

NEW ISSUE - BOOK-ENTRY ONLY

In the opinion of Rapport Meyers LLP, Bond Counsel, under existing statutes and court decisions, and assuming compliance with the tax covenants referred to herein, interest on the Series 2012 Bonds is not included in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended, and such interest will not be treated as a preference item in calculating the Federal alternative minimum tax that may be imposed on individuals and corporations; such interest, however, is includable in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on corporations by the Code. See "TAX MATTERS" herein. It is also the opinion of Bond Counsel that interest on the Series 2012 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York and the City of Yonkers) and that the Series 2012 Bonds are exempt from taxation directly imposed thereon by or under authority of the State of New York except for estate taxes and taxes on transfers by or in contemplation of death.



\$90,325,000
New York State Bridge Authority
General Revenue Bonds, Series 2012

Dated: Date of Delivery

Due: January 1, as shown below

The New York State Bridge Authority (the "Authority") will issue its General Revenue Bonds, Series 2012 (the "Series 2012 Bonds") pursuant to the Authority's General Revenue Bond Resolution, adopted by the Authority on December 19, 1996, as amended and supplemented (such General Revenue Bond Resolution as amended and supplemented being referred to as the "Bond Resolution"), including as supplemented by the Fourth Supplemental Resolution, adopted by the Authority on March 15, 2012 (collectively the "Resolutions"). The Bank of New York Mellon, as successor in interest to United States Trust Company of New York, is the trustee (the "Trustee") for the Series 2012 Bonds.

The Series 2012 Bonds are issuable only as fully registered bonds, without coupons, and when issued, will be registered in the name of Cede & Co., as bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Series 2012 Bonds. Purchases of the Series 2012 Bonds will be made in book-entry form in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Series 2012 Bonds purchased. See "DESCRIPTION OF THE SERIES 2012 BONDS" Book-Entry Form Only.

Interest on the Series 2012 Bonds will be payable semi-annually on each July 1 and January 1 commencing January 1, 2013. Payments will be made directly to DTC by the Trustee.

The Series 2012 Bonds are subject to redemption prior to maturity as set forth in the section entitled "DESCRIPTION OF THE SERIES 2012 BONDS" Redemption Provisions.

The Series 2012 Bonds are being issued to provide funds to finance a portion of the costs of rehabilitation and reconstruction of the Bridge System, to fund certain required deposits to the Debt Service Reserve Fund, and to pay the costs of issuance of the Series 2012 Bonds.

The Authority has no power to levy or collect taxes. The Series 2012 Bonds are general obligations of the Authority payable from and secured by a pledge of any moneys or revenues of the Authority including the tolls and other revenues derived by the Authority from the operation of the Bridge System of the Authority. The Series 2012 Bonds do not constitute a debt of the State of New York, or any political subdivision thereof, and neither the full faith and credit nor the taxing power of the State of New York nor any political subdivision thereof is liable on payment of the Series 2012 Bonds.

Due	Principal Amount*	Interest Rate	Yield	CUSIP Number ⁽¹⁾	Due	Principal Amount*	Interest Rate	Yield	CUSIP Number ⁽¹⁾
2014	\$145,000	2.00%	0.41%	649807BS2	2021	\$8,380,000	4.00%	2.08%	649807BZ6
2015	145,000	3.00	0.55	649807BT0	2022	8,710,000	4.00	2.29	649807CA0
2016	155,000	3.00	0.75	649807BU7	2023	9,060,000	4.00	2.48	649807CB8
2017	160,000	3.00	0.94	649807BV5	2024	9,425,000	4.00	2.65	649807CC6
2018	7,450,000	4.00	1.31	649807BW3	2025	9,800,000	5.00	2.66	649807CD4
2019	7,745,000	4.00	1.58	649807BX1	2026	10,290,000	5.00	2.80	649807CE2
2020	8,055,000	4.00	1.86	649807BY9	2027	10,805,000	4.00	3.14	649807CF9

¹ Copyright 2011, American Bankers Association. CUSIP data herein are provided by Standard & Poor's, CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. The CUSIP numbers listed above are being provided solely for the convenience of bondholders only at the time of issuance of the Series 2012 Bonds and the Authority does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future.

This cover page contains certain information intended for general reference purposes only. It is not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2012 Bonds are offered for delivery when, as and if issued and received by the Underwriters and are subject to the approval of legality by Rapport Meyers LLP, Rhinebeck, New York, Bond Counsel. Certain legal matters will be passed upon for the Authority by Carl G. Whitbeck, Jr., Esq., Rapport Meyers LLP, its General Counsel. Acacia Financial Group, Inc. is acting as financial advisor to the Authority in connection with the issuance of the Series 2012 Bonds. It is expected that the Series 2012 Bonds will be available for delivery to DTC in New York, New York on or about April 26, 2012.

