the full and final payment of the principal and Redemption Price of, interest on, and Sinking Fund Installments for, all the Bonds. The Bonds shall be special obligations of the Issuer secured by the pledge effected pursuant to the Standard Resolution Provisions and are payable solely out of the Pledged Property, without recourse against any other assets, revenues or funds of or other payments due to the Issuer. The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under the Resolution is not limited except as provided in the Resolution or as limited by law.

The Bonds shall not a be debt of the State, and the State shall not be liable thereon, nor shall they be payable out of any funds other than those pledged therefor pursuant to the Resolution.

The Bonds may, if and when authorized by the Issuer pursuant to one or more Supplemental Resolutions, be issued in one or more Series, and the designation thereof, in addition to the name "State Personal Income Tax Revenue Bonds (General Purpose)", shall include such further appropriate particular designations added to or incorporated in such title for the Bonds of any particular Series, as the Issuer may determine; provided that with respect to any Bond denominated as a note, capital lease or other form of obligation, the Issuer may denominate such obligation as other than a "Bond". Each Bond shall bear upon its face the designation so determined for the Series to which it belongs.

Nothing contained in the Resolution shall be deemed to preclude or restrict the consolidation pursuant to a Supplemental Resolution of any Bonds of any two or more separate Series authorized pursuant thereto and to any such Supplemental Resolution to be issued pursuant to any of the provisions of the Standard Resolution Provisions into a single Series of Bonds for purposes of sale and issuance; provided, however, that each of the tests, conditions and other requirements contained in the Standard Resolution Provisions as applicable to each such separate Series shall be met and complied with. Except as otherwise provided in the Resolution or in such Supplemental Resolution, such a consolidated Series shall be treated as a single Series of Bonds for all purposes of the Resolution.

(Section 201)

Redemption

Bonds of a Series subject to redemption prior to maturity pursuant to the Resolution or to a Supplemental Resolution or Certificate of Determination shall be redeemable in accordance with the Standard Resolution Provisions, at such times, at such Redemption Prices and upon such terms as may otherwise be specified in the Resolution, in the Bonds or in the Supplemental Resolution authorizing such Series or the related Certificate of Determination.

(Section 401)

The Pledge Effected by the Resolution

The Bonds are special obligations of the Issuer payable solely from the sources set forth in the Resolution.

(Section 501)

Establishment of Funds

The Resolution establishes the following Funds, which shall be held and administered by the Trustee, except for the Bond Proceeds Fund which at the discretion of the Issuer may be held and administered by the Issuer. Each of such Funds and accounts shall have as a prefix "Dormitory Authority of the State of New York State Personal Income Tax Revenue Bonds (General Purpose)"

1. Revenue Fund,
2. Debt Service Fund,
3. Rebate Fund,
4. Bond Proceeds Fund,
5. Administrative Fund,
6. Subordinated Payment Fund.

Additional Funds, or accounts and subaccounts within each of the foregoing Funds may from time to time be established in accordance with a Supplemental Resolution, Certificate of Determination or upon the direction of the Issuer evidenced by a certificate of an Authorized Officer of the Issuer. Except as otherwise provided in a Supplemental Resolution, all moneys at any time deposited in any Fund and account created by the Resolution (other than the Rebate Fund), including in any fund or account established to effect an economic defeasance of any Bonds under the Resolution, shall be held in trust separate and apart from all other funds by the Issuer or Trustee, as appropriate, for the benefit of the Holders of each Series of Bonds.

(Section 502)

Revenue Fund

There shall be deposited promptly upon receipt by the Trustee to the credit of the Revenue Fund all Revenues.

Financing Agreement Payments together with any other Pledged Property deposited in the Revenue Fund, shall be applied to the Funds and accounts established under the Resolution consistent with the requirements set forth in the Financing Agreement; provided, however, that if the amount of any such payment, together with other Pledged Property deposited in the Revenue Fund, is less than the amount certified, the payment shall be applied in the amounts certified, first, to the Debt Service Fund, second, to the Rebate Fund, third, to the Subordinated Payment Fund and, fourth, to the Administrative Fund; provided, however, that so long as the total amount held in the Debt Service Fund shall be sufficient to fully pay all Outstanding Bonds and Parity Reimbursement Obligations (including Principal or applicable Redemption Price of and interest on such Bonds) in accordance with their terms, no deposits shall be required to be made into the Debt Service Fund.

(Section 503)

Debt Service Fund

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

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

1. The interest due on all Outstanding Bonds on such Interest Payment Date;
2. The Principal Installments due on all Outstanding Bonds on such Interest Payment Date;
3. The Sinking Fund Installments, if any, due on all Outstanding Bonds on such Interest Payment Date;
4. The Redemption Price due on all Outstanding Bonds on any Redemption Date in accordance with the Resolution; and
5. Amounts due with respect to Parity Reimbursement Obligations.

Except as otherwise provided in a Supplemental Resolution, the amounts paid out to any Paying Agent pursuant to the Resolution remain irrevocably pledged until, and shall be, applied to such payments.

In the event of the refunding of any Bonds, the Trustee shall, upon the direction of the Issuer, withdraw from the Debt Service Fund all or any portion of the amounts accumulated therein with respect to Debt Service on the Bonds being refunded and deposit such amounts with itself as Trustee or any other fiduciary selected by the Issuer to be held for the payment of the principal or Redemption Price, if applicable, of and interest on the Bonds being refunded; provided that such withdrawal shall not be made unless (i) upon such refunding, the Bonds being refunded shall be deemed to have been paid within the meaning and with the effect provided in the Resolution, and (ii) the amount remaining in the Debt Service Fund shall be not less than the amount needed to pay the Debt Service on all Outstanding Bonds accrued through such date.

Investment income on amounts in the Debt Service Fund shall be retained in such Fund or, upon direction of an Authorized Officer of the Issuer, shall be transferred to the Rebate Fund or, with the concurrence of the Director of the Budget, to the Bond Proceeds Fund.

(Section 504)

Rebate Fund

The Trustee shall deposit to the Rebate Fund any moneys delivered to it by the State for deposit therein and, notwithstanding any other provisions of the Resolution, shall transfer to the Rebate Fund in accordance with the directions of an Authorized Officer of the Issuer, moneys on deposit in any other Funds held by the Trustee under the Resolution at such times and in such amounts as shall be set forth in such directions. Moneys on deposit in the Rebate Fund shall be applied by the Trustee, in accordance with the direction of the Issuer, to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Issuer shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America in accordance with the provisions of the Arbitrage and Use of Proceeds Certificate, if any, delivered in connection with each

Series of Bonds. Moneys which the Issuer determines to be in excess of the amount required to be so rebated shall be deposited to the Revenue Fund.

If and to the extent required by the Code or an Arbitrage and Use of Proceeds Certificate, the Issuer shall periodically, at such times as may be required to comply with the Code, determine the Rebate Amount with respect to each Series of Bonds and transfer from any other Fund or account held under the Resolution and deposit to the Rebate Fund all or a portion of the Rebate Amount with respect to such Series of Bonds and pay out of the Rebate Fund to the Department of the Treasury of the United States of America the amount, if any, required by the Code to be rebated thereto.

(Section 505)

Bond Proceeds Fund

Except as otherwise provided in a Supplemental Resolution or related Certificate of Determination, the Issuer, or the Trustee at the direction of the Issuer, shall deposit into the Bond Proceeds Fund the proceeds of sale of each Series of Bonds, unless otherwise required to be deposited into and held in the Debt Service Fund, to enable the Issuer to comply with the conditions precedent to the issuance of any Bonds.

Except as may be otherwise provided in the Supplemental Resolution or related Certificate of Determination, amounts in the Bond Proceeds Fund shall be applied by the Issuer from time to time for any of the purposes for which revenue bonds may be issued pursuant to paragraphs (a) and (b) of subdivision one of Section 68-b through the payment of Costs of a Project consistent with terms of any Requisition.

Whenever the Issuer shall determine and the Director of the Budget shall agree that the amount on deposit to the credit of the Bond Proceeds Fund is in excess of its requirements for the purposes for which amounts in such Fund may be used as permitted by law, such excess amount shall be withdrawn therefrom and deposited into the Revenue Fund. Notwithstanding the foregoing, amounts in the Bond Proceeds Fund may be applied to the payment of Principal Installments and interest on the applicable Series of Bonds and of Parity Reimbursement Obligations when due, and to the extent that other moneys are not available therefor, amounts in the Bond Proceeds Fund may be applied to the payment of Principal Installments and interest on the Bonds and of Parity Reimbursement Obligations when due.

Except as otherwise provided in the Resolution or a Supplemental Resolution, investment income on amounts in the Bond Proceeds Fund from proceeds of a Series of Bonds shall be transferred to the Revenue Fund, or, upon the direction of an Authorized Officer of the Issuer, shall be transferred to the Rebate Fund, or with the concurrence of the Director of the Budget, shall be retained in the Bond Proceeds Fund or transferred to the Debt Service Fund.

(Section 506)

Application of Moneys in the Debt Service Fund for Redemption of Bonds and Satisfaction of Sinking Fund Installments

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

Moneys in the Debt Service Fund to be used for redemption of Bonds of a Series may be applied by the Issuer to the purchase of Outstanding Bonds of such Series at purchase prices not exceeding the

Redemption Price applicable on the next Interest Payment Date on which such Bonds are redeemable, plus accrued interest to such date, at such times, at such purchase prices and in such manner as the Issuer shall direct.

In satisfaction, in whole or in part, of any Sinking Fund Installment, the Issuer may deliver to the Trustee at least 45 days prior to the date of such Sinking Fund Installment, for cancellation, Bonds acquired by purchase or redemption, except Bonds acquired by purchase or redemption pursuant to the preceding paragraph, of the maturity and interest rate entitled to such Sinking Fund Installment. All Bonds so delivered to the Trustee in satisfaction of a Sinking Fund Installment shall reduce the amount thereof by the amount of the aggregate principal amount of such Bonds. Concurrently with such delivery of such Bonds the Issuer shall deliver to the Trustee a certificate of an Authorized Officer of the Issuer specifying (i) the principal amount, Series, maturity, interest rate and numbers of the Bonds so delivered, (ii) the date and Series of the Sinking Fund Installment in satisfaction of which such Bonds are so delivered, (iii) the aggregate principal amount of the Bonds so delivered, and (iv) the unsatisfied balance of each such Sinking Fund Installment after giving effect to the delivery of such Bonds.

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

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

(Section 507)

Administrative Fund

Amounts in the Administrative Fund shall be paid out from time to time by the Trustee at the request of the Issuer for reasonable and necessary Issuer Expenses, free and clear of the lien and pledge created by the Resolution.

Amounts in the Administrative Fund being held for Issuer Expenses, the payment of which is not immediately required may in the discretion of the Issuer be invested in Investment Obligations. The Issuer may by written instruction to the Trustee sell any such investments at any time and the proceeds of such sale and of all payments at maturity or upon redemption of such investments shall be held in the Administrative Fund. Whenever the Administrative Fund exceeds the amount reasonable and necessary for Issuer Expenses, the Issuer shall direct the Trustee to pay the excess to the Revenue Fund.

Investment income on amounts in the Administrative Fund shall be deposited into the Revenue Fund.

(Section 508)

Subordinated Payment Fund

The Issuer may, at any time, or from time to time, issue Subordinated Indebtedness payable out of, and which may be secured by a pledge of and lien on, such amounts as may from time to time be available for transfer to the Subordinated Payment Fund pursuant to the Resolution; *provided*, *however*, that (a) such pledge shall be, and shall be expressed to be, subordinate in all respects to the pledge created by the Resolution as security for the Bonds and Parity Reimbursement Obligations and (b) to the extent provided by Supplemental Resolution, any amounts so transferred shall thereafter be free and clear of any lien, pledge or claim of the Resolution. The Issuer may establish such priorities of payment and security among Subordinated Indebtedness as it deems appropriate; *provided*, *however*, that the Supplemental Resolution or indenture or other agreement providing for the issuance of such Subordinated Indebtedness shall not permit the holders of such Subordinated Indebtedness to declare the same, nor to instruct such holders' trustee to declare the same, to be immediately due and payable any time that any Bonds and Parity Reimbursement Obligations remain Outstanding.

Subject to the other provisions of the Resolution, the Trustee shall deposit into the Subordinated Payment Fund all Revenues for (i) payments on any Subordinated Indebtedness, or (ii) Qualified Swap Payments or payments on other financial instruments entered into by the Issuer.

The Trustee shall pay out of the Subordinated Payment Fund all amounts required for the payments described in this section pursuant to any resolution adopted by, or otherwise at the written direction of, the Issuer.

Except as otherwise provided in the Resolution or a Supplemental Resolution, investment income on amounts in the Subordinated Payment Fund shall be transferred to the Revenue Fund, or, upon the direction of an Authorized Officer of the Issuer, shall be transferred to the Rebate Fund, or with the concurrence of the Director of the Budget, shall be retained in the Subordinated Payment Fund or transferred to the Debt Service Fund.

(Section 509)

Transfer of Investments

Whenever moneys in any Fund or account established under the Resolution or under any Supplemental Resolution are to be paid in accordance with the Resolution to another such Fund or account, such payment may be made, in whole or in part, by transferring to such other Fund or account investments held as part of the Fund or account from which such payment is to be made, whose value, together with the moneys, if any, to be transferred, is at least equal to the amount of the payment then to be made, *provided* that no such transfer of investments would result in a violation of any investment standard or guideline applicable to such Fund or account.

(Section 510)

Power to Issue Bonds and Effect Pledge

The Issuer is duly authorized under all applicable laws to create and issue the Bonds, adopt the Resolution and pledge the Pledged Property in the manner and to the extent provided in the Resolution. The Pledged Property is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution, and all corporate action on the part of the Issuer to that end has been duly and validly taken. The Bonds and the provisions of the Resolution are and will be the legally valid and binding special obligations of the Issuer enforceable in accordance with their terms and the terms of the Resolution. The Issuer shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Property and all the rights of the Holders of Bonds and other obligations under the Resolution against all claims and demands of all Persons whomsoever.

(Section 601)

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APPENDIX B-II

SUMMARY OF CERTAIN PROVISIONS OF THE STATE PERSONAL INCOME TAX REVENUE BONDS STANDARD RESOLUTION PROVISIONS

The following sections contain definitions of certain terms used in this general summary ("Summary") of certain provisions of the Standard Resolution Provisions. The definitions and Summary are not to be considered a full statement of all terms used in the Standard Resolution Provisions or the Resolution to which the Standard Resolution Provisions is appended and, accordingly, are qualified by reference to and are subject to the full text of the Standard Resolution Provisions and the Resolution. Copies of the Standard Resolution Provisions and the Resolution may be obtained upon request from the Dormitory Authority of the State of New York.

Definitions

Capitalized terms used but not otherwise defined in this Summary shall have the meanings set forth in the Resolution to which the Standard Resolution Provisions are appended. The following terms shall, for all purposes therein and (except as the context may otherwise require) in the Resolution to which these Standard Resolution Provisions are appended, have the following meanings:

Accreted Value shall mean, with respect to any Capital Appreciation Bonds (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Resolution authorizing such Capital Appreciation Bonds and (ii) as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date and (2) the difference between the Accreted Values for such Valuation Dates. For purposes of this definition, the number of days having elapsed from the preceding Valuation Date and the number of days from the preceding Valuation Date to the next succeeding Valuation Date shall be calculated on the basis of a 360-day year of 12 30-day months, unless otherwise provided pursuant to a Supplemental Resolution.

Additional Bonds shall mean Bonds authenticated and delivered on original issuance pursuant to the Standard Resolution Provisions.

Amortized Value when used with respect to Investment Obligations purchased at a premium above or a discount below par, shall mean the value of such Investment Obligations computed by using an industry standard constant yield method selected by an Authorized Officer of the Issuer.

Appreciated Value shall mean with respect to any Deferred Income Bonds (i) as of any Valuation Date, the amount set forth for such date in the Supplemental Resolution authorizing such Deferred Income Bonds, (ii) as of any date prior to the Interest Commencement Date other than a Valuation Date, the sum of (a) the Appreciated Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date and (2) the difference between the Appreciated Values for such Valuation Dates, and (iii) as of any date on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date. For purposes of this definition, the number of days having elapsed from the preceding Valuation Date and the number of days from the preceding Valuation Date to the next succeeding Valuation Date shall be calculated on the basis of a 360-day year of 12 30-day months, unless otherwise provided pursuant to a Supplemental Resolution.

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

Authorized Issuer shall mean any public authority or public benefit corporation enumerated by subdivision 1 of Section 68-a.

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

Authorized Purpose shall mean a purpose as provided by the Enabling Act for the Issuer.

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

Bond or **Bonds** shall mean any of the bonds or notes of the Issuer authorized and issued pursuant to the Resolution and to a Supplemental Resolution; provided, however, that such terms shall not include any Bond Anticipation Notes, or bonds, notes or other obligations, including Qualified Swaps, payable from the Subordinated Payment Fund.

Bond Anticipation Notes shall mean notes issued pursuant to the Standard Resolution Provisions.

Bond Counsel shall mean an attorney or law firm, appointed by the Issuer, having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal bonds.

Bondholder, **Holder** or **Holder of Bonds**, or any similar term, shall mean any person who shall be the registered owner of any Outstanding Bond or Bonds.

Business Day shall mean a day of the year which is not a Saturday, Sunday, or a day on which the Trustee or banking institutions chartered by the State or the United States of America are required or authorized by law to close in The City of New York, or any day on which the New York Stock Exchange is closed.

Calculated Debt Service shall mean for any period, as of any date of calculation and with respect to any Series of Bonds or any Parity Reimbursement Obligations, the sum of Debt Service for such period determined by the Issuer based on the following adjustments:

(1) Interest on Variable Interest Rate Bonds shall be based on the Estimated Average Interest Rate applicable thereto.

(2) With respect to Put Bonds and any Bonds of a Series the interest on which is payable periodically and at least twenty-five per centum (25%) of the original principal amount of which is stated to mature at one time and for which maturing principal amount amortization requirements have not been designated, (i) Principal Installments shall be deemed to amortize over a 30-year period from their date of issuance (or any shorter period provided by Supplemental Resolution) based on substantially level debt service as estimated by the Issuer, and (ii) interest shall be based on the actual interest rate or the Estimated Average Interest Rate, as applicable.

(3) If the Issuer has irrevocably deposited Investment Obligations or money with the Trustee (or otherwise in trust) for the payment of any portion of Debt Service, the expected future cash flow from such Investment Obligations and money shall be deducted from Debt Service.

(4) If the Issuer has, at any time, irrevocably called for redemption of one or more Series of Bonds, including pursuant to a covenant to apply any portion of the Pledged Property to redeem Bonds or Parity Reimbursement Obligations (which particular Bonds or Parity Reimbursement Obligations need not be specifically identified in advance, except as to interest rate and maturity), the Issuer shall take into account such redemption for purposes of determining Calculated Debt Service.

(5) With respect to Parity Reimbursement Obligations, an interest rate calculated at a higher interest rate on the related Bonds shall only be taken into account if, at the time of calculation, such higher rates are then payable thereon.

Capital Appreciation Bonds shall mean Bonds of a Series denominated as such and issued as to which interest is payable only at the maturity or prior redemption of such Bonds. Except as otherwise provided by Supplemental Resolution, for the purposes of (i) receiving payment of the Redemption Price if a Capital Appreciation Bond is redeemed prior to maturity, (ii) computing the principal amount of Bonds held by the registered owner of a Capital Appreciation Bond in giving to the Issuer or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever or (iii) computing Debt Service, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value (which in the case of clause (ii) may be the Accreted Value as of the immediately preceding Valuation Date).

Certificate of Determination shall mean a certificate of an Authorized Officer of the Issuer fixing terms, conditions and other details of Bonds, Parity Reimbursement Obligations, Credit Facilities, Subordinated Indebtedness, or other matters in accordance with the delegation of power to do so under the Resolution or a Supplemental Resolution.

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

Comptroller shall mean the Comptroller of the State and, to the extent permitted by law in connection with the exercise of any specific right or duty, any other official of the State authorized to act on behalf of the Comptroller in connection therewith.

Cost or Costs of a Project shall mean costs and expenses or the refinancing of costs and expenses incurred or to be incurred in connection with a Project, including, (i) costs and expenses of the acquisition of the title to or other interest in real property, including easements, rights-of-way and licenses, (ii) costs and expenses for labor and materials and payments to consultants, contractors, builders and materialmen, for the acquisition, design, construction, reconstruction, rehabilitation, preservation, development, improvement or modernization of the Project, (iii) the cost of surety bonds and insurance of all kinds, including premiums and other charges in connection with obtaining title insurance, that may be required or necessary prior to completion of the Project, which is not paid by a contractor or otherwise provided for, (iv) the costs and expenses for design, test borings, surveys, estimates, plans and specifications and preliminary investigations therefor, and for supervising the construction of the Project, (v) costs and expenses required for the acquisition and installation of equipment or machinery, (vi) all other costs necessarily and appropriately incurred in connection with the acquisition, construction, reconstruction, rehabilitation, repair, improvement and equipping of the Project, (vii) any sums required to reimburse the State or the Issuer for advances made by either party for any of the above items or for other costs incurred and for work done by the State or Issuer in connection with the Project, and (viii) grants or loans by or on behalf of the State for any of the foregoing.

Cost or Costs of Issuance shall mean the items of expense incurred in connection with the authorization, sale and issuance of a Series of Bonds or Bond Anticipation Notes, which items of expense shall include Issuer Expenses, State bond issuance charges, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee or a Securities Depository, legal fees and charges, professional consultants' fees, underwriting fees, fees and charges for execution, transportation and safekeeping of Bonds, premiums, fees and charges for Credit Facilities, Qualified Swaps and other similar financial arrangements, costs and expenses of refunding of Bonds or Prior Obligations and other costs, charges and fees, including those of the Issuer, in connection with the foregoing.

Counsel's Opinion shall mean an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the practice of law relating to municipal, state and public agency financing selected by the Issuer.

Credit Facility shall mean any letter of credit, standby bond purchase agreement, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument, or any agreement relating to the reimbursement of any payment thereunder (or any combination of the foregoing), which is obtained by the Issuer and is issued by a financial institution, insurance provider or other Person and which provides security or liquidity in respect of any Outstanding Bonds or Parity Reimbursement Obligations.

Debt Service for any period shall mean, as of any date of calculation and with respect to any Series of Bonds or any Parity Reimbursement Obligation Outstanding, the sum of: (i) interest on the Bonds of such Series and the interest components of Parity Reimbursement Obligations accruing during such period and (ii) that portion of each Principal Installment for such Bonds and Parity Reimbursement Obligations that would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the preceding Principal Installment payment date on Outstanding Bonds and Parity Reimbursement Obligations; *provided, however, that,* unless otherwise set forth in a Supplemental Resolution, no Principal Installment shall be deemed to begin accruing until *the later* of one year prior to such Principal Installment's due date and the date of issuance or incurrence of the related Bond or Parity Reimbursement Obligation.

Defeased Municipal Obligations shall mean pre-refunded municipal obligations rated in the highest Rating Category by each Rating Agency and meeting the following requirements:

(a) The municipal obligations (i) are not subject to redemption prior to maturity or (ii) the trustee or the paying agent has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions; and

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

Deferred Income Bond shall mean any Bond (A) as to which interest accruing thereon prior to the Interest Commencement Date of such Bond is (i) compounded on each Valuation Date for such Deferred Income Bond and (ii) payable only at the maturity or prior redemption of such Bonds and (B) as to which interest accruing after the Interest Commencement Date is payable on the first interest payment date succeeding the Interest Commencement Date and periodically thereafter on the dates specified in or determined by Supplemental Resolution. Except as otherwise provided by Supplemental Resolution, for the purposes of (i) receiving payment of the Redemption Price if a Deferred Income Bond is redeemed prior to maturity, (ii) computing the principal amount of Bonds held by the registered owner of a Deferred Income Bond in giving to the Issuer or the Trustee any notice, consent, request, or demand pursuant to the Resolution for any purpose whatsoever or (iii) computing Debt Service, the principal amount of a Deferred Income Bond shall be deemed to be its Appreciated Value (which in the case of clause (ii) may be the Appreciated Value as of the immediately preceding Valuation Date).

Director of the Budget shall mean the Director of the Division of the Budget of the State and, to the extent permitted by law in connection with the exercise of any specific right or duty, any official of the State authorized to act on behalf of the Director of the Budget in connection therewith.

Enabling Act shall mean Article 5-c of the State Finance Law, Chapter 56 of the Consolidated Laws of the State of New York, as may be hereafter amended from time to time.

Estimated Average Interest Rate shall mean, as to any Variable Interest Rate Bonds or Qualified Swap and as of any date of calculation, the average interest rate or rates anticipated to be borne by such Bonds or Qualified Swap, or by the combination of such arrangements, over the period or periods for which such rate or rates are anticipated to be in effect, all as estimated by an Authorized Officer of the Issuer in consultation with the Director of the Budget.

Event of Default shall mean any Event of Default set forth in the Standard Resolution Provisions.

Fiduciary shall mean the Trustee, any Paying Agent, or any or all of them, as may be appropriate.

Fiduciary Capital Funds when used with respect to any Fiduciary shall mean the total of (i) paid in capital, (ii) surplus, (iii) undivided profits and (iv) the par value of outstanding capital notes issued and subordinated to the claims of creditors of such Fiduciary other than the holders of such capital notes.

Financing Agreement shall mean the applicable financing agreement authorized by subdivision 1 of Section 68-c, as amended and supplemented in accordance with the terms thereof and the Resolution and referred to in the Resolution.

Financing Agreement Payment shall refer to any payment obligation of the State incurred pursuant to a Financing Agreement and denominated therein as a “Financing Agreement Payment,” to pay to the Issuer or the Trustee from amounts available therefor in the Revenue Bond Tax Fund.

Fund shall mean any one of the funds created and established pursuant to the Resolution.

Government Obligations shall mean (a) direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America and entitled to the full faith and credit thereof; (b) certificates, depositary receipts or other instruments which evidence a direct ownership interest in obligations described in clause (a) above or in any specific interest or principal payments due in respect thereof; provided, however, that the custodian of such obligations or specific interest or principal payments shall be a bank or trust company organized under the laws of the United States of America or of any state or territory thereof or of the District of Columbia, with a combined capital stock, surplus and undivided profits of at least $50,000,000 or the custodian is appointed by or on behalf of the United States of America; and provided, further, that except as may be otherwise required by law, such custodian shall be obligated to pay to the holders of such certificates, depositary receipts or other instruments the full amount received by such custodian in respect of such obligations or specific payments and shall not be permitted to make any deduction therefrom; (c) an obligation of any federal agency approved by the Issuer; (d) a share or interest in a mutual fund, partnership or other fund wholly comprised of obligations described in clauses (a), (b) and (c) above; (e) Defeased Municipal Obligations; or (f) any other Investment Obligation designated in a Supplemental Resolution as a Government Obligation for purposes of defeasing Bonds, which is not redeemable at the option of the issuer thereof and which shall be rated at the time of the investment in the highest long-term Rating Category by each Rating Agency.

Interest Commencement Date shall mean, with respect to any particular Deferred Income Bond, the date determined by Supplemental Resolution after which interest accruing on such Bond shall be payable on the first interest payment date succeeding such Interest Commencement Date and periodically thereafter on the dates determined pursuant to such Supplemental Resolution.

Interest Payment Date shall mean, with respect to a Series of Bonds, each date on which interest, if any, is payable pursuant to the Supplemental Resolution authorizing such Bonds.

Investment Obligations shall mean any of the following that are lawful investments at the time of the investment:

(a) Government Obligations,

(b) certificates of deposit issued by, and time deposits in, and bankers' acceptances of, any bank (including any Paying Agent or Trustee), any branch of any bank, national banking association or federally chartered savings and loan association; provided that, with respect to any of the foregoing institutions, whose long-term unsecured indebtedness is rated less than "A" by each Rating Agency, such certificates of deposit or time deposits or bankers' acceptances are (i) insured by the Federal Deposit Insurance Corporation for the full face amount thereof or (ii) to the extent not so insured, collateralized by direct obligations of the United States of America having a market value of not less than the face amount of such certificates and deposits,

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

(d) obligations of state or local government municipal bond issuers which are rated in one of the two highest Rating Categories by each Rating Agency,

(e) obligations of state or local government municipal bond issuers, the principal of and interest on which, when due and payable, have been insured by an insurance policy or guaranteed by a letter of credit and which are rated in one of the two highest Rating Categories by each Rating Agency,

(f) interests in a money market mutual fund registered under the Investment Company Act of 1940, 15 U.S.C. §§80-1, et seq., as from time to time amended, the portfolio of which is limited to obligations described in clause (a), (d), or (e) above and repurchase agreements fully collateralized thereby provided that such fund has total assets of at least $100,000,000 and is rated in the highest Rating Category by each Rating Agency,

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

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

(i) commercial paper rated in the highest Rating Category by each Rating Agency,

(j) investment agreements, secured or unsecured, with any institutions whose debt securities are rated in one of the two highest Rating Categories (or rated in the highest Rating Category for short-term obligations if the investment is for a period not exceeding one year) by each Rating Agency,

(k) forward purchase agreements effecting the periodic delivery of securities listed in (a), (c), (d), (e), (g) and (i) above, and

(l) shares or an interest in a mutual fund, partnership or other fund registered under the Securities Act of 1933, as amended, and operated in accordance with Rule 2a-7 of the Investment Company Act of 1940, as from time to time amended, whose objective is to maintain a constant share value of $1.00 per share and that is rated in the highest Rating Category for short-term obligations by at least one Rating Agency; and

(m) any other obligations from time to time permitted pursuant to the Issuer Act or other applicable law; provided, however, that if the funds invested in any such obligation are pledged for the payment of Bonds under the Resolution and the Bonds are then rated by a Rating Agency, such obligation shall be rated in one of the two highest Rating Categories of each such Rating Agency.

Any investment in any of the foregoing obligations may be made in the form of an entry made on the records of the issuer of the particular obligations or of a recognized Securities Depository.

Issuer Board shall mean the board or members of the Issuer duly appointed and acting pursuant to the Issuer Act, or their designees duly appointed and acting.

Issuer Expenses shall mean all proper items of cost or expenditure incurred or anticipated to be incurred by the Issuer in connection with the financing of any Project pursuant thereto, or direct and indirect administrative costs, fees and expenses and allocable portions of direct and indirect costs of the Issuer incurred in connection with financing such Project, including Costs of Issuance, initial fees and periodic fees to be paid in connection with Credit Facilities, legal fees, fees and expenses of trustees, remarketing agents, market agents, tender agents, auction agents, Depositories and Paying Agents, and financing charges and fees and expenses of financial advisors and consultants, costs of audits, and such other expenses not specified therein as may be necessary or incident to the financing of such Project, including through the issuance of Bonds or Bond Anticipation Notes and all other expenses of the Issuer relating to the financing of Projects set forth in the Enabling Act; provided, however, that Issuer Expenses shall not include any termination or other payments to be made in connection with Qualified Swaps or other similar arrangements or, except to the extent expressly provided above, Credit Facilities.

Outstanding, when used with reference to Bonds, shall mean, as of any date, all Bonds theretofore or thereupon being authenticated or otherwise validly executed and delivered under the Resolution except:

1. Any Bond canceled or delivered for cancellation at or prior to such date;

2. Any Bond (or portion of a Bond) deemed to have been paid in accordance with the Standard Resolution Provisions unless a Supplemental Resolution provides that Bonds of a Series having the benefit of a Credit Facility shall not thereby be deemed paid if payment is provided by the Credit Facility;

3. Any Bond in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to the Standard Resolution Provisions; and

4. Put Bonds tendered or deemed tendered in accordance with the provisions of the Supplemental Resolution authorizing such Bonds on the applicable tender date, if the purchase price thereof and interest thereon shall have been paid or amounts are available and set aside for such payment as provided in such Supplemental Resolution, except to the extent such tendered Put Bonds thereafter may be resold pursuant to the terms thereof and of such Supplemental Resolution.

The principal component of any Parity Reimbursement Obligation shall be deemed to be Outstanding in a principal amount equal to the principal amount of the obligation then owed by the Issuer thereunder in lieu of the related Bond, regardless of the authorized amount of the principal component of such Parity Reimbursement Obligation or the related Bond and provided that, unless otherwise required pursuant to the related Supplemental Resolution, the principal component of such Parity Reimbursement Obligation shall not by itself increase the Outstanding principal amount of Bonds.

Parity Reimbursement Obligation has the meaning provided in the Standard Resolution Provisions.

Paying Agent or **Paying Agents** shall mean any paying agent for the Bonds of any Series appointed pursuant to the Standard Resolution Provisions, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the Resolution, and in the event that for any reason there shall be a vacancy in the office of Paying Agent, the Trustee, if a different entity, or the Issuer shall act as such Paying Agent.

Person shall mean any individual, corporation, firm, partnership, joint venture, association, joint-stock company, trust, unincorporated association, limited liability company or other legal entity or group of entities, including any public benefit corporation, public instrumentality, quasi-governmental or governmental entity or any agency or subdivision thereof.

Pledged Property shall mean all of the Issuer's right, title and interest in and to (i) the Financing Agreements (other than (A) the Issuer's right to receive the payment of Issuer Expenses, (B) the right of the Issuer to enforce the obligation of the State to make Financing Agreement Payments, (C) the right of the Issuer to agree to the amendment of a Financing Agreement in accordance with the Standard Resolution Provisions, and (D) the right of the Issuer to enforce the provisions of any Financing Agreement independently of the Trustee, without limiting the right of the Trustee to enforce the payment of amounts (other than Financing Agreement Payments) under the Financing Agreements for the benefit of Bondholders or Fiduciaries), and (ii) the Revenues and Funds (other than the Rebate Fund and other Funds, and any accounts and subaccounts therein, established pursuant to a Supplemental Resolution in connection with Variable Interest Rate Bonds, Put Bonds, Parity Reimbursement Obligations, Reimbursement Obligations or Subordinated Indebtedness; *provided, however, that* such Funds, accounts and subaccounts are specifically excepted from Pledged Property by the Supplemental Resolution authorizing such Variable Interest Rate Bonds, Put Bonds, Parity Reimbursement Obligations, Reimbursement Obligations or Subordinated Indebtedness), including Investment Obligations held in such Funds under the 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 Resolution; provided, however, that in no event shall any Project or any interest therein be deemed to be "Pledged Property".

Principal Installment shall mean, as of any date of calculation and with respect to any Series of Bonds or any Parity Reimbursement Obligation, as applicable, (a) the principal amount of Outstanding Bonds of such Series, due on the dates and in the amounts specified by Supplemental Resolution, reduced by the principal amount of such Bonds which would be retired by reason of the payment when due and application in accordance with the Resolution of Sinking Fund Installments payable before such dates, plus the unsatisfied balance of any Sinking Fund Installments due on any certain future date for Bonds of such Series, together with such redemption premiums, if any, applicable on any such future date, and (b) with respect to any Parity Reimbursement Obligation, the amount due thereunder on the dates and in the amounts established in accordance with the Standard Resolution Provisions as a principal component of such Parity Reimbursement Obligation payable on a parity with the Bonds.

Prior Obligations shall mean bonds, notes or other obligations previously issued or incurred by an Authorized Issuer not under the Resolution to finance Costs of a Project.

Project shall mean the land, buildings, improvements, betterments, equipment, furnishings, and other property, real or personal, and all appurtenances thereto and interests therein, comprising each of the projects to be acquired, constructed, reconstructed, renovated, or developed to effectuate an Authorized Purpose.

Put Bonds shall mean Bonds which by their terms may be tendered at the option of the Holder thereof, or are subject to a mandatory tender other than at the election of the Issuer for payment or purchase prior to the stated maturity or redemption date thereof.

Qualified Swap shall mean, to the extent from time to time permitted by law, with respect to Bonds, any financial arrangement (i) which is entered into by the Issuer with an entity that is a Qualified Swap Provider at the time the arrangement is entered into, (ii) which is a cap, floor or collar; forward rate; future rate; swap (such swap may be based on an amount equal either to the principal amount of such Bonds of the Issuer as may be designated or a notional principal amount relating to all or a portion of the principal amount of such Bonds); asset, index, price or market-linked transaction or agreement; other exchange or rate protection transaction agreement; other similar transaction (however designated); or any combination thereof; or any option with respect thereto, in each case executed by the Issuer for the purpose of moderating interest rate fluctuations, reducing debt service costs or creating either fixed interest rate Bonds or variable interest rate Bonds on a synthetic basis or otherwise, or other similar financial transaction, and (iii) which has been designated in writing to the Trustee by an Authorized Officer of the Issuer as a Qualified Swap with respect to such Bonds.

Qualified Swap Payment shall mean any payment required to be made by the Issuer under a Qualified Swap, such payment to be made only from the Subordinated Indebtedness Fund.

Qualified Swap Provider shall mean an entity whose senior long term obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under an interest rate exchange agreement are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, are rated at least as high as the third highest Rating Category of each Rating Agency then maintaining a rating for the Qualified Swap Provider.

Rating Agency shall mean each nationally recognized statistical rating organization then maintaining a rating on the Bonds at the request of the Issuer.

Rating Category shall mean one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

Rating Confirmation shall mean evidence that no rating then in effect from a Rating Agency will be withdrawn or reduced solely as the result of an action to be taken under the Resolution; provided, however, that no action requiring Rating Confirmation shall be undertaken unless at least one Rating Agency at that time maintains a rating on Bonds.

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

Record Date shall mean with respect to any Interest Payment Date, unless the applicable Supplemental Resolution authorizing a particular Series of Bonds provides otherwise with respect to Bonds of such Series, the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date.

Redemption Date shall mean the date upon which Bonds are to be called for redemption pursuant to the Resolution.

Redemption Price shall mean, with respect to any Bonds, the principal amount thereof plus the applicable premium, if any, payable upon the redemption thereof.

Refunding Bonds shall mean all Bonds, whether issued in one or more Series of Bonds, authenticated and delivered pursuant to the Standard Resolution Provisions, on original issuance pursuant to the Standard Resolution Provisions, and any Bonds thereafter authenticated and delivered in lieu of or in substitution for such Bonds pursuant to the Standard Resolution Provisions.

Regulations shall mean the Income Tax Regulations promulgated by the Department of the Treasury of the United States of America from time to time.

Reimbursement Obligation has the meaning provided in the Standard Resolution Provisions.

Requisition shall mean any instructions as deemed necessary and delivered by the Director of the Budget to the Issuer, providing for the payment of Bond proceeds to the State or any other entity.

Revenues shall mean (i) all amounts appropriated and paid to the Issuer or the Trustee from the Revenue Bond Tax Fund pursuant to Section 92-z and the Financing Agreement, constituting Financing Agreement Payments, (ii) any other amounts appropriated and paid by the State to the Issuer or received from any other source by the Issuer and pledged by the Issuer as security for the payment of Bonds, and (iii) interest received or to be received on any moneys or securities held pursuant to the Resolution.

Revenue Bond Tax Fund shall mean the fund established by Section 92-z.

Section 92-z shall mean section 92-z of the State Finance Law, as it may be hereafter amended or supplemented from time to time.

Section 68-a shall mean section 68-a of the State Finance Law, as it may be hereafter amended or supplemented from time to time.

Section 68-b shall mean section 68-b of the State Finance Law, as it may be hereafter amended or supplemented from time to time.

Section 68-c shall mean section 68-c of the State Finance Law, as it may be hereafter amended or supplemented from time to time.

Securities Depository shall mean a recognized securities depository selected by the Issuer to maintain a book-entry system in respect to all or any portion of a Series of Bonds (including, as appropriate, any nominee thereof), and shall include any substitute for or successor to the Securities Depository initially acting as Securities Depository.

Series shall mean all of the Bonds authenticated and delivered on original issuance and denominated as part of the same series, and thereafter delivered in lieu of or in substitution of such Bonds pursuant to the Standard Resolution Provisions regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions.

Sinking Fund Installment shall mean, with respect to any Series of Bonds, as of any date of calculation and with respect to any Bonds of such Series, the amount of money required by the applicable Supplemental Resolution pursuant to which such Bonds were issued, to be paid in all events by the Issuer on a single future date for the retirement of any Outstanding Bonds of said Series which mature after said future date, but does not include any amount payable by the Issuer by reason only of the maturity of such Bond.

State shall mean the State of New York.

State Fiscal Year shall mean the fiscal year of the State as set forth in the State Finance Law.

State Legislature shall mean the Legislature of the State of New York.

State Revenue Bonds shall mean any notes, bonds or other obligations to be issued or incurred by the State or by a public corporation of the State on behalf of the State in accordance with a hereinafter enacted amendment to the State Constitution, payments with respect to which (i) are payable from specified, dedicated revenues and (ii) do not require an appropriation by the State Legislature in order to be made.

Subordinated Indebtedness shall mean any bond, note or other indebtedness authorized by Supplemental Resolution or other resolution of the Issuer and designated as constituting "Subordinated Indebtedness" in a certificate of an Authorized Officer of the Issuer delivered to the Trustee, which shall be payable and secured in a manner permitted by the Resolution, and any lien on and pledge of any portion of the Pledged Property securing Subordinated Indebtedness shall be junior and inferior to the lien on and pledge of the Pledged Property created in the Resolution for the payment of the Bonds and Parity Reimbursement Obligations.