April 17, 2012

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, in connection with the offering of the Series 2012 Bonds, and, if given or made, such information or representation should not be relied upon as having been authorized by the Authority or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the Series 2012 Bonds, by any person in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been obtained from the Authority and other sources that are deemed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriters. The Official Statement speaks as of its date. 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 in the other matters described herein since the date hereof.

Certain information in this Official Statement has been supplied by DTC and other sources that the Authority believes are reliable. Neither the Underwriters nor the Authority guarantee the accuracy or completeness of such information, and such information is not to be construed as a representation of the Authority.

References in this Official Statement to the Act and the Resolution do not purport to be complete. Refer to the Act and the Resolution for full and complete details of their provisions. Copies of the Resolution are on file with the Authority and the Trustee. The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including its appendices, must be considered in its entirety.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “project,” “expect,” “anticipate,” “intend,” “believe,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involves known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any results, performances or achievements expressed or implied by such forward-looking statements. Except as specifically set forth herein, the Authority does not plan to issue any updates or revisions to those forward-looking statements due to changes in its expectations or subsequent events, conditions or circumstances on which such statements are based.

THE SERIES 2012 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE SERIES 2012 BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE GUARANTEED OR PASSED UPON THE SAFETY OF THE SERIES 2012 BONDS AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
INTRODUCTION	1	SUMMARY OF PAST OPERATIONS.....	22
PLAN OF FINANCING.....	2	History of Traffic, Toll Revenues and Expenses, 2005-2011	23
SOURCES AND USES OF FUNDS.....	2	Historical Net Revenues and Debt Service	23
DEBT SERVICE REQUIREMENTS GENERAL		OPERATING BUDGET PROCESS.....	30
REVENUE BONDS.....	3	CAPITAL BUDGET PROCESS	30
DESCRIPTION OF THE SERIES 2012 BONDS	4	IMPLEMENTING THE CAPITAL PROGRAM	31
Terms	4	Prior Program Expenditures.....	31
Redemption Provisions	4	Current and Future Capital Program.....	31
Book-Entry Form Only	6	SUMMARY OF PROJECTED OPERATIONS.....	33
SOURCES OF PAYMENT AND SECURITY FOR THE		Summary of Traffic Consultant's Report.....	33
BONDS	6	Projected Revenues and Operating Expenses.....	34
Pledge of Revenues and Funds.....	6	PROJECTED DEBT SERVICE COVERAGE.....	34
Toll Rate Covenant.....	7	CERTAIN RISK FACTORS.....	35
The State Agreement	8	TAX MATTERS	38
Debt Service Reserve Requirement	8	LITIGATION	41
Additional Indebtedness.....	9	RATINGS	41
Operation and Maintenance of Bridge Facilities	12	LEGALITY OF SERIES 2012 BONDS FOR	
Insurance.....	12	INVESTMENT.....	41
THE AUTHORITY.....	13	CERTAIN LEGAL MATTERS	42
Statutory Cap.....	13	CONSULTANTS' AND ACCOUNTANTS'	
Commissioners, Officers and Senior Staff of the		REPORTS	42
Authority.....	13	FINANCIAL ADVISOR.....	42
Personnel.....	15	CONTINUING DISCLOSURE UNDER SEC	
Certain Powers of the Authority.....	16	RULE 15c2-12.....	42
THE BRIDGE SYSTEM.....	17	MISCELLANEOUS	45
Rip Van Winkle Bridge	18	APPENDIX A - Report of Traffic Consultant.....	A-1
Kingston-Rhinecliff Bridge.....	18	APPENDIX B - Report of Consulting Engineer	B-1
Mid-Hudson Bridge.....	18	APPENDIX C - Financial Statements of the	
Newburgh-Beacon Bridge.....	19	Authority	C-1
Bear Mountain Bridge	19	APPENDIX D - Summary of Certain Provisions	
Other Facilities Including Walkway Over		of the Resolutions	D-1
the Hudson	20	APPENDIX E - Book-Entry Only System	E-1
Summary of Consulting Engineer's Report.....	20	APPENDIX F - Form of Opinion of Bond Counsel ...	F-1
TRAFFIC AREAS	21		
Authority Crossings.....	21		
Other Hudson River Crossings.....	22		