Supplemental Resolution shall mean any resolution supplemental to or amendatory of the Resolution adopted by the Issuer in accordance with the Resolution and, except as the context may otherwise require, including any related Certificate of Determination.

Tax Law shall mean the tax law constituting Chapter 60 of the consolidated laws of the State.

Taxable Bonds shall mean any Bonds which are not Tax-Exempt Bonds.

Tax-Exempt Bonds shall mean any Bonds the interest on which is intended by the Issuer to be generally excluded from gross income for federal income tax purposes and which are designated as Tax-Exempt Bonds in the Supplemental Resolution authorizing such obligations.

Trustee shall mean a trustee appointed by the Issuer or as otherwise provided in the Resolution, its successor and assigns, and any other corporation or association which may at any time be substituted in its place as provided in the Resolution.

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

Variable Interest Rate Bonds shall mean Bonds which bear a variable interest rate but does not include any Bond which, during the remainder of the term thereof to maturity, bears interest at a fixed rate. The method of computing such variable interest rate shall be specified in the Supplemental Resolution authorizing such Series of Bonds.

(Section A-101)

The Resolution to Constitute Contract

In consideration of the purchase and acceptance of any and all of the Bonds and Parity Reimbursement Obligations authorized to be issued or incurred under the Resolution by those who shall hold the same from time to time, the Resolution shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Bonds and Parity Reimbursement Obligations; and the pledge made in the Resolution and the covenants and agreements therein set forth to be performed on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of the Bonds and Parity Reimbursement Obligations, all of which, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds or Parity Reimbursement Obligations over any other thereof except as expressly provided in or permitted by the Resolution.

(Section A-104)

General Provisions for Issuance of Bonds

The issuance of Bonds of a Series or subseries shall be authorized by the Resolution and a Supplemental Resolution or Resolutions adopted at the time of or subsequent to the adoption of the Resolution and which shall be subject to the express limitations of the Resolution. The Bonds of a Series or subseries authorized to be issued shall be executed in accordance with the Standard Resolution Provisions and delivered to the Trustee. Such Series of Bonds or subseries shall be authenticated or otherwise delivered by the Trustee from time to time in such amounts as directed by the Issuer and by it delivered to or upon the order of the Issuer upon receipt of the consideration therefor and upon delivery to the Trustee of:

(A) a copy of the Resolution and the Supplemental Resolution authorizing such Series which, among other things, shall specify the following items (or the manner of determining such items prior to the delivery of the Bonds):

1. The authorized principal amount, designation and Series of such Bonds;

2. The purposes for which such Series of Bonds are being issued, which shall be one or more of the following (a) one or more of the Authorized Purposes permitted by the Enabling Act, or (b) the refunding of Bonds as provided in the Standard Resolution Provisions;

3. The date or dates, and the maturity date or dates and principal amounts of each maturity of the Bonds of such Series;

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

5. The Record Date or Record Dates of Bonds of such Series for which the Record Date or Record Dates is other than the fifteenth (15th) day of the calendar month next preceding an Interest Payment Date for such Bonds;

6. If the Bonds of such Series are interest bearing Bonds, the interest rates of the Bonds of such Series and the Interest Payment Dates therefor;

7. If Bonds of such Series are Capital Appreciation Bonds, the Valuation Dates for such Bonds and the Accreted Value on each such Valuation Date;

8. If Bonds of such Series are Deferred Income Bonds, the Interest Commencement Date for such Obligations, the Valuation Dates prior to the Interest Commencement Date for such Bonds and the Appreciated Value on each such Valuation Date;

9. If Bonds of such Series are Capital Appreciation Bonds or Deferred Income Bonds, the manner in which and the period during which principal and interest shall be deemed to accrue on such Bonds;

10. If Bonds of such Series are Variable Interest Rate Bonds, the maximum interest rate, if any, or the method of calculating such maximum rate for such Bonds, and the provisions, if any, as to the calculation or change of variable interest rates;

11. If Bonds of such Series are Put Bonds, provisions regarding tender for purchase or redemption thereof and payment of the purchase or Redemption Price thereof;

12. The denomination or denominations of, and the manner of dating, numbering and lettering, the Bonds of such Series;

13. The Paying Agent or Paying Agents, if any, and the place or places of payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if any, of and interest on the Bonds of such Series;

14. The redemption provisions, if any, applicable to the Bonds of such Series;

15. Provisions for time, place and manner of sale or exchange of the Bonds of such Series;

16. Any material change to the form of the Bonds of such Series and the form of the Trustee's certificate of authentication thereon from the forms set forth in Exhibit One to the Resolution. Except as otherwise provided pursuant to a Supplemental Resolution, all of the Bonds of each Series shall be in fully registered form without coupons;

17. Directions for the application of the proceeds of the Bonds of such Series;

18. To the extent applicable, direction to deliver such Series of Bonds in book-entry form to the extent materially different from the provisions of the Standard Resolution Provisions;

19. To the extent applicable, the provisions relating to (a) any Credit Facility, Qualified Swap or other similar financial arrangement entered into in connection with the issuance of the Bonds of such Series and (b) the obligations payable thereunder; and

20. Any other provision deemed advisable by an Authorized Officer of the Issuer, not in conflict with the provisions of the Resolution or of the applicable Supplemental Resolution.

An Authorized Officer of the Issuer to whom a Supplemental Resolution has delegated the power to determine any of the foregoing shall execute a Certificate of Determination evidencing such determinations or other actions taken pursuant to such delegation, and such Certificate of Determination shall be conclusive evidence of the determinations or actions of such Authorized Officer as to the matters stated therein. The matters set forth in any such Certificate of Determination shall have the same effect as if set forth in the related Supplemental Resolution;

(B) Counsel's Opinion in customary form to the effect that (i) the Issuer has the right and power under the Acts to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Issuer, is in full force and effect and is valid and binding upon the Issuer and enforceable in accordance with its terms, and no other authorization for the Resolution is required, (ii) the Resolution creates the valid pledge to the payment of the Bonds of the Pledged Property which it purports to create pursuant to the Standard Resolution Provisions, subject to the provisions of the Resolution permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Resolution, and (iii) upon the execution and delivery thereof and upon authentication by the Trustee, the Bonds of such Series will be valid and binding, special obligations of the Issuer payable as provided in, and enforceable in accordance with their terms and the terms of, the Resolution and entitled to the benefits of the Acts and the Resolution, and such Bonds have been duly and validly authorized and issued in accordance with law, including the Acts, as amended to the date of such Counsel's Opinion, and in accordance with the Resolution;

(C) A certificate of an Authorized Officer of the Issuer stating that upon the delivery of the Bonds of such Series, the Issuer will not be in default in the performance of any of the terms, provisions or covenants of the Resolution or of any of the Bonds; provided, however, that solely with respect to Refunding Bonds being delivered on original issuance pursuant to the Standard Resolution Provisions, such certificate shall not be a condition to the authentication and delivery of such Refunding Bonds if and to the extent that a certificate of an Authorized Officer of the Issuer is delivered stating that upon the delivery of such Refunding Bonds the Issuer will no longer be in default in the performance of the terms, provisions or covenants of the Resolution or of any of the Bonds as specified in such certificate;

(D) A certificate of an Authorized Officer of the State stating that (i) to the best of such Authorized Officer's knowledge, no event of default under any Financing Agreements has occurred and is continuing nor will an event of default under any Financing Agreements occur as a result of the issuance of such Bonds, and (ii) the approval of the Director of the Budget for such financing;

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

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

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

(H) A certificate of an Authorized Officer of the Issuer setting forth the amount of money, if any, to be deposited into the Debt Service Fund, equal to (a) the amount of capitalized interest funded with the proceeds of the Bonds of such Series, if any, and (b) the sum of the interest on the Bonds of such Series from the date of the Bonds of such Series to the date of delivery thereof;

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

(J) Copies of the Financing Agreement applicable to such Series of Bonds; and

(K) Such further documents and moneys as are required by the provisions of the Standard Resolution Provisions or any Supplemental Resolution adopted pursuant to the Standard Resolution Provisions.

The Issuer may authorize by Supplemental Resolution the issuance of Capital Appreciation Bonds, Deferred Income Bonds, Variable Interest Rate Bonds, Put Bonds or any other form of Bond not in conflict with the provisions of the Resolution or of the applicable Supplemental Resolution.

The Issuer may authorize by Supplemental Resolution such other provisions relating to a Series of Bonds as are permitted by the Resolution.

The Bonds shall not be a debt of the State and the State shall not be liable thereon, nor shall they be payable out of any funds other than those of the Issuer pledged therefor pursuant to the Resolution.

(Section A-201)

Special Provisions for Additional Bonds

After the issuance of the initial Series of Bonds, one or more Series of Additional Bonds may be authorized and delivered upon original issuance for any Authorized Purpose, including payment of Costs of a Project and the refunding of Prior Obligations or Bonds or Parity Reimbursement Obligations or other indebtedness, upon receipt by the Trustee, in addition to any applicable requirements of the Standard Resolution Provisions, of the following:

1. A certificate by the Director of the Budget setting forth the most recent collections for any 12 consecutive calendar months ended not more than six months prior to the date of such certificate, of the taxes, fees, fines, penalties, or other monies which, as of the date of issuance of any such Series of Bonds, are levied, collected or imposed by or on behalf of the State and are required to be deposited into the Revenue Bond Tax Fund; provided, however, that if any taxes, fees, fines, penalties or other monies that are required to be deposited into such account were not so required to be deposited for all of such 12 calendar months, such certificate may nevertheless include the full amount of all such taxes, fees, fines, penalties, or other monies actually collected for such 12 calendar months;

2. (I) A certificate by an Authorized Officer of the Issuer setting forth the Calculated Debt Service on all Outstanding Bonds, including such Series of Additional Bonds to be issued and any additional amounts payable with respect to Parity Reimbursement Obligations for each State Fiscal Year for which such Bonds or Parity Reimbursement Obligations are Outstanding and (II) a certificate of the Director of the Budget, including the amount of Calculated Debt Service set forth in the certificate required by clause (2)(I) of this paragraph (based upon information furnished by each applicable Authorized Issuer pursuant to the related financing agreement), setting forth the calculated debt service (calculated in the same manner as Calculated Debt Service for Bonds and Parity Reimbursement Obligations) shall be made with respect to all Authorized Issuers that have issued bonds or parity reimbursement obligations pursuant to the Enabling Act, which bonds or parity reimbursement obligations are secured by payments to be made from the Revenue Bond Tax Fund for each State Fiscal Year for which such bonds or parity reimbursement obligations are outstanding; and

3. A certificate by the Director of the Budget stating that the amounts set forth pursuant to paragraph 1 above will be at least 2.0 times the maximum calculated debt service (calculated in the same manner as Calculated Debt Service for Bonds and Parity Reimbursement Obligations) for all Authorized Issuers set forth in paragraph 2(II) above for any State Fiscal Year set forth pursuant to paragraph (2)(II) above.

(Section A-202)

Refunding Bonds

One or more Series of Refunding Bonds may be authenticated and delivered to refund all Outstanding Bonds of one or more Series of Bonds or Parity Reimbursement Obligations or any portion of a Series of Outstanding Bonds or Parity Reimbursement Obligations, or any outstanding Prior Obligations, in each case including all or any portion of a maturity. The Issuer may issue Refunding Bonds of a Series in an aggregate principal amount sufficient, together with other moneys available therefor, to accomplish such refunding (including by redemption, payment at maturity or in connection with exchanges or tenders) and to make such deposits required by the provisions of this section and of the Supplemental Resolution authorizing such Series of Refunding Bonds.

(A) In addition to the applicable requirements of the Standard Resolution Provisions, Refunding Bonds of any Series issued to refund Outstanding Bonds or Parity Reimbursement Obligations shall be authenticated by the Trustee or otherwise delivered by the Trustee upon the receipt by the Trustee of:

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

(2) If Bonds to be refunded are to be deemed paid, evidence of due publication of the notice provided for in the Standard Resolution Provisions to the Holders of the Bonds being refunded;

(3) If Bonds to be refunded are to be deemed paid, either or both of

(i) moneys in an amount sufficient to effect payment of the principal at the maturity date therefor (or on exchange or tender) or the Redemption Price on the applicable Redemption Date of the Bonds to be refunded, together with accrued interest on such Bonds to the maturity or Redemption Date, which money shall be held by the Trustee or any one or more of the Paying Agents in a separate account irrevocably in trust for and assigned to the respective Holders of the Bonds to be refunded, and

(ii) Government Obligations in such principal amounts, of such maturities, bearing such interest and otherwise having such terms and qualifications, as shall be necessary to comply with the provisions of the Standard Resolution Provisions, which Government Obligations and moneys shall be held in trust and used only as provided in the Standard Resolution Provisions; and

(4) Either (i) a certificate of an Authorized Officer of the Issuer (a) setting forth (A) the greatest amount of Calculated Debt Service on all Outstanding Bonds and Parity Reimbursement Obligations for any future State Fiscal Year during the term of the Bonds (including the Refunding Bonds then proposed to be issued but excluding the Bonds or Parity Reimbursement Obligations to be refunded or purchased) and (B) the greatest amount of Calculated Debt Service on all Outstanding Bonds and Parity Reimbursement Obligations for any future State Fiscal Year during the term of the Bonds as calculated immediately prior to the issuance of the Refunding Bonds (including the Bonds or Parity Reimbursement Obligations to be refunded or purchased but excluding the Refunding Bonds) and (b) stating that the greatest amount of Calculated Debt Service on all Outstanding Bonds and Parity Reimbursement Obligations for any future State Fiscal

Year during the term of the Bonds set forth pursuant to (A) above is not greater than the greatest amount of Calculated Debt Service on all Outstanding Bonds and Parity Reimbursement Obligations for any future State Fiscal Year during the term of the Bonds set forth pursuant to (B) above; or (ii) the certificates required by the Standard Resolution Provisions with respect to such Series of Refunding Bonds, considering for all purposes of such certificate that the Refunding Obligations then proposed to be issued will be Outstanding but the Bonds or Parity Reimbursement Obligations to be refunded will no longer be Outstanding.

(B) In addition to the applicable requirements of the Standard Resolution Provisions, Refunding Bonds of any Series issued to refund in whole or in part any Prior Obligations shall be authenticated or otherwise delivered by the Trustee upon the receipt by the Trustee of the certificates required to be delivered in connection with the issuance of Additional Bonds in the Standard Resolution Provisions; and shall otherwise comply with any applicable requirements in connection with a refunding set forth in the resolutions which authorized the issuance of such Prior Obligations.

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

(Section A-203)

Credit Facilities; Qualified Swaps and other similar arrangements; Parity Reimbursement Obligations

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

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

Remedies; Defeasance", except where the Credit Facilities provide only liquidity support and not credit support.

In the event that the principal, Sinking Fund Installments, if any, and Redemption Price, if applicable, and interest due on any Bonds Outstanding, or the purchase price of puts in connection with such Bonds, shall be paid under the provisions of a Credit Facility, all covenants, agreements and other obligations of the Issuer to the Bondholders of such Bonds shall continue to exist and such provider of the Credit Facility shall be subrogated to the rights of such Bondholders in accordance with the terms of such Credit Facility.

(a) In addition, such Supplemental Resolution or related Certificate of Determination may establish such provisions as are necessary (i) to comply with the provisions of each such Credit Facility, (ii) to provide relevant information to the provider of the Credit Facility, (iii) to provide a mechanism for paying Principal Installments and interest on such Series of Bonds under the Credit Facility, and (iv) to make provision for any events of default or for additional or improved security required by the provider of a Credit Facility.

(b) In connection therewith the Issuer may enter into such agreements with the issuer of such Credit Facility providing for, inter alia: (i) the payment of fees and expenses to such provider for the issuance of such Credit Facility; (ii) the terms and conditions of such Credit Facility and the Series of Bonds affected thereby; and (iii) the security, if any, to be provided for the issuance of such Credit Facility.

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

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

(e) In connection with the issuance of a Series of Bonds or at any time thereafter so long as a Series of Bonds remains Outstanding, the Issuer also may enter into Qualified Swaps or, to the extent from time to time permitted pursuant to law, other similar arrangements if the Issuer determines that such Qualified Swaps or other similar arrangements will assist the Issuer in more effectively managing its interest costs. To the extent provided in a Supplemental Resolution or related Certificate of Determination, the Issuer's obligation to pay Qualified Swap Payments under any Qualified Swap may be secured by a pledge of, and a lien on, the Subordinated Payment Fund. Qualified Swap Payments may include any payments of any termination or other fees, expenses, indemnification or other obligations to a Qualified Swap Provider, or any payments that represent payment of interest thereunder in advance of the payment of interest on the Bonds to which such Qualified Swap relates.

(f) Parity Reimbursement Obligations shall not be a debt of the State and the State shall not be liable thereon, nor shall Parity Reimbursement Obligations be payable out of any funds other than those of the Issuer pledged therefor pursuant to the Resolution.

(Section A-204)

Bond Anticipation Notes

Whenever the Issuer shall have, by Supplemental Resolution, authorized the issuance of a Series of Bonds, the Issuer, subject to certain special provisions for additional bonds under the Standard Resolution Provisions, may by adoption of a Supplemental Resolution authorize the issuance of Bond Anticipation Notes in anticipation of the issuance of such authorized Series of Bonds, in a principal amount not exceeding the principal amount of the Bonds of such Series so authorized. The principal of and premium, if any, and interest on such Bond Anticipation Notes and any renewals of such Bond Anticipation Notes shall be payable only from (i) the proceeds of any renewals of such Bond Anticipation Notes issued to repay such Bond Anticipation Notes, (ii) the proceeds of the sale of the Series of Bonds in anticipation of which such Bond Anticipation Notes are issued, (iii) any amounts provided by the State and/or the federal government expressly for payment of such Bond Anticipation Notes, or (iv) the proceeds of such Bond Anticipation Notes deposited in any Fund or account under the Resolution. Such proceeds and other amounts set forth in clauses (i), (ii), (iii) and (iv) may be pledged for the payment of the principal of and premium, if any, and interest on such Bond Anticipation Notes and any such pledge shall have priority over any other pledge created by the Resolution. In any case, such Bond Anticipation Notes shall be retired or provision shall be made for their retirement not later than the date of authentication and delivery of the Series of Bonds in anticipation of which they are issued. The proceeds of the sale of Bond Anticipation Notes, other than renewals thereof, shall be applied to the purposes for which the Bonds in anticipation of which such Bond Anticipation Notes are authorized and shall be deposited in the appropriate Fund or account established by the Resolution for such purposes and, if so provided in the resolution authorizing renewals of Bond Anticipation Notes issued to pay outstanding Bond Anticipation Notes, applied directly to such payment. Interest earned on any amounts on deposit in any Fund or account under the Resolution representing the proceeds of any Bond Anticipation Notes shall be applied in the manner set forth in the Supplemental Resolution authorizing such Bond Anticipation Notes or the related Certificate of Determination.

(Section A-205)

Additional Obligations

The Issuer reserves the right to issue bonds, notes or any other obligations or otherwise incur indebtedness pursuant to other and separate resolutions or agreements of the Issuer, so long as such bonds, notes or other obligations are not, or such indebtedness is not, except as provided in the Resolution, entitled to a charge, lien or right prior or equal to the charge or lien on the Pledged Property created by the Resolution, or prior or equal to the rights of the Issuer and Holders of Bonds.

(Section A-206)

Redemption at the Election of the Issuer; Redemption other than at Issuer's Election; Selection of Bonds to be Redeemed

In the case of any redemption of Bonds of a Series at the election of the Issuer, such Bonds may be redeemed at the option of the Issuer as provided in the Supplemental Resolution authorizing such Bonds. In exercising such option, the Issuer shall give written notice to the Trustee and any Paying Agent of its election to redeem, including the Series designation, the principal amounts and the maturities of such Bonds so elected. The Series designation, maturities and principal amounts thereof to be redeemed shall be determined by the Issuer in its sole discretion, subject to any limitations with respect thereto contained in the Resolution. Such notice shall be given to the Trustee at least forty-five (45) days prior to the date on which the Bonds of such Series are to be redeemed, or such fewer number of days as shall be acceptable to the Trustee.

Whenever by the terms of the Resolution, Bonds are required to be redeemed otherwise than at the election of the Issuer, the Trustee shall select the Bonds to be redeemed, give the notice of redemption and pay out of money available therefor the Redemption Price to the appropriate Paying Agents in accordance with the terms of the Standard Resolution Provisions. The Trustee shall have no liability in making such selection.

In the event of redemption of less than all of the Outstanding Bonds of a Series and maturity, the Trustee shall assign to each such Outstanding Bond of such Series and maturity or portion of a maturity to be redeemed a distinctive number for each unit of the principal amount of such Bond equal to the lowest denomination in which the Bonds of such Series are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Bonds as many numbers as, at such unit amount equal to the lowest denomination in which the Bonds of such Series are authorized to be issued for each number, shall equal the principal amount of such Bonds to be redeemed. In making such selections the Trustee may draw such Bonds by lot (i) individually or (ii) by one or more groups, the grouping for the purpose of such drawing to be by serial numbers (or, in the case of Bonds of a denomination of more than the lowest denomination in which the Bonds of such Series are authorized to be issued, by the numbers assigned thereto as provided in the Standard Resolution Provisions) which end in the same digit or in the same two digits. In case, upon any drawing by groups, the total principal amount of Bonds of such Series drawn shall exceed the amount to be redeemed, the excess may be deducted from any group or groups so drawn in such manner as the Trustee may determine. The Trustee may in its discretion assign numbers to aliquot portions of such Bonds and select part of any such Bonds for redemption.

(Sections A-402, A-403, and A-404)

The Pledge Effected by the Resolution

The Bonds are <u>special obligations</u> of the Issuer payable solely from the sources set forth in this section. There is pledged for the payment of the principal and Redemption Price of, interest on, and Sinking Fund Installments for, the Bonds and of Parity Reimbursement Obligations, in accordance with their terms and the provisions of the Resolution, subject only to the provisions of the Resolution permitting the application thereof (and to the provisions authorizing Subordinated Indebtedness in the Resolution) for the purposes and on the terms and conditions set forth in the Resolution, all right, title and interest of the Issuer in the Pledged Property. Such pledge is for the equal and proportionate benefit and security of all and singular the present and future Holders of Bonds and obligees of Parity Reimbursement Obligations issued and to be issued under the Resolution, without preference, priority or distinction, except as otherwise provided in the Standard Resolution Provisions, of any one Bond or Parity Reimbursement Obligation over any other Bond or Parity Reimbursement Obligations, by reason of priority in the issue, sale or negotiation thereof or otherwise. The pledge and lien created by the

Resolution for the Bonds and Parity Reimbursement Obligations shall be superior in all respects to any pledge or lien now or hereafter created for indebtedness or other obligations secured by the Subordinated Payment Fund.

The Issuer represents and warrants that under the Enabling Act (i) the pledge set forth in the first paragraph of this section is and shall be valid and binding from and after the date of issuance and delivery of the first Series of Bonds, and the items set forth in such pledge are and shall be immediately subject to the lien of such pledge without any physical delivery thereof or further act and the lien of such pledge is and shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer irrespective of whether such parties have notice thereof; and (ii) neither the Resolution nor any other instrument need be recorded or filed to protect the pledge set forth in the aforementioned section.

The revenues, facilities, properties and any and all other assets of the Issuer, or of any subsidiary thereof, other than the Pledged Property, shall not be used for, or as a result of any court proceeding or otherwise, applied to the payment of the principal, Sinking Fund Installments, if any, and Redemption Price, of and interest on the Bonds, and under no circumstances shall the aforementioned be available for such purpose, nor shall there be any recourse against any other assets, revenues or funds of or other payments due to the Issuer, other than the Pledged Property.

The State has no obligation to continue the imposition of the taxes or the sources of any other funds deposited in the Revenue Bond Tax Fund pursuant to Section 92-z, nor to maintain such taxes or the sources of any other funds at any minimum level, and moneys in the Revenue Bond Tax Fund are not pledged to the payment of the Bonds or Parity Reimbursement Obligations prior to appropriation and transfer to the Issuer or the Trustee.

The obligation of the Comptroller under Section 92-z with respect to moneys on deposit in the Revenue Bond Tax Fund are subject to the rights of holders of debt of the State.

Nothing contained in this section shall be deemed a limitation upon the authority of the Issuer to issue bonds, notes or other obligations under the Issuer Act secured by other income and funds other than the Pledged Property.

(Section A-501)

Payment of Bonds

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

(Section A-601)

Extension of Payment of Bonds

The Issuer shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and, in case the maturity of any of the Bonds or the time for payment of any claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Resolution, to the benefit of the Resolution or to any payment out of any assets of the Issuer or the Funds and accounts (except Funds and accounts held in trust for the payment of particular Bonds or claims for interest pursuant to the Resolution) held by the Trustee, except subject to the prior payment of the principal of all Bonds issued and Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such claims for interest. Nothing in the Resolution shall be deemed to limit the right of the Issuer to issue Refunding Bonds as permitted by the Resolution and by the Issuer Act and such issuance shall not be deemed to constitute an extension of the maturity of the Bonds refunded.

(Section A-602)

Offices for Servicing Bonds

The Issuer shall at all times maintain an office or agency in the State, where Bonds may be presented for payment, registration, transfer or exchange and where notices, presentations and demands upon the Issuer in respect of the Bonds or of the Resolution may be served. The Issuer appoints the Trustee as its agent to maintain such office or agency in the State for the registration, transfer or exchange of Bonds, for the authentication of Bonds, and for the payment of Bonds.

(Section A-603)

Further Assurance

At any time and all times the Issuer shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular the Pledged Property pledged or assigned by the Resolution, or intended so to be, or which the Issuer may hereafter become bound to pledge or assign. The Issuer further covenants that it shall use its best efforts, to the extent authorized by law, to cause the Director of the Budget to make and deliver the certificates referred to in the Standard Resolution Provisions at the times required therein and shall cause the amounts so received to be deposited in the appropriate Funds.

(Section A-604)

Power to Issue Bonds and Pledge Revenues and Other Funds

The Issuer is duly authorized under the Acts, and all applicable laws to create and issue the Bonds, to adopt the Resolution and to pledge the Pledged Property purported to be pledged by the Resolution in the manner and to the extent provided in the Resolution. Except to the extent otherwise provided in the Standard Resolution Provisions, the Pledged Property is and shall be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Resolution, and all corporate action on the part of the Issuer to that end has been duly and validly taken. The Bonds and the provisions of the Resolution are and will be the valid and legally enforceable special obligations of the Issuer in accordance with their terms and the terms of the Resolution. The Issuer further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Property and all of the rights of the Bondholders under the Resolution against all claims and demands of all persons whomsoever.

(Section A-605)

Creation of Liens

Except in accordance with the provisions of the Standard Resolution Provisions, the Issuer shall not hereafter issue any bonds or other evidences of indebtedness, other than the Bonds, Parity Reimbursement Obligations and Bond Anticipation Notes, secured by an equal or prior pledge of all or any part of the Pledged Property, and shall not create or cause to be created any equal or prior lien or charge on the Pledged Property except as provided in the Resolution; provided, however, that nothing contained in the Resolution shall prevent the Issuer from issuing (i) evidences of indebtedness payable out of, or secured by a pledge of, Revenues to be derived on and after such date as the pledge of the Revenues provided in the Resolution shall be discharged and satisfied as provided in the Standard Resolution Provisions or (ii) evidences of indebtedness secured by the Subordinated Payment Fund.

(Section A-606)

Certificate of the Director of the Budget

In order to assure the maintenance of the Funds and accounts held under the Resolution, not later than thirty days after the submission of the executive budget for the ensuing State Fiscal Year in accordance with the State Constitution, the Issuer shall to the extent authorized by law use its best efforts to enforce the obligation set forth in the Financing Agreement of the Director of the Budget to certify to the Comptroller in accordance with subdivision 5(b) of Section 92-z and the Standard Resolution Provisions a schedule setting forth the following:

(a) The amount of receipts certified and estimated to be deposited on a monthly basis to the Revenue Bond Tax Fund; and

(b) The amount of monthly cash requirements so certified by the Director of the Budget for such State Fiscal Year which shall be at least equal to:

1. all payments of principal, Sinking Fund Installments, if any, and Redemption Price, of Outstanding Bonds due in such State Fiscal Year;

2. the amounts required to pay all interest on Outstanding Bonds (including interest at the Estimated Average Interest Rate for Variable Interest Rate Bonds or under the related Reimbursement Obligation) and any additional amounts due with respect to related Parity Reimbursement Obligations due in such State Fiscal Year;

3. all Issuer Expenses for such State Fiscal Year;

4. all principal of and interest or other amounts payable from the Subordinated Payment Fund and due in such State Fiscal Year;

5. any amounts required to rebate to the Department of the Treasury of the United States of America and not otherwise held in the Funds and accounts under the Resolution;

6. all other payment requirements referred to in the Enabling Act for such State Fiscal Year.

The schedule accompanying the certificate of the Director of the Budget shall also provide for payments as the Director of the Budget deems appropriate to ensure that sufficient funds will be available from the sources, including without limitation revenues derived from the taxes and fees deposited in the Revenue Bond Tax Fund in accordance with Section 92-z, to enable the Issuer to meet its obligations under the Resolution as they become due; provided, however, that such schedule shall require the Comptroller to set aside, on a monthly basis, amounts in the Revenue Bond Tax Fund such that the combined total of (i) the amounts previously set aside and on deposit in the Revenue Bond Tax Fund and (ii) the monthly amounts, as provided for in paragraph (a) above, required to be deposited to the Revenue Bond Tax Fund in such month is not less than one hundred twenty-five percent (125%) of the monthly cash requirements, as provided for in paragraph (b) above, to be paid by the Comptroller to the Trustee, on behalf of the Issuer, in the following month. Financing Agreement Payments shall be paid to the

Trustee on or before the fifth Business Day preceding the date on which such payment is due; and provided, further, that to ensure sufficient funds will be available from the sources just described to meet the Issuer's obligations when due, such schedule shall require the Comptroller to pay (x) all moneys set aside pursuant to subdivision 5 of Section 92-z less (y) the Issuer's estimate of investment earnings available therefor on Funds and accounts established under the Resolution and other amounts available under the Resolution, which such estimate shall be made at least once each calendar month prior to the making of any transfer pursuant to subdivision 5 of Section 92-z.

The Financing Agreement shall require the Director of the Budget to promptly revise or amend such certification and the schedule required to accompany such certification, from time to time, to assure that such certification, together with the accompanying schedule, accurately sets forth any and all amounts required or projected by the Issuer for the purposes and at the times prescribed by subdivision 5 of Section 92-z. The Financing Agreement shall require the Director of the Budget to promptly revise or amend such certification and the accompanying schedule if additional amounts are required to make any payment of principal, Sinking Fund Installments, if any, and Redemption Price of or interest on Bonds or with respect to Parity Reimbursement Obligations.

In any event, whether or not there has been any intervening requirement to revise such certificate under this section, promptly but in no event later than 30 days after the date of the issuance of any Series of Bonds under the Resolution or the issuance of any Parity Reimbursement Obligation, or other evidence of indebtedness payable from the Subordinated Payment Fund or otherwise, the Director of the Budget shall submit a revised certification, together with the accompanying schedule, which accurately sets forth any and all amounts required or projected to be required by the Issuer as of such date for the purposes and at the times prescribed by the terms of this section.

The agreement of the State under Section 68-c shall be deemed executory only to the extent of appropriations available for payments under Section 68-c and no liability on account of any such payment shall be incurred by the State beyond such appropriations.

(Section A-607)

Agreement With the Director of the Budget

The Issuer shall only issue or incur Bonds (including Refunding Bonds), Parity Reimbursement Obligations or other obligations under the Resolution (including obligations incurred pursuant to the Standard Resolution Provisions) with the written approval of the Director of the Budget. The Issuer shall enter into one or more Financing Agreements with the State, acting through the Director of the Budget, as provided in subdivision 1 of Section 68-c providing for the specific manner, timing and amount of payments to be made under Section 68-c and the Resolution. The Issuer shall approve the form and substance of such Financing Agreement with respect to any Series of Bonds prior to or concurrently with the adoption of the applicable Supplemental Resolution and shall use its best efforts, to the extent permitted by law, to take all steps necessary or appropriate to enforce such Financing Agreement and to assure compliance by the State therewith. The Issuer shall not enter into any such Financing Agreement that is not in conformity with the Acts and the Resolution.

(Section A-608)

Agreement With the State

In accordance with the provisions of the Enabling Act and to the extent applicable, the Issuer Act, the Issuer includes in the Resolution, to the fullest extent enforceable under applicable federal and State law, the pledge to and agreement with the Holders of the Bonds, Bond Anticipation Notes, Parity

Reimbursement Obligations or other obligations issued or incurred under the Resolution made by the State and set forth in the Acts that the State will not in any way impair the rights and remedies of such Holders until such Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations and other obligations issued or incurred under the Resolution, together with interest thereon, with interest, if any, on any unpaid installments of interest and all costs and expenses in connection with any action or proceedings by or on behalf of such Holders, are fully met and discharged.

Notwithstanding any other provision of the Resolution, nothing contained in the Acts or the Resolution shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to taxes imposed pursuant to Article 22 of the Tax Law. The Issuer and the Holders of the Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations and other obligations issued under the Resolution expressly agree that it shall be an integral part of the contract arising under the Resolution that no default thereunder occur as a result of the State exercising its right to amend, repeal, modify or otherwise alter any such tax.

(Section A-609)

Amendment of Financing Agreements

The Issuer shall not amend, change, modify, alter or terminate any Financing Agreement so as to materially adversely affect the right, security and interest of the Holders of the Outstanding Bonds without the prior written consent of the provider of a Credit Facility, if any, affected thereby, or, in the event that there is no Credit Facility in place with respect to the Series of Bonds affected thereby, without the prior written consent of at least a majority in aggregate principal amount of the Holders of the Bonds then Outstanding and affected thereby; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds remain Outstanding, the consent of the providers of the Credit Facility, if any, or the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this section. Any Financing Agreement may be amended, supplemented, changed, modified or altered without the consent of the provider of the Credit Facility, if any, or the Holders of Outstanding Bonds to provide changes in connection with the acquisition, construction, reconstruction, rehabilitation, renovation and improvement or otherwise, or the providing, furnishing and equipping of a Project or which may be added to such Project, or to provide for additional Financing Agreement Payments; and any Financing Agreement may be amended, supplemented, changed, modified or altered without such consent to cure any ambiguity, or to correct or supplement any provisions contained in any Financing Agreement, which may be defective or inconsistent with any other provisions contained in the Resolution or in such Financing Agreement and which the Issuer determines will not materially adversely affect the right, security and interest of the Holders of Outstanding Bonds or the provider of a Credit Facility, as the case may be. In no event shall changes relating solely to Projects, including schedules related thereto, be deemed to materially adversely affect such Holders or providers of Credit Facilities. Upon execution by the Issuer of any amendment, a copy thereof certified by the Issuer shall be filed with the Trustee and each provider of the Credit Facility affected thereby.

For the purposes of this section, Bonds shall be deemed to be materially adversely affected by an amendment, change, modification or alteration of any Financing Agreement if the same materially adversely affects or diminishes the rights, security and interest of the Holders of the Bonds or the provider of a Credit Facility, as the case may be. The Issuer may in its discretion determine whether or not, in accordance with the foregoing provisions, Bonds or the right, security and interest of the Holders of Outstanding Bonds or the provider of a Credit Facility, as the case may be, would be materially adversely affected by any amendment, change, modification or alteration, and any such determination shall be binding and conclusive on the provider of a Credit Facility, the Trustee and all Holders of Bonds; and, provided further, however, any such amendments deemed necessary by the Issuer to effect any assumption, extinguishment and substitution authorized by the Standard Resolution Provisions shall not be deemed to materially adversely affect the Bonds.

For all purposes of this section, the Issuer shall be entitled to rely upon a Counsel's Opinion (a copy of which shall be provided by the Issuer to any provider of a Credit Facility thereby affected), with respect to whether any amendment, change, modification or alteration materially adversely affects the right, security and interest of any Holders of Bonds and any provider of a Credit Facility of a Series then Outstanding.

(Section A-610)

Enforcement of Duties and Obligations of the State

The Issuer shall use its best efforts, to the extent permitted by law, to cause the State to perform fully all duties and acts and comply fully with the covenants of the State required by any Financing Agreement in the manner and at the times provided in such Financing Agreement provided, however, that the Issuer may delay, defer or waive enforcement of one or more provisions of said Financing Agreement (other than provisions requiring the payment of moneys to any Fund or account established under the Resolution), if the Issuer determines such delay, deferment or waiver will not materially adversely affect the right, security and interest of the Holders of the Bonds of the applicable Series or the issuer of any Credit Facility.

(Section A-611)

Reservation of State Rights of Assumption, Extinguishment and Substitution

It is expressly understood and agreed by the Issuer and the Holders or other obligees of Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, and other obligations issued or incurred under the Resolution to be an integral part of the contract arising under the Resolution that, in accordance with subdivision 6 of Section 68-c, the State reserves the right, upon amendment of the State Constitution to permit the issuance of State Revenue Bonds, which may be payable from or secured by revenues that include the Revenues pledged under the Resolution, (i) to assume, in whole or in part, the Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, and other obligations of the Issuer issued or incurred under the Resolution, (ii) to extinguish the existing lien on Pledged Property created under the Resolution, and (iii) to substitute security or source of payment for such Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, and other obligations issued or incurred under the Resolution, in each case only so long as such assumption, extinguishment and substitution is accomplished in accordance with this section. (Any Bonds paid or deemed to have been paid in accordance with the Standard Resolution Provisions on or before the date of any assumption, extinguishment and substitution shall not be taken into account in determining compliance with the provisions of this section.)

Any such assumption, extinguishment and substitution may be effected if the following provisions are complied with and each such provision shall be a condition precedent to such assumption, extinguishment and substitution:

1. the State shall either (x) fully authorize the assumption and designation of such Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, or other obligations issued or incurred under the Resolution as State Revenue Bonds or (y) issue or cause to be issued State Revenue Bonds of like principal amounts, maturities, interest rates, terms of redemption and tenor (except as to the substitution of security) in substitution for such

Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, or other obligations; and

2. any State Revenue Bonds resulting from such assumption, extinguishment and substitution shall be secured by revenues that may include all the Revenues securing the Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, or other obligations issued or incurred under the Resolution as of the day immediately preceding such assumption, extinguishment and substitution, and the provisions of the Enabling Act relating to security for or payment of the Bonds and Parity Reimbursement Obligations shall remain in full force and effect in substantially the form they existed immediately prior to such assumption, extinguishment and substitution and shall not have been amended in connection therewith except to the extent necessary or convenient to permit the Revenues and the Revenue Bond Tax Fund to be sources of payment or security for the State Revenue Bonds or other obligations resulting from such assumption, extinguishment and substitution; provided, however, that in connection with any such assumption, extinguishment and substitution, it is expressly understood and agreed by all Bondholders and all providers of Credit Facilities that the Enabling Act may be amended to delete the transfer from the general fund as set forth in paragraph (b) of subdivision 5 of Section 92-z and paragraph (a) of subdivision 5 of Section 92-z may be amended to delete the requirement that Financing Agreement Payments be appropriated before any moneys held pursuant to such Section 92-z are transferred to the general fund; and

3. any resolution or trust agreement securing the State Revenue Bonds or other obligations resulting from such assumption, extinguishment and substitution shall contain limitations on amendment powers no less restrictive than those set forth in the Standard Resolution Provisions, and shall include events of default to the effect of those contained in the Standard Resolution Provisions and shall grant the remedies contained in the Standard Resolution Provisions, provided that the Comptroller or the Attorney General of the State may serve in the capacity of the Trustee for such purposes and the State or other issuer of State Revenue Bonds may be substituted for the Issuer in the Standard Resolution Provisions, and shall include defeasance provisions no less restrictive than those set forth in the Standard Resolution Provisions; and

4. the State Revenue Bonds or other obligations resulting from such assumption, extinguishment and substitution of Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, and other obligations issued or incurred under the Resolution shall have the same or superior priority of claim on the revenues securing such obligations as that provided by the Resolution; and

5. any resolution or trust agreement securing the State Revenue Bonds resulting from such assumption, extinguishment and substitution of Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, and other obligations secured under the Resolution shall contain a covenant of the State substantially to the effect of the covenant contained in the Standard Resolution Provisions; and

6. the Issuer shall furnish the Trustee and any provider of a Credit Facility with a Counsel's Opinion, addressed to each of them, to the effect that the assumption, extinguishment and substitution (A) complies with the provisions of this section and the Enabling Act and (B) will have no adverse effect on the federal or State tax status of interest on the Bonds.

A copy of the provisions of law and documentation effecting any such assumption, extinguishment and substitution pursuant to this section (or brief summary thereof or reference thereto) shall be mailed by the Issuer to such Bondholders and providers of Credit Facilities to the extent affected thereby (but failure to mail such copy and request shall not affect the validity of such assumption, extinguishment and substitution when effected as in this section).