NEW YORK STATE BRIDGE AUTHORITY
Mid-Hudson Bridge Plaza
Highland, New York 12528

(845) 691-7245

Authority Commissioners

Francis Vecellio	Chairman
Robert A. Gerentine	Vice Chairman
Roderick O. Dressel	Commissioner
C. Vane Lashua	Commissioner
Joseph Ramaglia	Commissioner
Roger P. Higgins	Commissioner
Vacant	Commissioner

Authority Executive Staff

Joseph Ruggiero	Executive Director
Tara Sullivan	Deputy Executive Director
Brian Bushek	Treasurer

Carl G. Whitbeck, Jr., Esq., General Counsel
Rapport Meyers LLP
Hudson, New York

Rapport Meyers LLP
Rhinebeck, New York
Bond Counsel

Acacia Financial Group, Inc.
New York, New York
Financial Advisor

Toski, Schaeffer & Co., P.C.
Williamsville, New York
Independent Accountants

Stantec Consulting Services Inc.
New York, New York
Traffic Consultant

Modjeski and Masters, Inc.
Poughkeepsie, New York
Consulting Engineer

**OFFICIAL STATEMENT
RELATING TO
NEW YORK STATE BRIDGE AUTHORITY
\$90,325,000
GENERAL REVENUE BONDS
SERIES 2012**

INTRODUCTION

This Official Statement, including the cover page and the Appendices, provides certain information concerning the issuance of \$90,325,000 General Revenue Bonds, Series 2012 (the "Series 2012 Bonds"), by the New York State Bridge Authority (the "Authority"), a body corporate and politic and public benefit corporation of the State of New York. The Series 2012 Bonds are to be issued under and pursuant to the New York State Bridge Authority Act, Title 2 of Article 3 of the New York Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State, as amended (the "Act"), the General Revenue Bond Resolution adopted by the Authority on December 19, 1996, as amended and supplemented (as amended and supplemented from time to time, the "Bond Resolution") including as supplemented by a Fourth Supplemental Resolution adopted by the Authority in accordance therewith on March 15, 2012 (the "Supplemental Resolution"). The Bond Resolution and the Supplemental Resolution are referred to collectively as the "Resolutions". The Series 2012 Bonds, together with the Outstanding Bonds described under "PLAN OF FINANCING" and all other bonds of the Authority hereafter issued pursuant to the Bond Resolution on a parity as to security and payment with the Series 2012 Bonds and the Outstanding Bonds, are referred to herein as the "Bonds".

The Authority will issue the Series 2012 Bonds principally to provide funds to finance a portion of the costs of the 2012 Project, which consists of certain reconstruction and rehabilitation projects for the Authority's Bridge System. Proceeds of the Series 2012 Bonds will also be used to (a) fund the Debt Service Reserve Fund to the level required by the Resolutions and (b) pay the costs of issuance of the Series 2012 Bonds.

The Outstanding Bonds, the Series 2012 Bonds when issued, and any Additional Bonds hereafter issued on a parity therewith are general obligations of the Authority and are payable from and secured by a pledge of any moneys or revenues of the Authority including the toll revenues derived by the Authority from the operations of the Bridge System, subject to the prior application to the payment of Operating Expenses of the Bridge System and as otherwise provided in the Resolutions.

The Series 2012 Bonds are also secured by moneys on deposit in the Debt Service Reserve Fund including amounts to be deposited therein from proceeds of the sale of the Series 2012 Bonds.

THE AUTHORITY HAS NO POWER TO LEVY OR COLLECT TAXES. THE SERIES 2012 BONDS DO NOT CONSTITUTE A DEBT OF THE STATE OF NEW YORK, OR ANY POLITICAL SUBDIVISION THEREOF, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW YORK NOR ANY POLITICAL SUBDIVISION THEREOF IS LIABLE ON PAYMENT OF THE SERIES 2012 BONDS.

The Authority currently operates and maintains five vehicular toll bridges: the Rip Van Winkle Bridge near Catskill, the Kingston-Rhinecliff Bridge near Kingston, the Mid-Hudson Bridge at Poughkeepsie, the Newburgh-Beacon Bridge linking the cities of Newburgh and Beacon, and the Bear Mountain Bridge at the Bear Mountain section of Palisades Interstate Park, approximately five miles north of Peekskill, together with the toll-free Walkway Over the Hudson Bridge and any and all incidental

spans, approaches, structures, facilities and other components including highway connections for these bridges.

The Authority has covenanted in the Bond Resolution that the Authority shall at all times fix, charge and collect tolls for the use of the Bridge System as shall be required in order that in each calendar year Net Revenues shall at least equal the Net Revenue Requirement for each year in which Bonds, including the Series 2012 Bonds, are Outstanding. The Net Revenue Requirement is defined in the Bond Resolution to mean, for any particular period, an amount equal to the greater of: (i) the sum of the Aggregate Debt Service and Required Deposits for such period, or (ii) 1.75 times the Aggregate Debt Service for such period.