Any such assumption, extinguishment and substitution may be effected if the following provisions are complied with and each such provision shall be a condition precedent to such assumption, extinguishment and substitution:

1. the State shall either (x) fully authorize the assumption and designation of such Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, or other obligations issued or incurred under the Resolution as State Revenue Bonds or (y) issue or cause to be issued State Revenue Bonds of like principal amounts, maturities, interest rates, terms of redemption and tenor (except as to the substitution of security) in substitution for such Bonds, Bond Anticipation Notes, Parity Reimbursement Obligations, or other obligations; and

2. with respect to all Bonds Outstanding, written consent to such assumption, extinguishment and substitution shall be given as provided in the Resolution by the Holders of at least a majority in principal amount of such Bonds Outstanding at the time such consent is given; and

3. the Issuer shall furnish the Trustee and any provider of a Credit Facility with a Counsel's Opinion, addressed to each of them, to the effect that the assumption, extinguishment and substitution complies with the provisions of this section and the Enabling Act.

A copy of the provisions of law and documentation effecting any such assumption, extinguishment and substitution pursuant to this section (or brief summary thereof or reference thereto) together with a request to the Bondholders indicated above for their consent thereto, shall be mailed by the Issuer to such Bondholders (but failure to mail such copy and request shall not affect the validity of such assumption, extinguishment and substitution when consented to as in this section). No such assumption, extinguishment and substitution pursuant to this subdivision shall be effective unless and until there shall have been filed with the Issuer (i) the written consents of Holders of the percentages of Outstanding Bonds specified in this subdivision, and (ii) the aforementioned Counsel's Opinion. Each such consent of a Bondholder shall be effective only if accompanied by proof of the holding or owning, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Standard Resolution Provisions. A certificate or certificates by an Authorized Officer of the Issuer filed with the Issuer that such Authorized Officer has examined such proof and that such proof is sufficient in accordance with the Standard Resolution Provisions shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of such Authorized Officer. Any such consent given by such Holder shall be binding upon such Holder of the Bonds giving such consent and, anything in the Standard Resolution Provisions to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by such Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Issuer prior to the time when the written statement of the Issuer provided for in this section is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of an Authorized Officer of the Issuer filed with the Issuer to the effect that no revocation thereof is on file. At any time after such Holders of the required percentages of Bonds shall have filed their consents, the Issuer shall make and file with its records relating to the Bonds a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that such assumption, extinguishment and substitution have been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this section, may be given to such Bondholders by the Issuer by mailing or causing the mailing of such notice to such Bondholders (but failure to mail such notice shall not prevent such assumption, extinguishment and substitution from becoming effective and binding as in this section) and, in the sole discretion of the Issuer, by publishing the same at least once not more than ninety (90) days after such Holders of the required percentages of Bonds shall have filed their consents and the written statement of the Issuer above provided for is filed (but failure to publish such notice shall not prevent such assumption, extinguishment and substitution from becoming binding as in this section). If such notice is published, the Issuer shall file with its records relating to the Bonds proof of the publication of such notice and, if the same shall have been mailed to such Bondholders, of the mailing thereof. A transcript consisting of the papers required or permitted by this section to be filed with the Issuer records relating to the Bonds, shall be proof of the matters therein stated. Such assumption, extinguishment and substitution shall be deemed conclusively binding upon the State, the Issuer, the Trustee, and the Holders of all Bonds upon filing with the Issuer records of proof of mailing of such notice or at the expiration of forty (40) days after such filing of the proof of the first publication of such last mentioned notice, if such notice is published, except in the event of a final decree of a court of competent jurisdiction setting aside such assumption, extinguishment and substitution in a legal action or equitable proceeding for such purpose commenced within such forty (40) day period; provided, however, that the Trustee and the Issuer during such forty (40) day period and any such further period during which any such action or proceeding may be pending shall be entitled in its absolute discretion to take such action, or to refrain from taking such action, with respect to such assumption, extinguishment and substitution as it may deem expedient.

Upon the effective date of any such assumption, extinguishment and substitution, then, at the option of the Issuer, the covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Issuer shall execute and file with its records relating to the Bonds all such instruments as may be desirable to evidence such discharge and satisfaction, and the Trustee and any Paying Agents shall pay over or deliver to the Issuer all moneys, securities and funds held by them pursuant to the Resolution which are not required for the payment, or redemption, of Bonds not theretofore surrendered for such payment or redemption.

(Section A-612)

Accounts and Reports

The Issuer shall keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of all its transactions relating to all Funds and accounts established by the Resolution which shall at all reasonable times be subject to the inspection of the Holders of an aggregate of not less than twenty-five per cent (25%) in the principal amount of the Bonds then Outstanding or their representatives duly authorized in writing. The Issuer may authorize or permit the Trustee or its duly authorized agents to keep any or all of such books on behalf of the Issuer.

(Section A-613)

Tax Covenants

The Issuer shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on the Bonds issued as Tax-Exempt Bonds shall be not included in the gross income of the owners thereof for purposes of federal income taxation.

Notwithstanding the foregoing, the Issuer reserves the right, in a Supplemental Resolution authorizing the issuance of obligations, to elect to issue Taxable Bonds.

(Section A-614)

General

The Issuer shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Issuer under the provisions of the Acts and the Resolution in accordance with the terms of such provisions.

Upon the date of issuance of any of the Bonds, all conditions, acts and things required by the Constitution and statutes of the State, including the Acts and the Resolution to exist, to have happened and to have been performed precedent to and in the issuance of such Bonds, shall exist, have happened and have been performed and the issue of such Bonds, together with all other indebtedness of the Issuer, shall be within every debt and other limit prescribed by the laws of the State.

(Section A-615)

Notice as to Event of Default

The Issuer shall notify the Director of the Budget, the Comptroller, each issuer of a Credit Facility and the Trustee in writing that an "Event of Default", as such term is defined in the Standard Resolution Provisions, has occurred and is continuing, which notice shall be given within thirty (30) days after the Issuer has obtained actual knowledge thereof; provided, however, that the Issuer shall provide each of the foregoing with immediate notice of any payment default after the Issuer has obtained actual knowledge thereof.

(Section A-616)

Other Bonds Authorized by the Enabling Act

The Bonds authorized by the Resolution are authorized by the Enabling Act. All bonds issued pursuant to the Enabling Act, whenever issued and by whichever Authorized Issuer, have equal claim to all moneys available subject to appropriation from the Revenue Bond Tax Fund pursuant to the Enabling Act, and further subject to provisions in the Resolution or other such resolutions authorizing such bonds relating to subordination.

(Section A-617)

Investment of Funds

Amounts in the Funds and accounts established by Section 502 of the Resolution may be invested only in Investment Obligations. The Trustee shall make such investments in any Funds or accounts held by the Trustee in accordance with any instructions received from an Authorized Officer of the Issuer. Except as otherwise provided in the resolution authorizing any series of Bond Anticipation Notes, interest earned by the investment of moneys in each Fund or account under the Resolution shall be held, deposited or transferred in accordance with the Resolution. The Trustee shall have no obligation to invest or reinvest amounts as contemplated by the Resolution except upon the direction of an Authorized Officer of the Issuer as to specific investments. Any such direction, if not in writing, shall be promptly confirmed in writing.

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

Nothing in the Resolution shall prevent any Investment Obligations acquired as investments of or security for any Fund, account or subaccount held under the Resolution from being held in book-entry form.

(Section A-701)

Trustee; Appointment and Acceptance of Duties

The Trustee shall be appointed in the Supplemental Resolution authorizing the issuance of the first Series of Bonds under the Resolution. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by written instrument of acceptance delivered to the Issuer.

(Section A-801)

Paying Agents; Appointment and Acceptance of Duties

The Issuer may, in its discretion, appoint one or more Paying Agents for the Bonds of any Series in the Supplemental Resolution authorizing such Bonds at least one of which shall have an office for the transaction of business in the State, and may at any time or from time to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in the Standard Resolution Provisions for the appointment of a successor Paying Agent.

Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the Resolution by executing and delivering to the Issuer a written acceptance thereof.

The principal offices of the Paying Agents are designated as the respective offices or agencies of the Issuer for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price of and interest on the Bonds.

(Section A-802)

Responsibilities of Fiduciaries

The recitals of fact in the Standard Resolution Provisions and in the Bonds shall be taken as the statements of the Issuer and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of the Resolution or of any Bonds issued thereunder or in respect of the security afforded by the Resolution, and no Fiduciary shall incur any responsibility in respect thereof. No Fiduciary shall be under any responsibility or duty with respect to (i) the issuance of the Bonds for value, (ii) the application of the proceeds thereof except to the extent the proceeds are received by it in its capacity as Fiduciary, or (iii) the application of any moneys paid to the Issuer or others in accordance with the Resolution except as to the application of any moneys paid to it in its capacity as Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect thereof, or to advance any of its own moneys, unless properly indemnified. No Fiduciary shall be liable in connection with the performance of its duties under the Resolution except for its own negligence or willful misconduct. Subject to the foregoing, the Issuer may designate any Fiduciary to undertake any duty in the Resolution of the Issuer with respect to collection, accounting, review of and notice for any consents required thereunder.

(Section A-803)

Evidence on Which Fiduciaries May Act

Each Fiduciary shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond, or other paper or document believed by it in good faith to be genuine, and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Issuer, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Resolution in good faith and in accordance therewith.

Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Resolution, such matter (unless other evidence in respect thereof be therein specifically prescribed) may be deemed to be conclusively proved and established by a certificate of the Issuer. Such certificate shall be full warrant for any action taken or suffered in good faith under the provisions of the Resolution upon the faith thereof, but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable.

Except as otherwise expressly provided in the Resolution, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision thereof by the Issuer to any Fiduciary shall be sufficiently executed if executed in the name of the Issuer by an Authorized Officer.

(Section A-804)

Compensation

The Issuer shall pay to each Fiduciary from time to time reasonable compensation for all services rendered under the Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under the Resolution. The Issuer further agrees to the extent permitted by law to indemnify and save each such Fiduciary harmless against any liabilities which it may incur in the exercise and performance of its powers and duties under the Resolution, and which are not due to its negligence or willful misconduct. The Issuer's obligation to make any payment pursuant to this section shall be limited to payment from amounts made available therefor pursuant to the Financing Agreements.

(Section A-805)

Certain Permitted Acts

Any Fiduciary may become the owner of or deal in any Bonds as fully with the same rights it would have if it were not a Fiduciary. To the extent permitted by law, any Fiduciary may act as Securities Depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or the Resolution, whether or not any such committee shall represent the Holders of a majority in aggregate principal amount of the Bonds then Outstanding in respect of which any such action is taken.

(Section A-806)

Resignation of Trustee

The Trustee may at any time resign and be discharged of its duties and obligations created by the Resolution by giving not less than sixty (60) days' written notice to the Issuer, specifying the date when such resignation shall take effect, and mailing notice thereof, to the Holders of all Bonds then Outstanding, and such resignation shall take effect on the day specified in such notice unless previously a successor shall have been appointed as provided in the Resolution, in which event such resignation shall take effect immediately upon the appointment of such successor; provided, however, that any resignation or removal of the Trustee shall in no event take effect until a successor shall have been appointed and accepted the duties of Trustee.

(Section A-807)

Removal of Trustee

The Issuer may at any time remove the Trustee initially appointed or any successor thereto by written notice of such removal mailed by first class mail to the Trustee except that the Trustee may not be removed by the Issuer during the pendency of an Event of Default; provided, however, that any resignation or removal of the Trustee shall in no event take effect until a successor shall have been appointed and accepted the duties of Trustee. Notice of the removal of the Trustee shall be mailed by first class mail to the registered Holders of all Bonds then Outstanding at least 30 days prior to such removal.

(Section A-808)

Appointment of Successor Trustee

In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Issuer shall appoint a successor Trustee. The Issuer shall cause notice of any such appointment to be mailed to all Holders of Bonds then Outstanding.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this section within 30 days after the Trustee shall have given to the Issuer written notice as provided in the Standard Resolution Provisions or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Trustee.

Any Trustee appointed under the provisions of this section in succession to the Trustee shall be a bank or trust company organized under the laws of the State of New York or a national banking association and having Fiduciary Capital Funds of at least $100,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

(Section A-809)

Transfer of Rights and Property to Successor Trustee

Any successor Trustee appointed under the Resolution shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Issuer, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the written request of the Issuer, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under the Resolution, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Resolution. Should any deed, conveyance or instrument in writing from the Issuer be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers, and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Issuer. Any such successor Trustee shall promptly notify the Paying Agents, if any, of its appointment as Trustee.

(Section A-810)

Merger or Consolidation

Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which such Fiduciary may sell or transfer all or substantially all of its business, or all of its non-private trust administration business, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act; provided such company shall be a bank having trust powers or a trust company organized under the laws of the State or a national banking association and shall, if it previously had not had such an office, have an office for the transaction of its business in the State, and shall be authorized by law to perform all the duties imposed upon it by the Resolution.

(Section A-811)

Resignation or Removal of Paying Agent and Appointment of Successor

Any Paying Agent may at any time resign and be discharged of the duties and obligations created by the Resolution by giving at least sixty (60) days' written notice to the Issuer and the other Paying Agents. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and signed by the Issuer. Any successor Paying Agent may be appointed by the Issuer and (subject to the requirements of the Standard Resolution Provisions) shall be a bank having trust powers or trust company in good standing organized under the laws of any state of the United States of America or a national banking association, duly authorized to exercise trust powers and subject to examination by federal or state Corporation, having Fiduciary Capital Funds of at least $100,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Resolution.

In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successor or if there shall be no successor, to the Issuer. In the event that for any reason there shall be a vacancy in the office of Paying Agent, the Issuer shall act as such Paying Agent.

(Section A-812)

Adoption and Filing

The Issuer may adopt at any time or from time to time a Supplemental Resolution to authorize the issue of the initial Series of Bonds and of additional Series of Bonds and the incurrence of Parity Reimbursement Obligations as provided in the Standard Resolution Provisions and to prescribe the terms and conditions thereof and any additional terms and conditions upon which such Bonds may be issued and Parity Reimbursement Obligations may be incurred.

(Section A-901)

Supplemental Resolutions Effective Upon Adoption

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

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

2. To add to the covenants and agreements of the Issuer contained in the Resolution other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with the Resolution as theretofore in effect;

3. To add to the limitations or restrictions in the Resolution other limitations or restrictions to be observed by the Issuer which are not contrary to or inconsistent with the Resolution as theretofore in effect;

4. To surrender any right, power or privilege reserved to or conferred upon the Issuer by the Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Issuer contained in the Resolution;

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

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

7. To add to the Resolution any provisions required by law to preserve the exclusion from gross income for federal income tax purposes of interest received on Tax-Exempt Bonds then Outstanding or to be issued or the exemption of interest received on any Bonds from State income taxation;

8. To modify, amend or supplement the Resolution in any manner in order to provide for a Credit Facility, Qualified Swap or other similar arrangement with respect to any Series of Bonds, under the Resolution, so long as the Issuer determines that such Supplemental Resolution does not materially adversely affect the right, security and interest of the Holders of Outstanding Bonds;

9. To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Resolution, so long as the Issuer determines that such Supplemental Resolution does not materially adversely affect the right, security and interest of the Holders of Outstanding Bonds;

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

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

12. To authorize Subordinated Indebtedness and, in connection therewith, specify and determine (or provide procedures for an Authorized Officer of the Issuer to specify or determine) the matters and things required or permitted by Article V of the Resolution in connection therewith, and also any other matters and things relative to such Subordinated Indebtedness which are not contrary to or inconsistent with the Resolution as then in effect, or at any time to amend, rescind or limit any authorization for any such Subordinated Indebtedness theretofore authorized but not issued or entered into; and in connection with the authorization of Subordinated Indebtedness, any such Supplemental Resolution may include provisions for the availability, transferability, use or application of amounts available to pay Subordinated Indebtedness in the Subordinated Payment Fund and any other funds, accounts or subaccounts created for the benefit of such Subordinated Indebtedness;

13. To provide, with prior written notice to each Rating Agency, for additional Investment Obligations that may be designated as Government Obligations consistent with clause (f) of the definition of Government Obligations;

14. Notwithstanding the Resolution, to the extent authorized by law and to the extent the Issuer shall have received a Counsel's Opinion that it will not adversely affect the exclusion of interest from the income of Holders of Bonds for federal income tax purposes for any Tax-Exempt Bonds, to provide for the delivery of Bonds that are not in registered form;

15. To modify the pledge effected by Section 501 of the Resolution and such other provisions of the Resolution solely to give effect to an assumption, extinguishment and substitution consistent with the Resolution;

16. Notwithstanding the terms and provisions of the Standard Resolution Provisions, to the extent authorized by law and to the extent that it will not adversely affect the exclusion of interest from the income of Holders of Bonds for federal income tax purposes for any Tax-Exempt Bonds, to provide for the delivery of a Series of Bonds or a portion of a Series of Bonds incorporating detachable call options;

17. To modify, with prior written notice to each Rating Agency, the definition of Qualified Swap Provider; or

18. To make any other modification or amendment of the Resolution which the Issuer shall in its sole discretion determine will not have a material adverse effect on the interests of the Holders of Outstanding Bonds or Parity Reimbursement Obligations.

In making any determination under the preceding paragraph, the Issuer may consult with and rely upon an Opinion of Counsel or opinions of other experts or professionals.

(Section A-902)

Supplemental Resolutions Effective with Consent of Trustee

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

(Section A-903)

Supplemental Resolutions Effective with Consent of Bondholders

Except as permitted in the Standard Resolution Provisions, at any time or from time to time, a Supplemental Resolution may be adopted subject to consent by Bondholders, and in accordance with the Standard Resolution Provisions, which Supplemental Resolution, upon adoption and upon compliance with the Standard Resolution Provisions shall become fully effective in accordance with its terms as provided in the Standard Resolution Provisions.

(Section A-904)

General Provisions

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

Any Supplemental Resolution referred to and permitted or authorized by the Standard Resolution Provisions may be adopted by the Issuer without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in the Standard Resolution Provisions. Every Supplemental Resolution adopted by the Issuer shall be (i) subject to the written approval of the Director of Budget, and (ii) the subject of a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Issuer and enforceable in accordance with its terms. The Trustee shall be entitled to rely upon such opinion, which shall be conclusive evidence that such Supplemental Resolution is authorized or permitted by the Resolution.

The Trustee is authorized to accept delivery of a certified copy of any Supplemental Resolution permitted or authorized pursuant to the Resolution and to make all further agreements and stipulations which may be contained in the Resolution, and, in taking such action, the Trustee shall be fully protected in relying on the opinion of Bond Counsel that such Supplemental Resolution is authorized or permitted by the provisions of the Resolution.

No Supplemental Resolution changing, amending or modifying any of the rights or obligations of the Trustee or of any Paying Agent shall become effective without the written consent of the Trustee or Paying Agent affected thereby.

(Section A-905)

Mailing and Publication

Any provision in the Resolution or the Standard Resolution Provisions relating to the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed postage prepaid to each Bondholder of any affected Bonds then Outstanding at such Bondholder's address, if any, appearing upon the registry books of the Issuer and to the Trustee; or, in each case, to such parties by facsimile or other means to the extent permitted by applicable law and arrangements.

Any provision in the Standard Resolution Provisions for publication of a notice or other matter shall require the publication thereof only in an Authorized Newspaper.

(Section A-1001)

Powers of Amendment

Any modification or amendment of the Resolution and of the rights and obligations of the Issuer and of the Holders of the Bonds thereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Standard Resolution Provisions, (a) by the Holders of at least a majority in principal amount of the Bonds Outstanding at the time such consent is given, and (b) in case less than all of the Bonds then Outstanding are affected by the modification or amendment, by the Holders of at least a majority in principal amount of the Bonds so affected and Outstanding at the time such consent is given; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified like Series and maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holders of such Bonds, or shall reduce the percentages or otherwise affect the classes of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto. For the purposes of this section, a Series shall be deemed to be affected by a modification or amendment of the Resolution if the same materially adversely affects or diminishes the right, security and interest of the Holders of Bonds of such Series. The Issuer may in its discretion determine whether or not in accordance with the foregoing, Bonds of any particular Series or maturity would be affected by any modification or amendment of the Resolution and any such determination shall be binding and conclusive on all Holders of Bonds. The Issuer shall, prior to making any such determination, receive a Counsel's Opinion as conclusive evidence as to whether the Bonds of a Series or maturity would be so affected by any such modification or amendment thereof. Notwithstanding anything in this section or the Resolution to the contrary, the consent of Holders of any Series of Additional Bonds to be issued under the Resolution shall be deemed given if the underwriters or initial purchasers for resale thereof consent in writing to any modification or amendment effected thereby, and such modification or amendment, as well as such consent, is disclosed in the official statement or other offering document pursuant to which such Series of additional Bonds is offered and sold.

(Section A-1002)

Consent of Bondholders

The Issuer may at any time adopt a Supplemental Resolution making a modification or amendment permitted by the Standard Resolution Provisions, to take effect when and as provided in this section. A copy of such Supplemental Resolution (or brief summary thereof or reference thereto in form approved by the Trustee) together with a request to the Bondholders for their consent thereto, shall be mailed by the Issuer to such Bondholders (but failure to mail such copy and request shall not affect the validity of the Supplemental Resolution when consented to as in this section). Such Supplemental Resolution shall not be effective unless and until there shall have been filed with the Issuer (i) the written consent of Holders of the percentages of Outstanding Bonds specified in the Standard Resolution Provisions, and (ii) a Counsel's Opinion stating that such Supplemental Resolution has been duly and lawfully adopted by the Issuer in accordance with the provisions of the Resolution, is authorized or permitted by the Resolution, and is valid and binding upon the Issuer and enforceable in accordance with its terms. Each such consent shall be effective only if accompanied by proof of the holding or owning, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by the Standard Resolution Provisions. A certificate or certificates by an Authorized Officer of the Issuer filed with the Issuer that he or she has examined such proof and that such proof is sufficient in accordance with the Standard Resolution Provisions shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates of such Authorized Officer of the Issuer. Any such consent given by such Holder shall be binding upon such Holder of the Bonds giving such consent and, anything in the Standard Resolution Provisions to the contrary notwithstanding, upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by such Holder of such Bonds giving such consent or a subsequent Holder thereof by filing with the Issuer prior to the time when the written statement of the Issuer provided for in this section is filed. The fact that a consent has not been revoked may likewise be proved by a certificate of an Authorized Officer of the Issuer filed with the Issuer to the effect that no revocation thereof is on file. At any time after such Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution, the Issuer shall make and file with its records relating to the Bonds a written statement that the Holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Resolution (which may be referred to as a Supplemental Resolution adopted by the Issuer on a stated date, a copy of which is on file with the Issuer) has been consented to by the Holders of the required percentages of Bonds and will be effective as provided in this section, may be given to such Bondholders by the Issuer by mailing or causing the mailing of such notice to such Bondholders (but failure to mail such notice shall not prevent such Supplemental Resolution from becoming effective and binding as provided in this section) and, in the sole discretion of the Issuer, by publishing the same at least once not more than ninety (90) days after such Holders of the required percentages of Bonds shall have filed their consents to the Supplemental Resolution and the written statement of the Issuer provided for in the Resolution is filed (but failure to publish such notice shall not prevent such Supplemental Resolution from becoming binding as provided in this section). If such notice is published, the Issuer shall file with its records relating to the Bonds proof of the publication of such notice and, if the same shall have been mailed to such Bondholders, of the mailing thereof. A transcript consisting of the papers required or permitted by this section to be filed with the Issuer records relating to the Bonds, shall be proof of the matters therein stated. Such Supplemental Resolution making such amendment or modification shall be deemed conclusively binding upon the Issuer, the Trustee, or the Holders of all Bonds upon filing with the Issuer records of proof of mailing of such notice or at the expiration of forty (40) days after such filing of the proof of the first publication of such last mentioned notice, if such notice is published, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Resolution in a legal action or equitable proceeding for such purpose commenced within such forty (40) day period; provided, however, that the Trustee and the Issuer during such forty (40) day period and any such further period during which any such action or proceeding may be pending shall be entitled in its absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Resolution as it may deem expedient.

For the purpose of the Standard Resolution Provisions, the purchasers of the Bonds of a Series, whether purchasing as underwriters, for resale or otherwise, upon such purchase, may consent to a modification or amendment permitted by the Standard Resolution Provisions in the manner provided therein, except that no proof of ownership shall be required, and with the same effect as a consent given by the Holder of such Bonds; provided, however, that, if such consent is given by a purchaser who is purchasing as an underwriter or for resale, the nature of the modification or amendment and the provisions for the purchaser consenting thereto shall be described in the official statement, prospectus, offering memorandum or other offering document prepared in connection with the primary offering of the Bonds of such Series by the Issuer or with the remarketing of the Bonds.

(Section A-1003)

Modifications by Unanimous Consent

The terms and provisions of the Resolution and the rights and obligations of the Issuer and of the Holders of the Bonds thereunder may be modified or amended in any respect upon the adoption and filing by the Issuer of a Supplemental Resolution and the consent of the Holders of all of the Bonds then Outstanding, such consent to be given as provided in the Standard Resolution Provisions except that no notice to Bondholders either by mailing or publication shall be required; provided, however, that no such modification or amendment shall change or modify any of the rights or obligations of the Trustee without the filing with the Issuer of the written assent thereto of the Trustee in addition to the consent of the Bondholders.

(Section A-1004)

Exclusion of Bonds

Bonds owned or held by or for the account of the Issuer shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in the Standard Resolution Provisions, and the Issuer shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in the Resolution. At the time of any consent or other action taken under the Standard Resolution Provisions, the Issuer shall file with its records relating to the Bonds a certificate of an Authorized Officer of the Issuer describing all Bonds so to be excluded.

(Section A-1005)

Notation on Bonds

Bonds delivered after the effective date of any action taken as provided in the Standard Resolution Provisions may, and, if the Issuer so determines, shall, bear a notation by endorsement or otherwise in form approved by the Issuer and Trustee as to such action, and in that event upon demand of the Holder of any Bond Outstanding at such effective date and presentation to the Issuer of his or her Bond for such purpose, suitable notation shall be made on such Bond by the Issuer as to any such action. If the Issuer and Trustee shall so determine, new Bonds so modified as, in the opinion of the Issuer and Trustee conform to such action shall be prepared and delivered, and upon demand of the Holder of any Bond then Outstanding, shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds.

(Section A-1006)

Events of Default

The occurrence of one or more of the following events shall constitute an "Event of Default":

(a) 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 default shall continue for a period of ten (10) Business Days; or

(b) in connection with financings for any Authorized Purpose authorized by Section 68-b, the Director of the Budget shall fail or refuse to comply with the provisions of subdivision 5(b) of Section 92-z and such failure or refusal shall continue for a period of thirty (30) days; or

(c) the Comptroller shall fail to pay to any Authorized Issuer from an appropriation, as and when provided by subdivision 3 of Section 68-c in accordance with a Financing Agreement, any amount as shall be certified by the Director of the Budget pursuant to subdivision 5(b) of Section 92-z, which default shall continue for a period of ten (10) Business Days; or

(d) the Governor shall fail or refuse to include in the appropriation bills required to be submitted by the Governor pursuant to Section 24 of the State Finance Law appropriations sufficient to pay any and all amounts as shall be certified by the Director of the Budget pursuant to subdivision 5(b) of Section 92-z, in connection with financings for any Authorized Purpose authorized by Section 68-b, and such failure or refusal shall continue for thirty (30) days from and after the date on which such bills are required to be submitted; or

(e) the State shall have enacted a moratorium or other similar law affecting payment of bonds, including the Bonds, in connection with financings for any Authorized Purpose authorized by Section 68-b; or

(f) the State or any officer of the State shall fail or refuse to comply with any of the provisions of Section 68-c or Section 92-z, either case relating to security for or payment of bonds, including the Bonds, in connection with financings for any Authorized Purpose authorized by Section 68-b; or

(g) failure by the Issuer to observe any of the covenants, agreements or conditions on its part contained in the Resolution or in the Bonds, 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 given to the Issuer by the Trustee or to the Issuer and the Trustee by the Holders of not less than a majority in aggregate principal amount of Bonds at the time Outstanding; provided that, if such default cannot be corrected within such thirty (30)-day period, it shall not constitute an Event of Default if corrective action is instituted by the Issuer within such period and is diligently pursued until the default is corrected.

Except as provided above or, to the extent permitted by the Standard Resolution Provisions, in a Supplemental Resolution, no default under the Acts or any resolution, agreement, or other instrument shall constitute or give rise to an Event of Default under the Resolution.

It is expressly understood that nothing in section or elsewhere in the Resolution may be construed to restrict the right of the State under subdivision 5 of Section 68-c to amend, repeal, modify or otherwise alter statutes imposing or relating to any taxes or the sources of any other funds, including the taxes or the sources of any other funds to be deposited into the Revenue Bond Tax Fund without giving rise to an Event of Default under the Resolution.

(Section A-1101)

Remedies

Upon the occurrence and continuance of any Event of Default specified in the Standard Resolution Provisions, the Trustee shall, and upon the occurrence and continuance of any other Event of Default specified in the Standard Resolution Provisions, 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:

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

(b) bring suit upon such Bonds;

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

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

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 herein or incident to the general representation of the Holders of the Bonds in the enforcement and protection of their rights.

The Supreme Court of the State shall have jurisdiction of any suit, action or proceeding by the Trustee on behalf of the Holders of Bonds, and venue of any such suit, action or proceeding shall be laid in the County of Albany.

No remedy by the terms of the Resolution conferred upon or reserved to the Trustee or the Holders of the Bonds is intended to be exclusive of any other remedy but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or existing at law or in equity or by statute on or after the date of adoption of the Resolution, except that the rights of Bondholders pursuant to subdivision 2(g) of Section 68-b as in effect on the date of adoption of the Resolution are abrogated. It is further expressly understood that the Resolution does not permit the Trustee or the Holders of the Bonds to declare the Bonds to be immediately due and payable.

No Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any trust under the Resolution, or any other remedy under the Resolution or under the Bonds, unless such Holder previously shall have given to the Trustee written notice of an Event of Default as provided in the Resolution and unless also the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request of the Trustee so to do, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers therein above granted, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the trusts of the Resolution, or to enforce any right under the Resolution or under the Bonds, except in the manner provided in the Resolution, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Resolution and for the equal benefit of all

Holders of Outstanding Bonds, subject, however, to the Standard Resolution Provisions. Nothing in the Resolution or in the Bonds contained shall affect or impair the right of action, which is also absolute and unconditional, of any Holder of any Bond to enforce payment of the principal of and premium, if any, and interest on such Bond at the respective dates of maturity of each of the foregoing and at the places therein expressed.

All rights of action under the Resolution or under any of the Bonds which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof on the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name, as trustee, for the equal and ratable benefit of the Holders of the Bonds, subject to the provisions of the Resolution.

No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by the Standard Resolution Provisions to the Trustee and to the Holders of the Bonds, respectively, may be exercised from time to time as often as may be deemed expedient.

(Section A-1102)

Priority of Payments After Default

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

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

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

The provisions of this section are in all respects subject to the provisions of the section entitled "Extension of Payment of Bonds" in the Standard Resolution Provisions.

If and when all overdue installments of interest on all Bonds and Parity Reimbursement Obligations, together with the reasonable and proper charges and expenses of the Trustee, and all other sums payable by the Issuer under the Resolution, including the principal and Redemption Price of and accrued unpaid interest on all Bonds and Parity Reimbursement Obligations which shall then be payable, shall either be paid by or for the account of the Issuer, or provision satisfactory to the Trustee shall be made for such payment, and all defaults under the Resolution or the Bonds or Parity Reimbursement Obligations shall be made good or secured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall be made therefor, the Trustee shall pay over to the Issuer all such Pledged Property then remaining unexpended in the hands of the Trustee (except Pledged Property deposited or pledged, or required by the terms of the Resolution to be deposited or pledged, with the Trustee), and thereupon the Issuer and the Trustee shall be restored, respectively, to their former positions and rights. No such payment to the Issuer by the Trustee or resumption of the application of Pledged Property as provided in Article V of the Resolution shall extend to or affect any subsequent default under the Resolution or impair any right consequent thereon.

(Section A-1103)

Defeasance

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

Bonds, or portions of Bonds, for the payment or redemption of which moneys shall have been set aside and shall be held by the Trustee (through deposit by the Issuer of funds for such payment or otherwise) at the maturity date or Redemption Date of such Bonds shall be deemed to have been paid within the meaning of the Standard Resolution Provisions. Any Bonds, or portions of Bonds, of any Series shall, prior to the maturity or Redemption Date thereof, be deemed to have been paid within the meaning and with the effect expressed in the Standard Resolution Provisions if (a) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to it irrevocable instructions to provide to Holders in accordance with the Standard Resolution Provisions notice of redemption on said date or dates of such Bonds, (b) there shall have been irrevocably deposited by the Issuer with the Trustee either moneys in an amount which shall be sufficient, or Government Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited by the Issuer with the Trustee at the same time, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date as the case may be, and (c) in the event such Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days, the Issuer shall (i) publish, as soon as practicable, at least twice, at an interval of not less than seven (7) days between publications, in an Authorized

Newspaper a notice to the Holders of such Bonds, and (ii) mail by registered or certified mail, postage prepaid, a notice to the Holders of such Bonds, in each case that the deposit required by (b) above has been made and that said Bonds are deemed to have been paid in accordance with this section and stating such maturity date or Redemption Date upon which moneys are to be available for the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, on said Bonds. The Trustee shall, at the discretion of the Issuer, select the Bonds of a Series and the maturity or portion of a maturity thereof shall be paid in accordance with this section in the manner provided in the Standard Resolution Provisions. Neither Government Obligations or moneys deposited pursuant to this section nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest on said Bonds; provided that any moneys received from such principal or interest payments on such Government Obligations so deposited, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such Redemption Date, payment date or maturity date thereof, as the case may be. Any income or interest earned by, or increment to, the investment of any such moneys so deposited shall, to the extent in excess of the amounts required in the Resolution to pay principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, of and interest on such Bonds, as realized, be applied as follows: first to the Rebate Fund, the amount, if any, required to be deposited therein; and, then the balance thereof to the Issuer, and any such moneys so paid shall be released of any trust, pledge, lien, encumbrance or security interest created by the Resolution. Prior to applying any such excess amounts pursuant to this paragraph or the following paragraph, the Issuer shall obtain written confirmation from an independent certified public accountant that the amounts remaining on deposit and held in trust are sufficient to pay the obligations set forth above.

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

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

(Section A-1104)

Certain Provisions Relating to Economic Defeasance

Any Bonds of any Series for which prior to the maturity or Redemption Date thereof, the Issuer shall have given to the Trustee or other fiduciary selected by the Issuer in form satisfactory to it irrevocable instructions to maintain on deposit in a Fund or account held by the Trustee or other fiduciary selected by the Issuer established for such purpose for the benefit of the Holders of such Bonds, Investment Obligations, other than Government Obligations, the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee or other fiduciary selected by the Issuer at the same time, as verified in the report of a firm of certified public accountants, shall be sufficient to pay when due the principal, Sinking Fund Installments, if any, or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the Redemption Date or maturity date as the case may be, shall not be counted as Outstanding under the Resolution solely for the purpose of the calculation of Calculated Debt Service required under the Standard Resolution Provisions.

(Section A-1105)

Evidence of Signatures of Bondholders and Ownership of Bonds

Any request, consent, revocation of consent or other instrument which the Resolution may require or permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the holding by any person of the Bonds, shall be sufficient for any purpose of the Resolution (except as otherwise therein expressly provided) if made in the following manner, or in any other manner satisfactory to the Issuer, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

1. The fact and date of the execution by any Bondholder or his attorney of such instrument may be proved by certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Issuer or any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice-president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary.

2. The ownership of Bonds and the amount, numbers and other identification, and date of holding the same shall be proved by the registry books. Any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Issuer, the Trustee or any Paying Agent in accordance therewith except as otherwise provided in the Standard Resolution Provisions.

(Section A-1201)

Moneys Held for Particular Bonds

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

(Section A-1301)

General Regulations as to Moneys and Funds

Each of the Funds and Accounts established by the Resolution shall be a trust fund for the purposes thereof.

All amounts of the Issuer held or set aside under the Resolution shall, until paid over to the Fiduciaries or otherwise invested or applied as provided in the Resolution, be deposited by the Issuer in its name, on demand or time deposit, in such Banks as shall be selected by the Issuer. Any amounts held by any Fiduciary under the Resolution shall be deposited in such Banks as the Issuer may select. Any such deposit may be made in the commercial banking department of any Fiduciary which may honor checks on such deposit with the same force and effect as if it were not such Fiduciary, and without any duty to inquire into whether any withdrawals of such funds are in accordance with or might violate any of the provisions of the Resolution. Such deposits shall be continuously secured by the obligations of the United States of America or of the State, which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the amount of such deposits, which obligations shall be segregated in trust for the account of the Issuer, or shall be otherwise held as the Issuer and the depository may agree. Securities deposited with the Federal Reserve Bank to secure all trust accounts of a depository shall be deemed to comply with the foregoing requirement.

Unless otherwise specified in a Supplemental Resolution authorizing the issuance of Bonds, all money held by any Fiduciary, as such, may be deposited by such Fiduciary in its banking department on demand or, if and to the extent directed by the Issuer and acceptable to such Fiduciary, on time deposit, and all such deposits shall be continuously secured by the obligations of the United States of America or of the State which obligations shall have a market value (exclusive of accrued interest) at all times at least equal to the amount of such deposits. Securities deposited with the Federal Reserve Bank to secure all trust accounts of the Fiduciary shall be deemed to comply with the foregoing requirement. Such Fiduciary shall allow and credit on such money such interest, if any, as it customarily allows upon similar funds of similar size and under similar conditions or as required by law.

(Section A-1302)

Preservation and Inspection of Documents

All documents received by the Trustee or any Paying Agent under the provisions of the Resolution or any Supplemental Resolution shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Issuer, the Trustee or any other Paying Agent, as applicable, and any Bondholder and their agents and their representatives; provided, however, that with respect to inspection by a Holder of a Bond of any Series a written request of such Bondholder must have been made and received by the Trustee at least five (5) Business Days prior to the date of inspection. The Issuer or its representatives may make copies of any such documents.

(Section A-1303)

Parties of Interest

Nothing in the Resolution or in any Supplemental Resolution, expressed or implied, is intended or shall be construed to confer upon, or give to, any person or party, other than the Issuer, the Trustee, any Paying Agent, the Holders of the Bonds, the Holders of Parity Reimbursement Obligations and the providers of Credit Facilities any right, remedy or claim under or by reason of the Resolution or any Supplemental Resolution or any covenant, condition or stipulation thereof; and all of the covenants, stipulations, promises and agreements in the Resolution or any Supplemental Resolution contained by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Trustee, the Paying Agents, the Holders of the Bonds, the Holders of Parity Reimbursement Obligations and the providers of Credit Facilities.

(Section A-1304)

No Recourse Under Resolution or on the Bonds

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

(Section A-1305)

Publication of Notices

Any publication to be made under the provisions of the Resolution in successive weeks or on successive dates may be made in each instance upon any Business Day of the week and need not be made in the same Authorized Newspaper for any or all of the successive publications but may be made in different Authorized Newspapers.

(Section A-1306)

Successors and Assigns

Whenever in the Resolution the Issuer is named or referred to, it shall be deemed to include its successors and assigns and all the covenants and agreements in the Resolution contained by or on behalf of the Issuer shall bind and inure to the benefit of its successors and assigns whether so expressed or not.

(Section A-1307)

Severability of Invalid Provisions

If any one or more of the covenants, stipulations, promises, agreements or obligations provided in the Resolution on the part of the Issuer, the Trustee or any Paying Agent to be performed should be determined by a court of final jurisdiction to be contrary to law, then such covenant or covenants, stipulation or stipulations, agreement or agreements or obligation or obligations shall be deemed and construed to be severable from the remaining covenants, stipulations, promises, agreements and obligations contained in the Resolution and shall in no way affect the validity of the other provisions of the Resolution.

(Section A-1308)

Other Resolutions

The Issuer expressly reserves the right to adopt one or more other bond resolutions and to issue bonds, bond anticipation notes, notes and other obligations thereunder without compliance with and not subject to the Standard Resolution Provisions.

(Section A-1309)

Survival of Particular Covenants

Notwithstanding that Bonds may no longer be Outstanding, the obligations of the Issuer (i) to pay amounts to any Fiduciary pursuant to the Standard Resolution Provisions shall remain in full force and effect until all such amounts are paid and (ii) to comply with the provisions of Section 505 of the Resolution in connection with any Tax-Exempt Bonds, with respect to the rebate to the Department of the Treasury of the United States of America of any Rebate Amount relating to the Bonds of a Series shall remain in full force and effect so long as the Issuer shall be required by the Code to rebate any such Rebate Amount.