The Authority may issue one or more series of Additional Bonds on a parity as to security and payment with the Series 2012 Bonds, the Outstanding Bonds and with any other Series of Bonds then Outstanding.

PLAN OF FINANCING

The Authority will issue the Series 2012 Bonds principally to provide funds to finance a portion of the costs of the 2012 Project. Proceeds of the Series 2012 Bonds will also be used (a) to fund the Debt Service Reserve Fund to the level required by the Resolutions and (b) to pay the costs of issuance of the Series 2012 Bonds. See the table below under "SOURCES AND USES OF FUNDS."

The 2012 Project consists of certain reconstruction and rehabilitation projects for the Bridge System, as described in "IMPLEMENTING THE CAPITAL PROGRAM." Based on the Traffic Consultant's Report and the current estimates of operating expenses, as described in "SUMMARY OF PROJECTED OPERATIONS," the Authority currently expects that certain amounts will be deposited annually in the Maintenance Reserve Fund. The 2012 Project will be funded in part from proceeds of the Series 2012 Bonds and in part from amounts to be deposited in the Maintenance Reserve Fund.

The Authority has previously issued its General Revenue Bonds, Series 2011 (the "Series 2011 Bonds") pursuant to the Bond Resolution. As of the date of this Official Statement, \$32,410,000 in aggregate principal amount of the Series 2011 Bonds remains outstanding.

The Authority may issue one or more series of Additional Bonds on a parity as to security and payment with the Series 2011 Bonds, the Series 2012 Bonds, and with any other Series of Bonds then Outstanding under the Bond Resolution. See "SOURCES OF PAYMENT AND SECURITY FOR THE BONDS - Additional Indebtedness" and "IMPLEMENTING THE CAPITAL PROGRAM - Future Capital Program."

SOURCES AND USES OF FUNDS

The proceeds and other funds available upon delivery of the Series 2012 Bonds, exclusive of accrued interest, are expected to be applied in the following approximate amounts:

Sources of Funds

Par Amount of Bonds	\$90,325,000
Original Issue Premium	<u>12,985,639</u>
 Total	 <u>\$103,310,639</u>

Uses of Funds

2012 Project Costs	\$98,000,000
Deposit to Debt Service Reserve Fund	3,925,135
Costs of Issuance+	<u>1,385,504</u>
Total	<u>\$103,310,639</u>

+Costs of Issuance include the State bond issuance charge and additional rounding amount.

The following table sets forth the debt service on the Outstanding Bonds, debt service on the Series 2012 Bonds, and the aggregate debt service on all Outstanding Bonds after the issuance of the Series 2012 Bonds.

**DEBT SERVICE REQUIREMENTS
GENERAL REVENUE BONDS**

Bond Year Ending January 1	Debt Service on Outstanding Series 2011 Bonds	Debt Service on Series 2012 Bonds			Total Debt Service
		Principal	Interest	Total	
2013	\$7,320,840	0	2,590,467	2,590,467	9,911,307
2014	7,326,100	145,000	3,806,400	3,951,400	11,277,500
2015	7,328,750	145,000	3,803,500	3,948,500	11,277,250
2016	7,326,350	155,000	3,799,150	3,954,150	11,280,500
2017	7,323,750	160,000	3,794,500	3,954,500	11,278,250
2018		7,450,000	3,789,700	11,239,700	11,239,700
2019		7,745,000	3,491,700	11,236,700	11,236,700
2020		8,055,000	3,181,900	11,236,900	11,236,900
2021		8,380,000	2,859,700	11,239,700	11,239,700
2022		8,710,000	2,524,500	11,234,500	11,234,500
2023		9,060,000	2,176,100	11,236,100	11,236,100
2024		9,425,000	1,813,700	11,238,700	11,238,700
2025		9,800,000	1,436,700	11,236,700	11,236,700
2026		10,290,000	946,700	11,236,700	11,236,700
2027		10,805,000	432,200	11,237,200	11,237,200
Total:	<u>\$36,625,790</u>	<u>\$90,325,000</u>	<u>\$40,446,917</u>	<u>\$130,771,917</u>	<u>\$167,397,707</u>

Source: The Authority.