(Section A-1310)

Actions by the Issuer

Any time the Issuer is permitted or directed to act pursuant to the Standard Resolution Provisions or a Supplemental Resolution, such action may be taken by an Authorized Officer of the Issuer except that the following actions may only be taken by resolution of the members of the Issuer: authorization and issuance of Bonds; adoption of resolutions; and modifications and amendments pursuant to the Standard Resolution Provisions. Any certificates of the Issuer to be delivered under the Resolution shall be executed by an Authorized Officer of the Issuer.

(Section A-1311)

Governing Laws

The Resolution, including the Standard Resolution Provisions, shall be governed by and interpreted in accordance with internal laws of the State, without regard to conflict of law principles thereof.

(Section A-1312)

Payments due on Other Than a Business Day

In any case where the date of maturity of interest on or principal of the Bonds or the date fixed for redemption of any Bonds shall be on a day that is not a Business Day, then payment of interest or principal and premium, if any, need not be made on such date but may be made (unless otherwise provided in a Supplemental Resolution without additional interest) on the next succeeding Business Day, with the same force and effect as if made on the date of maturity or the date fixed for redemption, as the case may be.

(Section A-1313)

Effective Date

The Resolution shall take effect immediately.

(Section A-1314)

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APPENDIX C

FINANCING AGREEMENT

APPENDIX C

CONFORMED COPY OF
STATE PERSONAL INCOME TAX REVENUE BONDS
(GENERAL PURPOSE)
FINANCING AGREEMENT

STATE PERSONAL INCOME TAX REVENUE BONDS (GENERAL PURPOSE) FINANCING AGREEMENT (the “Financing Agreement”), dated as of July 1, 2009, by and between the Dormitory Authority of the State of New York, a corporate governmental agency of the State of New York (the “Issuer”), and the State of New York (the “State”), acting by and through the Director of the Budget of the State (the “Director of the Budget”).

WHEREAS, the Issuer has, pursuant to the Dormitory Authority of the State of New York Act, constituting Title 4 of Article 8 of the Public Authorities Law, as amended, together with any other provisions of State law relating to the authorization or financing of Costs of a Project, (the “Issuer Act”) and Article 5-C of the State Finance Law, as may be hereafter amended from time to time (the “Enabling Act”, which together with the Issuer Act is referred to herein as the “Acts”), adopted its State Personal Income Tax Revenue Bonds (General Purpose) General Bond Resolution on April 29, 2009 (including Annex A thereto), and a Supplemental Resolution (collectively, the “Resolution”) for the purpose of issuing from time to time one or more series of bonds (the “Bonds”), notes or other obligations to be secured by this Financing Agreement, as may be amended or supplemented from time to time, with the State; and

WHEREAS, in order to assist the Issuer in the financing of one or more authorized purposes as provided in the Enabling Act (“Authorized Purposes”) pursuant to applicable law and in consideration of the benefits to be derived therefrom by the people of the State, the Director of the Budget, acting on behalf of the State, is authorized to enter into one or more Financing Agreements with the Issuer whereunder the State agrees, subject to the making of annual appropriations therefor by the State Legislature, to make annual payments to the Issuer, and authorize the Issuer to pledge and assign the State payments to be made as security for Bonds or other obligations which the Issuer may issue or incur in order to finance Authorized Purposes; and

WHEREAS, the State and the Issuer agree that their mutual public purposes and their best interests will be promoted by the execution of this Financing Agreement, as the same may be modified, supplemented or amended from time to time; and

WHEREAS, the Issuer Board authorized its Authorized Officer to enter into, execute and amend this Financing Agreement;

NOW, THEREFORE, the parties mutually agree as follows:

I. ISSUANCE OF BONDS BY THE ISSUER

1.1 The State agrees that the Issuer may, subject to the provisions of this Financing Agreement and the Acts, issue one or more Series of its State Personal Income Tax Revenue Bonds (General Purpose), secured by this Financing Agreement and the payments to be made by the State as herein provided. The Bonds shall be issued in such principal amounts and at such times so that the Issuer may realize from the sale thereof net proceeds sufficient to fund Authorized Purposes having a cost not in excess of the amount specified by applicable law. The State recognizes that in order to realize net proceeds in the aforesaid amounts from the sale of Bonds, the Issuer may also issue Bonds in amounts sufficient to pay Costs of Issuance, and the amount of capitalized interest, if any, included in the issuance and sale of the Bonds.

1.2 The Bonds issued by the Issuer pursuant to the provisions of Section 1.1 hereof shall be subject to the following conditions and limitations:

(a) The Resolution shall have been approved by the Issuer Board in accordance with the Acts.

(b) Unless the Issuer and the State shall otherwise agree (and any such agreement may include, among other things, the agreement of the State to pay or to reimburse the Issuer in the manner set forth in the Resolution for any additional fees, costs and expenses incurred in connection with the issuance and administration of Variable Interest Rate Bonds or costs and expenses relating to a Qualified Swap, including without limitation, the fees, costs and expenses of any provider of a Credit Facility, except to the extent any such fees, costs or expenses are deemed costs and expenses incurred in connection with the issuance and sale of such Variable Interest Rate Bonds for purposes of Section 1.1 of this Financing Agreement and are paid from Bond proceeds), each Bond shall bear a fixed rate of interest determined at the time of its issuance, which rate of interest shall not be subject to change or adjustment prior to the scheduled maturity of such Bond.

(c) Unless the Issuer and the State shall otherwise agree, the aggregate amount of principal, principal installments and interest payable in each State Fiscal Year during which principal payments or installments are made or provided for shall, with respect to each Series of Bonds (other than Variable Interest Rate Bonds), or the aggregate of all Bonds (not including Variable Interest Rate Bonds), as the Issuer shall elect, be as nearly equal as practicable.

1.3 The Issuer agrees that prior to its issuance of any Bonds it will inform the Director of the Budget of the approximate date on which it anticipates entering into a bond purchase agreement or other binding commitment with the prospective underwriters or purchasers of such Bonds and of the estimated interest rate or rates thereof. If the Director of the Budget shall request the Issuer to postpone the sale of such Bonds, or if the Issuer shall for any reason determine to defer the issuance and sale of any Bonds, the Issuer may, in accordance with the provisions of the Resolution, issue and sell State Personal Income Tax Revenue (General Purpose) Bond Anticipation Notes ("BANs") in such principal amount so that the Issuer may realize from the sale thereof an amount not exceeding the aggregate of (i) an amount equal to the net proceeds available for Costs of a Project which the Issuer would have realized from the sale of the Bonds in anticipation of which the BANs are issued (or, in the case of renewal BANs, an amount necessary to pay the outstanding BANs in full), (ii) an amount sufficient to pay interest on the BANs until their scheduled maturity and (iii) an amount equal to Issuer Expenses incurred and to be incurred in connection with the issuance and sale of the BANs. Unless the State shall pay to the Issuer an amount sufficient to pay the BANs at their maturity or upon an earlier redemption date in accordance with their terms, the State shall, in accordance with Section 5.1 hereof, timely furnish such information to the Issuer as shall be deemed necessary by the Issuer in order to enable it to disseminate an official statement and issue the Bonds in anticipation of which the BANs had been issued on or prior to the scheduled maturity or redemption date of the BANs. Notwithstanding the provisions of Section 1.1 hereof, in the event the Issuer shall issue BANs as herein provided, the Issuer (i) may issue Bonds in such principal amounts and at such times so that the Issuer may realize from the sale thereof net proceeds sufficient to pay or redeem such BANs in accordance with their terms, and (ii) may use and pledge the proceeds from the sale of the Bonds in anticipation of which the BANs had been issued for and to the payment of such BANs and related Issuer Expenses in accordance with the Resolution.

1.4 The Issuer and the State agree that this Financing Agreement is executed in part in order to induce persons to purchase the Bonds to be issued to finance Authorized Purposes and for the purposes of securing such Bonds and, accordingly, all of the covenants and agreements on the part of the Issuer and the State set forth in this Financing Agreement are hereby declared to be for the benefit of the Holders from time to time of the Bonds. Accordingly:

(a) The Issuer may pledge, assign, or transfer the right to receive and collect Financing Agreement Payments from moneys on deposit and paid from the Revenue Bond Tax Fund and other sources authorized under Section 68-b, together with the Issuer's rights to enforce this Financing Agreement, and from and after such pledge, assignment, or transfer, such assignee shall have the Issuer's rights and privileges hereunder to the extent, and as conferred, in such pledge, assignment, and transfer and as further provided in the Resolution.

(b) In connection with the State's exercise of its right under Section 68-c and under the Resolution, upon the amendment of the State Constitution allowing the issuance or assumption of bonds, notes or other obligations secured by revenues, which may include the Revenues securing the Bonds, (i) to assume, in whole or part, the Bonds, (ii) to extinguish the existing lien of such Resolution, and (iii) to substitute security for the Bonds, in each case only so long as such assumption, extinguishment or substitution is completed in accordance with such Resolution, the Issuer may make such pledge, assignment and transfer set forth in paragraph (a) above to such successor entity, as provided by law. Upon completion of such assumption, extinguishment or substitution, the Issuer shall no longer be obligated under this Financing Agreement or under the Resolution.

1.5 Each Series of Bonds or other obligations issued pursuant to the Acts and the Resolution shall be enumerated in a schedule appended to this Agreement. It shall be sufficient, with the approval of the parties hereto, in connection with the issuance by the Issuer of Bonds or other obligations to cause a supplemental schedule to be certified by the Director of the Budget with the same force and effect as if incorporated herein. The foregoing provisions shall be applicable, subject to the Resolution, to the issuance of Subordinated Indebtedness or other obligations under the Resolution and the Acts.

II. DUTIES OF AND PAYMENTS BY THE STATE

2.1 No later than thirty (30) days after the submission of the executive budget in accordance with Article VII of the State Constitution, the Director of the Budget shall prepare a certificate setting forth the amount of monthly receipts anticipated to be deposited in the Revenue Bond Tax Fund during the fiscal year beginning April first of that year together with the monthly amounts necessary to be set aside from the receipts of such Fund, as shall be sufficient to meet the total cash requirements of the Issuer during such fiscal year, based on information that shall be provided by the Issuer and in the manner required by Section A-607 of the Resolution.

The Director of the Budget may revise such certification at such times as necessary, provided, however, that the Director of the Budget shall (i) promptly revise such certification if additional amounts are necessary to meet the cash requirements of the Issuer and (ii) as necessary, revise such certification not later than thirty (30) days after the issuance of any Bonds, including Refunding Bonds, and after the adoption of any Parity Reimbursement Obligation, Reimbursement Obligation, Qualified Swap, Subordinated Indebtedness or other financial arrangement affecting the cash requirements of the Issuer and as authorized by the Resolution.

2.2 (a) Subject to the provisions of Section 2.7 hereof, the State agrees to pay to the Trustee, on behalf of the Issuer, no later than five Business Days prior to the time payment is required to be made to Holders of the Bonds or holders of Parity Reimbursement Obligations or other obligations in any year for which the Issuer shall have Bonds Outstanding or Parity Reimbursement Obligations or other obligations outstanding, a sum of money constituting Financing Agreement Payments equal to the amount necessary to provide for the payment of the principal of (including Mandatory Sinking Fund payments) and interest on the Bonds or amounts due on any Parity Reimbursement Obligations or other obligations coming due on the next succeeding Bond payment date, as certified in writing by an Authorized Officer of the Issuer to the Director of the Budget. Such Financing Agreement Payments shall include Issuer Expenses, as certified by such Authorized Officer, with the concurrence of the Director of the Budget, and amounts due on any Subordinated Indebtedness or other obligations incurred under the Resolution, to the Director of the Budget.

(b) In the event any Bonds, Parity Reimbursement Obligations or other obligations shall bear interest at other than a fixed interest rate, the State shall pay interest as follows: (i) the amount accrued at the actual rate or rates borne, to the extent such rate or rates are known in advance of the Bond payment date, plus; (ii) if necessary, an amount accrued at the Estimated Average Interest Rate through the next scheduled Bond payment date, less; (iii) any amount paid pursuant to (ii) relating to the preceding Bond payment date in excess of the amount paid to Bondholders and holders of Parity Reimbursement Obligations or other obligations through such preceding Bond payment date.

2.3 (a) The State may, at any time in its sole discretion, choose to prepay all or any part of the payments payable under Section 2.2 hereof. Any amounts so prepaid shall be credited to the payments to be made by the State under Section 2.2 hereof.

(b) The State may, at any time in its sole discretion, make payments to the Issuer for the purpose of (i) directly funding Authorized Purposes which will not be funded with the proceeds of Bonds; (ii) paying BANs at their maturity or earlier redemption date, as provided in Section 1.3 hereof; (iii) redeeming Bonds pursuant to the exercise by the Issuer of any option it may have under the Resolution; and (iv) defeasing Bonds or BANs prior to their maturity or redemption date as permitted by and in accordance with the procedures for defeasance set forth in the Resolution or otherwise. Any payments made by the State to the Issuer for the purposes set forth in this subsection shall, subject to the provisions of the Resolution, be applied by the Issuer to such purpose, and, if so directed herein or in the Resolution, shall be deposited in a Fund or account established under the Resolution or set aside with the Trustee, if any, or the Paying Agent as provided herein or in the Resolution.

2.4 The State further agrees upon request of the Issuer to pay all amounts constituting Financing Agreement Payments (i) which may become due to any provider of a Credit Facility in connection with a Credit Facility which may have been obtained if and to the extent such obligation arises as a result of the State's failure to make any payment pursuant to Section 2.1 hereof and (ii) which may become due pursuant to any agreement relating to a Parity Reimbursement Obligation, Reimbursement Obligation, Qualified Swap or the issuance of Variable Interest Rate Bonds as contemplated by Section 1.2(b) of this Financing Agreement.

2.5 The State agrees to pay to the Issuer such amounts (constituting Financing Agreement Payments) as may be necessary in order for the Issuer to maintain the exclusion from gross income of interest on Bonds issued as Tax-Exempt Bonds under the Code, including without limitation, amounts required to be paid by the Issuer to the United States as rebate of investment earnings and amounts required to be deposited by the Issuer in a yield restricted sinking fund, at such times as the Issuer deems necessary to maintain such exclusion.

2.6 The State agrees that, subject to the provisions of Section 2.7 hereof, its obligation to make the payments provided for in this Financing Agreement shall be absolute and unconditional, without any rights of set-off, recoupment or counterclaim the State may have against the Issuer or any other person or entity having an interest in this Financing Agreement or the payments made hereunder.

2.7 Notwithstanding anything in this Financing Agreement to the contrary (i) the obligation of the State acting by and through the Director of the Budget to make any Financing Agreement Payments required to be paid under this Financing Agreement is subject to annual appropriation by the State Legislature; and (ii) the obligation of the State acting by and through the Director of the Budget to pay any Financing Agreement Payments hereunder shall not constitute a debt of the State within the meaning of any constitutional or statutory provisions and shall be deemed executory only to the extent of monies available and no liability shall be incurred by the State beyond the moneys available for that purpose. Furthermore, this Financing Agreement does not constitute a debt of the State or a contractual obligation in excess of the amounts appropriated therefore and the State has no continuing legal or moral obligation to appropriate moneys for any Financing Agreement Payment due hereunder.

2.8 The term of this Financing Agreement shall continue until all Bonds or other obligations incurred under the Resolution, have been paid at maturity or the debt service on such Bonds or other obligations has been provided for and the Bonds are no longer Outstanding under the Resolution and the State has fulfilled all its obligations under this Agreement.

III. DUTIES OF THE ISSUER

3.1 The Issuer agrees to issue the Bonds for the purpose of carrying out the provisions of the Resolution and the Acts.

3.2 The Issuer agrees to apply the proceeds derived from the sale of the Bonds and from Financing Agreement Payments in accordance with the applicable provisions of the Resolution and the Acts.

3.3 Upon the issuance of the Bonds, the provisions of the Resolution relating to all Funds and accounts and the application and investment thereof shall apply.

3.4 No later than ten (10) Business Days after the issuance of Bonds or any other obligation under the Resolution, the Issuer shall furnish to the Director of the Budget a schedule of the Financing Agreement Payments, including debt service to be made on each date with respect to such Bonds or other obligations and related Issuer Expenses. Interest on Bonds or other obligations bearing interest at other than a fixed rate shall be calculated using the Estimated Average Interest Rate.

3.5 Upon payment to the Issuer of the amount required therefore and the State's direction to the Issuer to do so, the Issuer shall exercise any option it may have under the Resolution to redeem all or any portion of the Bonds, and the Issuer shall deposit into the Debt Service Fund all payments received from the State and designated for such purpose.

3.6 In addition to the duties of the Issuer with respect to the constitutional and statutory audit powers granted the State or any officer thereof, the Issuer agrees to keep or cause to be kept accounts and records which clearly identify the purposes for which moneys received by the Issuer (including Bond proceeds) pursuant to this Financing Agreement have been expended. The Issuer agrees to submit annual financial reports to the State within ninety (90) days after the end of each Issuer fiscal year during which this Financing Agreement is in force. The Issuer agrees to make available for inspection by the State its accounts and records as may be determined necessary or desirable by the State.

3.7 During each year the Issuer shall have Outstanding Bonds or other obligations outstanding under the Resolution, the Issuer shall, no later than October first, certify in writing to the Director of the Budget the schedule of anticipated cash requirements due from the State pursuant to Sections 2.1, 2.2, 2.4 and 2.5 of this Financing Agreement for the next State Fiscal Year, and for the four State Fiscal Years following such Fiscal Year, in such detail as the Director of the Budget may require. Any such schedule of anticipated cash requirements shall set forth any amounts held in Funds or accounts under the Resolution and available for a credit against such Financing Agreement Payment requirements as provided in this Financing Agreement. In calculating the amount of anticipated cash requirements with respect to Qualified Swaps, the Issuer shall include an amount not less than eighteen percent (18%) of the aggregate notional amount of all Qualified Swaps then in effect (or such other percentage as may be agreed by the Issuer and the State from time to time).

3.8 Any moneys received by the Issuer from a Qualified Swap Provider shall be deposited in the Debt Service Fund.

3.9 In order to allow the Director of the Budget to comply with his or her obligations under the Enabling Act or the Resolution, the Issuer, upon the request of the Director of the Budget, shall provide to the Director current cash requirements relating to Finance Agreement Payments due to the Issuer.

3.10 The Issuer agrees, upon request of the State, to use its best efforts to issue Bonds to refund or otherwise repay, in accordance with the terms of the Resolution, all or any portion of Outstanding Bonds or Prior Obligations. Such Refunding Bonds shall be deemed Bonds for all purposes of this Financing Agreement, except that, notwithstanding the provisions of Section 3.1 hereof, the net proceeds derived from the sale of such Refunding Bonds shall be used by the Issuer to pay or provide for the payment of the Bonds or Prior Obligations to be refunded or repaid and Issuer Expenses.

3.11 When all Bonds issued under the Resolution and all other obligations incurred under the Resolution have been paid or deemed paid within the meaning of the Resolution, the Issuer shall promptly remit or cause to be remitted to the State any moneys remaining in any of the Funds and accounts not required for the payment or redemption of Bonds or other obligations not theretofore surrendered for such payment or redemption (all after transfer of any necessary moneys to the Rebate Fund). Any moneys or investments paid by the State to the Issuer or the Trustee or other fiduciary for the purposes of economically defeasing Bonds, shall be held for such purpose for the benefit of the Holders of such Bonds in accordance with the instructions of the Director of the Budget, consistent with the terms of the Resolution.

IV. PLEDGE AND ASSIGNMENT

4.1 The State hereby consents to the pledge and assignment by the Issuer to the Holders of any of its Bonds, or to any trustee acting on their behalf, of all or any part of the benefits or rights of the Issuer herein, and to the holders or trustees of other obligations issued under the Resolution, of the payments by the State as provided herein and of the Funds and accounts established under the Resolution (except for the Rebate Fund and other Funds as provided in the Resolution).

V. SPECIAL COVENANTS

5.1 The State agrees that whenever requested by the Issuer, with reasonable advance notification, it shall provide and certify information concerning the State and various other related entities (i) for publication in an official statement, placement memorandum or other similar disclosure document relating to the sale or issuance of the Bonds or other obligations under the Resolution, and (ii) necessary to allow the Issuer to make undertakings or contractual commitments which would permit underwriters or dealers to comply with federal securities law including, without limitation, the provisions of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. Such information shall be in the standard format utilized for State issuances. The State also agrees to make available any information necessary to enable the Issuer to make any reports required by law or government regulations in connection with the Bonds or other obligations under the Resolution.

5.2 Neither the Issuer nor the State will terminate this Financing Agreement for any cause including, without limiting the generality of the foregoing, an Event of Default by either party, any acts or circumstances which may constitute failure of consideration or frustration of purpose or the failure of either party to perform and observe any duty, liability or obligation arising out of or connected with this Financing Agreement.

5.3 Subject to the limitations contained in the Resolution, the State and the Issuer reserve the right to amend, modify or rescind this Financing Agreement or any supplemental agreement entered into pursuant to this Section 5.3 in any manner; provided that no such amendment, modification or rescission shall materially adversely affect the interest of the Holders of Bonds or holders of Parity Reimbursement Obligations or other obligations. Specifically, and without limiting the generality of the foregoing, this Financing Agreement may be amended or modified (i) to provide for additional payments to the Issuer, (ii) to provide for modified payment provisions, including timing thereof, consistent with the provisions of the Resolution in connection with the issuance of Bonds, Parity Reimbursement Obligations or other obligations (iii) to cure any ambiguity or (iv) to correct or supplement any provisions contained in this Financing Agreement which may be defective or inconsistent with any other provisions contained herein. For the purposes of this Section, Bonds, Parity Reimbursement Obligations or other obligations shall be deemed to be materially adversely affected by an amendment, modification or rescission of this Financing Agreement, if the same materially adversely affects or diminishes the rights of the Holders of the Bonds, holders of Parity Reimbursement Obligations or other obligations or any provider of a Credit Facility. The Issuer may in its discretion determine whether or not, in accordance with the foregoing provision, Bonds, Parity Reimbursement Obligations or other obligations would be materially adversely affected by any amendment, modification or rescission, and such determination shall be binding and conclusive on the State, Bondholders, holders of Parity Reimbursement Obligations or other obligations, the Trustee and the provider of a Credit Facility.

5.4 The State acknowledges and agrees that, in the event of any conflict between any of the provisions of this Financing Agreement and any of the provisions of the Resolution, the provisions of the Resolution shall be controlling; provided, however, that neither the Resolution nor any supplement or amendment thereto shall purport to limit or supersede the provisions set forth in Section 2.7 hereof.

5.5 The State, acknowledges and agrees that moneys in the Funds and accounts established under the Resolution may be invested in Investment Obligations authorized by the Resolution and that the Issuer may restrict such investments, or the yield to be realized therefrom, as it may deem necessary or appropriate in order to maintain the exclusion from gross income of interest on the Bonds issued as Tax-Exempt Bonds under the Code. Investment earnings shall be applied as permitted by the Resolution.

5.6 The State, to the extent authorized by law, shall indemnify and save harmless the Issuer from and against any and all liability, loss, damage, interest, judgments and liens growing out of, and any and all costs and expenses (including, but not limited to, counsel fees and disbursements) arising out of or incurred in connection with any and all claims, demands, suits, actions or proceedings which may be made or brought against the Issuer arising out of any determinations made or actions taken or omitted to be taken or compliance with any obligations under or pursuant to the Enabling Act, including the issuance, incurrence and delivery of Bonds, BANs, Parity Reimbursement Obligations, Subordinated Indebtedness or other obligations under the Resolution.

5.7 The State agrees to request appropriations during the term of this Financing Agreement in an amount at least equal to the amounts certified to by the Issuer pursuant to Section 3.7 of this Financing Agreement. The State also agrees to request appropriations during the term of all financing agreements entered into with all Authorized Issuers pursuant to the Enabling Act in amounts at least equal to the amounts certified by each Authorized Issuer pursuant to such financing agreements and to meet its other obligations under such financing agreements.

VI. EVENTS OF DEFAULT BY THE STATE AND REMEDIES

6.1 If for any reason, other than a failure by the State Legislature to appropriate moneys for such purpose, the State shall fail to pay when due any Financing Agreement Payments, or shall fail to observe or perform any other covenant, condition or agreement on its part to be observed or performed, the Issuer shall, if such default has not been cured, have the right to institute any action in the nature of mandamus or take whatever action at law or in equity may appear necessary or desirable to collect the payments then due or thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the State hereunder.

6.2 The remedies conferred upon or reserved to the Issuer under Section 6.1 hereof in respect of any default described therein are not intended to be exclusive of any other available remedy or remedies and shall be in addition to every other remedy now or hereafter existing at law or in equity; provided, however, that such remedy or remedies may in no event include a termination of this Financing Agreement, nor may they include any amendment, change, modification or alteration of this Financing Agreement that is prohibited by Section 5.2 or 5.3 hereof.

6.3 The State shall promptly notify the Issuer in writing that an Event of Default has occurred under the Resolution, including any events of default under resolutions or financing agreements of any Authorized Issuer related to obligations authorized by the Enabling Act. The State also agrees that upon the occurrence of an Event of Default, or event of default described in the preceding sentence, funds available through appropriation from the Revenue Bond Tax Fund will be available on an equitable basis among Authorized Issuers under the Enabling Act.

VII. EVENTS OF DEFAULT BY THE ISSUER AND REMEDIES

7.1 If the Issuer shall fail to observe or perform any covenant, condition or agreement contained in this Financing Agreement or the Resolution on its part to be observed or performed and such failure to observe or perform shall have continued for sixty (60) days after written notice, specifying such failure and requesting that it be remedied, is given to the Issuer by the State, the State shall, if the default has not been cured, have the right to institute an action in the nature of mandamus or take whatever action at law or in equity may appear necessary or desirable to enforce performance and observance of any obligation, agreement or covenant of the Issuer hereunder.

7.2 The remedies conferred upon or reserved to the State under Section 7.1 hereof in respect of any default described therein are not intended to be exclusive of any other available remedy or remedies and shall be in addition to every other remedy now or hereafter existing at law or in equity; provided, however, that such remedy or remedies may in no event include a termination of the Financing Agreement or of the obligations of the State to make the payments provided for in Article II hereof, nor may they include any amendment, change, modification or alteration of this Financing Agreement that is prohibited by Section 5.2 or 5.3 hereof.

VIII. MISCELLANEOUS

8.1 The revenues, facilities, properties and any and all other assets of the Issuer of any name and nature, other than the Pledged Property, may not be used for, or as a result of any court proceedings or otherwise applied to, the payment of Bonds, any redemption premium therefore or the interest thereon or any other obligations under the Resolution, and under no circumstances shall these be available for such purposes.

8.2 The waiver by either party of a breach by the other shall not be deemed to waive any other breach hereunder nor shall any delay or omission to exercise any right or power upon any default impair any such right or power or be construed as a waiver thereof.

8.3 In the event any provision of this Financing Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

8.4 All notices provided for in this Financing Agreement shall be in writing and shall be delivered personally to or sent by certified or registered mail to the respective offices of the State and the Issuer as follows:

If to the State:	Director of the Budget State of New York Executive Department Division of the Budget State Capitol, Room 113 Albany, New York 12224
If to the Issuer:	General Counsel Dormitory Authority of the State of New York 515 Broadway Albany, New York 12207

The Issuer or the State may from time to time designate in writing other representatives with respect to receipt of notices.

8.5 This Financing Agreement, including any schedules referred to in Section 1.5, represents the entire agreement between the parties. It may not be amended or modified otherwise than by a written instrument executed by both parties. Such amendments shall not be contrary to the provisions of Section 5.2 or 5.3 hereof.

8.6 Nothing in this Financing Agreement shall be construed to confer upon or to give to any person or corporation other than the State, the Issuer, a Holder of any Bonds, a holder of other obligations under the Resolution, or any trustee acting under the Resolution, any right, remedy or claim under or by reason of this Financing Agreement or any provision thereof.

8.7 This Financing Agreement shall be construed and interpreted in accordance with the laws of the State of New York and any suits or actions arising out of this Financing Agreement shall be instituted in a court of competent jurisdiction in the State.

8.8 This Financing Agreement may be executed in several counterparts, each of which shall be deemed to be an original but such counterparts together shall constitute one and the same instrument.

8.9 Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Resolution.

IN WITNESS WHEREOF, the State has caused this Financing Agreement to be executed in its name by the Director of the Budget and the Issuer has caused this instrument to be signed by its Authorized Officer all as of the date and year first above written.

State of New York

____
Director of the Budget

Dormitory Authority of the State of New York

____
Authorized Officer

Approval as to form:
Attorney General

By: ____________________________________

Date:_____________________

Approved:

By:______________________________________
State Comptroller

Date: ____________________

APPENDIX D

PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL

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PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL

Upon delivery of the Series 2009 Bonds, Harris Beach PLLC, Bond Counsel to the Authority, proposes to issue its legal opinion in substantially the following form:

HARRIS BEACH PLLC
100 WALL STREET
NEW YORK, NEW YORK 10005

[Date of Delivery]

Dormitory Authority of the
State of New York
515 Broadway
Albany, New York 12207

Re: $377,635,000
Dormitory Authority of the State of New York
State Personal Income Tax Revenue Bonds (General Purpose)
$91,110,000 Series 2009G and
$286,525,000 Series 2009H (Federally Taxable – Build America Bonds)

Ladies and Gentlemen:

We have examined a record of proceedings relating to the sale and issuance of $91,110,000 aggregate principal amount of State Personal Income Tax Revenue Bonds (General Purpose), Series 2009G and $286,525,000 aggregate principal amount of State Personal Income Tax Revenue Bonds (General Purpose), Series 2009H (Federally Taxable – Build America Bonds) (collectively, the "Series 2009 Bonds") of the Dormitory Authority of the State of New York (the "Authority"), a body corporate and politic constituting a public benefit corporation of the State of New York (the "State"), including the Dormitory Authority Act, being Chapter 524 of the Laws of 1944 of the State of New York, as amended from time to time (the "Act"). Capitalized terms used herein and not otherwise defined have the meanings set forth in the Resolutions (hereinafter defined).

The Series 2009 Bonds are issued under and pursuant to (i) the Constitution and laws of the State of New York, including in particular the Act, (ii) the State Personal Income Tax Revenue Bonds (General Purpose) General Bond Resolution adopted on April 29, 2009 (the "General Resolution"), as supplemented by Supplemental Resolution 2009-6 Authorizing State Personal Income Tax Revenue Bonds (General Purpose) adopted by the Authority in accordance with the General Resolution on September 23, 2009 (the "Series 2009 Supplemental Resolution") and a Certificate of Determination delivered by an Authorized Officer of the Authority pursuant to the Resolutions, dated October 8, 2009, setting forth certain terms of the Series 2009 Bonds. Such Certificate of Determination, together with the General Resolution and the Series 2009 Supplemental Resolution are collectively referred to as the "Resolutions".

The Authority and the State, acting by and through the Director of the Budget, have entered into a financing agreement dated as of July 1, 2009, as supplemented (as supplemented, the "Financing Agreement"), which provides for the payment, subject to annual appropriation by the State Legislature, of Financing Agreement Payments by the State Comptroller to Deutsch Bank Trust Company Americas, New York, New York, as trustee (the "Trustee") on behalf of the Authority in amounts sufficient to pay the principal of, redemption premium, if any, and interest on the Series 2009 Bonds.

The Series 2009 Bonds are issuable in the form of fully registered bonds in the denominations of $5,000 or any integral multiple thereof. The Series 2009 Bonds shall be lettered and numbered as provided in the Resolutions.

The Series 2009 Bonds are dated their date of delivery and bear interest payable on September 15 and March 15 in each year, commencing March 15, 2010. The Series 2009 Bonds will mature on the dates and in the principal amounts, and will bear interest at the respective rates per annum, as set forth in the Resolutions.

The Series 2009 Bonds are subject to optional redemption prior to maturity by or on behalf of the Authority in the manner and upon the terms and conditions set forth in the Resolutions.

Under the provisions of the Resolutions, the Series 2009 Bonds will rank equally as to security and payment with the Authority's Outstanding Series of Bonds and with certain additional Series of Bonds which may be issued upon the terms and conditions and for the purposes set forth in the General Resolution.

We have not been requested to, and have not, reviewed any matter or conducted any investigation or examination relating to the federal, state or local tax consequences with respect to the ownership or disposition of the Series 2009 Bonds, or the accrual or receipt of interest thereon, and, accordingly, we take no responsibility therefor or express any opinion in connection therewith.

We have examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions set forth below. We have also examined one of the Series 2009 Bonds as executed and authenticated.

Based on the foregoing, and subject to the further assumptions and qualifications hereinafter set forth, we are of the opinion that:

1. The Authority is a body corporate and politic, duly created and validly existing under the provisions of the Act.

2. The Series 2009 Bonds have been duly and validly authorized and issued in accordance with the Act and the Resolutions. The Series 2009 Bonds constitute valid and legally binding special limited obligations of the Authority, payable as provided in, and enforceable against the Authority in accordance with, their terms and the terms of the Resolutions and are entitled to the benefits of the Act and the Resolutions.

3. The Resolutions are in full force and effect, have been duly adopted by, and constitute the valid and binding obligations of, the Authority. The Resolutions create a valid pledge, to secure the payment of the principal of and interest, if any the Series 2009 Bonds, of the Revenues and any other amounts (including proceeds of the sale of the Series 2009 Bonds) held by the Trustee in any fund or account established pursuant to the Resolutions, except the Administrative Fund and the Rebate Fund, subject to the provisions of the Resolutions permitting

the application thereof for the purposes and on the terms and conditions set forth in the Resolutions.

4. The Financing Agreement has been duly executed and delivered by the Authority and, assuming due execution and delivery thereof by the State, constitutes a valid and binding agreement of the Authority in accordance with its terms.

5. The Series 2009 Bonds are payable solely from the sources described in the Resolutions and do not constitute a legally enforceable obligation on the part of the State or create a debt on behalf of the State enforceable against the State. The Series 2009 Bonds are not a lien or charge upon the funds or property of the Authority except to the extent of the aforementioned pledge. Neither the faith and credit nor the taxing power of the State or of any political subdivision thereof is pledged to the payment of the principal of or interest on the Series 2009 Bonds.

6. The Series 2009 Bonds are legal investments under present provisions of New York law for the Comptroller and for insurance companies, banks and trust companies, savings banks and associations, administrators, guardians, executors, trustees and other fiduciaries.

The foregoing opinions are qualified only to the extent that the enforceability of the Resolutions, the Series 2009 Bonds and the Financing Agreement may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other laws heretofore or hereafter enacted and judicial decisions relating to or affecting the enforcement of creditors' rights or remedies or contractual obligations generally and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

In rendering the foregoing opinions we have made a review of such legal proceedings as we have deemed necessary to approve the legality and validity of the Series 2009 Bonds. In rendering the foregoing opinions we have not been requested to examine any document or financial or other information concerning the Authority or the State other than the record of proceedings referred to above, and we express no opinion as to the adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2009 Bonds.

Respectfully submitted,

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APPENDIX E

PROPOSED FORM OF SPECIAL TAX COUNSEL OPINION

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APPENDIX E

PROPOSED FORM OF SPECIAL TAX COUNSEL OPINION

October __, 2009

Dormitory Authority of the State of New York
515 Broadway
Albany, New York 12207

We have acted as special tax counsel to the Dormitory Authority of the State of New York (the "Authority"), a body corporate and politic of the State of New York (the "State") constituting a public benefit corporation organized and existing under the laws of the State, including the Dormitory Authority Act, being Title 4 of Article 8 of the Public Authorities Law of the State, as amended to the date hereof, including, without limitation, by the Healthcare Financing Consolidation Act, being Title 4-B of the Public Authorities Law of the State, as amended to the date hereof (the "Authority Act"), in connection with the Authority's issuance of its $91,110,000 aggregate principal amount of State Personal Income Tax Revenue Bonds (General Purpose), Series 2009G (the "Series 2009G Bonds") and $286,525,000 aggregate principal amount of State Personal Income Tax Revenue Bonds (General Purpose), Series 2009H (Federally Taxable – Build America Bonds) (the "Series 2009H Bonds" and, together with the Series 2009G Bonds, the "Series 2009 Bonds").

The Series 2009 Bonds are authorized to be issued in accordance with the Authority Act and Part I of Chapter 383 of the Laws of New York of 2001, as amended (the "Enabling Act"), and pursuant and subject to the provisions, terms and conditions of (i) the State Personal Income Tax Revenue Bonds (General Purpose) General Bond Resolution of the Authority adopted on April 29, 2009 (the "General Purpose General Resolution") and the Authority's Supplemental Resolution 2009-6 Authorizing State Personal Income Tax Revenue Bonds (General Purpose), adopted by the Authority on September 23, 2009 (the "Series 2009 Supplemental Resolution"). The Authority and the State, acting through the Director of the Division of the Budget (the "Director of the Budget") have entered into a Financing Agreement, dated as of July 1, 2009, as supplemented (as supplemented, the "General Purpose Financing Agreement"), by which the State is obligated to make payments, subject to appropriation, sufficient to pay the principal and Redemption Price of and interest on Outstanding General Purpose Bonds, including the Series 2009 Bonds.

Unless otherwise defined herein, capitalized terms used herein have the respective meanings given to them in the General Purpose General Resolution and the Series 2009 Supplemental Resolution.

In rendering the opinions set forth herein, we have reviewed the General Purpose General Resolution, the Series 2009 Supplemental Resolution, the Tax Certificate of the Authority, dated as of the date hereof , relating to the Series 2009G Bonds (the "Tax Certificate"), the approving opinion of Harris Beach PLLC, Bond Counsel to the Authority with respect to the Series 2009 Bonds, and such other agreements, documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. We have not undertaken an independent audit or investigation of the matters and opinions described or contained in the foregoing agreements, certificates, opinions and documents.

We have assumed the genuineness of all documents and signatures presented to us. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents we reviewed. We have also assumed the accuracy of all representations and compliance with all covenants and agreements contained in the General Purpose General Resolution, the Series 2009 Supplemental Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions or omissions will not cause the interest on the Series 2009G Bonds to be included in gross income for federal income tax purposes.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the opinion that, under current law:

1. The Internal Revenue Code of 1986, as amended (the "Code") imposes certain requirements that must be met subsequent to the issuance and delivery of the Series 2009G Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with any of such provisions could cause the interest on the Series 2009G Bonds to be included in gross income retroactive to the date of issue of the Series 2009G Bonds. The Authority has covenanted in the Series 2009 Supplemental Resolution to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2009G Bonds from gross income for federal income tax purposes. The State has agreed in the General Purpose Financing Agreement to pay to the Authority on a timely basis such amount as is necessary to maintain the exclusion of the interest on the Series 2009G Bonds from gross income for federal income tax purposes. In addition, the Authority, and certain other entities benefiting from the Series 2009G Bonds have made in their certificates certain representations and certifications relating to compliance with certain federal income tax matters.

Except as provided in the following two sentences, interest on the Series 2009G Bonds is not includable in gross income for purposes of federal income taxation. Interest on the Series 2009G Bonds will be includable in gross income for purposes of federal income taxation retroactive to their date of issuance if the Authority, the State or another entity benefiting from the Series 2009G Bonds, as described above, fails to comply subsequent to the issuance of the Series 2009G Bonds with the covenants, agreements, representations and certifications described above relating to compliance with certain federal income tax matters, including requirements of the Code and covenants regarding the use, expenditure and investment of the Series 2009G Bond proceeds and the timely payment of certain investment earnings to the U.S. Treasury. We render no opinion as to the effect on the exclusion from gross income of the interest on the Series 2009G Bonds for federal income tax purposes of any action taken or not taken after the date of this opinion without our approval.

2. Interest on the Series 2009G Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum tax and is not included as an adjustment in calculating federal corporate alternative minimum taxable income for purposes of determining a corporation's alternative minimum tax liability. The Code contains other provisions, however, that could result in tax consequences, upon which we render no opinion, as a result of ownership of such Series 2009G Bonds or the inclusion in certain computations of interest that is excluded from gross income.

3. Under existing law, interest on the Series 2009 Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including The City of New York and the City of Yonkers by virtue of the Authority Act.

In rendering the opinions set forth above, we are relying on the opinion of Harris Beach PLLC, Bond Counsel to the Authority with respect to the Series 2009 Bonds, delivered on the date hereof, that the Series 2009 Bonds are valid and legally binding special limited obligations of the Authority, payable as provided in, and enforceable against the Authority in accordance with, their terms and the terms of the General Purpose General Resolution and the Series 2009 Supplemental Resolution.

The opinions expressed herein are based on an analysis of current laws, regulations, rulings and court decisions. Such opinions may be adversely affected by actions taken or events occurring, including a change in law, regulation or ruling (or in the application or official interpretation of any law, regulation or ruling) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions are taken or such events occur and we have no obligation to update this opinion in light of such actions or events.

Very truly yours,

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DORMITORY AUTHORITY OF THE STATE OF NEW YORK • STATE PERSONAL INCOME TAX REVENUE BONDS (GENERAL PURPOSE), SERIES 2009G AND SERIES 2009H

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