DESCRIPTION OF THE SERIES 2012 BONDS

Terms

The Series 2012 Bonds will be issued in fully registered form in denominations of \$5,000 or any integral multiple thereof pursuant to the Resolutions. See "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS." The Series 2012 Bonds will mature on January 1 in each of the years and in the principal amounts set forth on the cover page of this Official Statement. The Series 2012 Bonds are subject to redemption prior to maturity as set forth in the section entitled "DESCRIPTION OF THE SERIES 2012 BONDS" Redemption Provisions." The Series 2012 Bonds will be dated as of the date set forth on the cover page of this Official Statement and will bear interest at the rates set forth on the cover page of this Official Statement, payable on each January 1 and July 1 commencing January 1, 2013 (each an "Interest Payment Date").

The Series 2012 Bonds, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2012 Bonds. Purchases of beneficial interests in the Series 2012 Bonds will be made in book-entry form only (without certificates) in the denomination of \$5,000 or any integral multiple thereof.

The principal of the Series 2012 Bonds, or redemption premium, if any, is payable at the corporate trust office of The Bank of New York Mellon, as successor in interest to United States Trust Company of New York, as trustee (with its successors, the "Trustee"), paying agent and registrar. So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2012 Bonds, payments of the principal of and interest on the Series 2012 Bonds will be made directly to Cede & Co. Disbursement of such payments to the DTC participants is the responsibility of DTC and disbursement of such payments to the owners of beneficial interests in the Series 2012 Bonds is the responsibility of the DTC participants. (See "Book-Entry Form Only.")

In any case where the maturity or redemption date or date on which the payment of interest on or principal of the Bonds is due shall be a date other than a Business Day, then payment of such interest, principal or premium, if any, need not be made on such date but may be made 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, and no interest on such payment shall accrue for the period after such date.

Redemption Provisions

The Series 2012 Bonds are subject to optional redemption as provided below.

Optional Redemption

The Series 2012 Bonds maturing on or before January 1, 2022 will not be subject to redemption prior to maturity except pursuant to a Make-Whole Redemption described below. The Series 2012 Bonds maturing on or after January 1, 2023 are subject to redemption prior to maturity, at the option of the Authority, as a whole or in part at any time on or after January 1, 2022, at the redemption price of par plus accrued interest to the redemption date.

Optional Redemption at the Make-Whole Redemption Price. The Series 2012 Bonds are subject to optional redemption on any date prior to maturity at the option of the Authority, as a whole or in part (and if in part, at the option of the Authority as to maturity and by lot within a maturity) at the Make-Whole Redemption Price.

Make-Whole Redemption Price shall mean the greater of (x) the Amortized Value of the Series 2012 Bonds to be redeemed, or (y) the sum of the present values of the payments of principal and interest (not including accrued interest to the redemption date) to be paid on the Bonds to be redeemed from and including the redemption date to the maturity date of such Bonds, discounted to the redemption date on a semiannual basis (assuming a 360 day year of twelve 30 day months) at the Tax-Exempt Municipal Bond Rate for such Bonds plus 15 basis points, plus accrued interest to the redemption date.

Amortized Value shall mean the principal amount of the Bonds to be redeemed pursuant to a make-whole call multiplied by the price of such Bonds expressed as a percentage, calculated based on the industry standard method of calculating bond prices, with a delivery date equal to the redemption date, the maturity date of such Bonds and a yield equal to such Bonds' original reoffering yield set forth in the official statement for such Series.

Tax-Exempt Municipal Bond Rate shall mean with respect to the Series 2012 Bonds on a given redemption date, the Comparable AAA General Obligations yield curve rate for the maturity date of the Bonds, as published by Municipal Market Data at the close of business three days prior to the related redemption date. If no such yield curve rate is established for the applicable year, the Comparable AAA General Obligations yield curve rate for the two published maturities most closely corresponding to the applicable year will be determined and the Tax-Exempt Municipal Bond Rate will be interpolated or extrapolated from those yield curve rates on a straight-line basis. In calculating the Tax-Exempt-Municipal Bond Rate, should Municipal Market Data no longer publish the Comparable AAA General Obligations yield curve rate, then the Tax-Exempt Municipal Bond Rate will equal the Consensus Scale yield curve rate for the applicable year made available daily by Municipal Market Advisors. In the event Municipal Market Advisors no longer publishes the Consensus Scale, the Tax-Exempt Municipal Bond Rate will be determined by the Financial Advisor designated by the Authority as the quotation agent, based upon the rate per annum equal to the semiannual equivalent yield to maturity of those tax-exempt general obligation bonds rated in the highest rating category by Moody's Investors Service and Standard and Poor's Ratings Services with a maturity date equal to the maturity date of such Bonds having characteristics (other than ratings) most comparable to those of such Bonds in the judgment of the quotation agent. The quotation agent's determination of the Tax-Exempt Municipal Bond Rate is final and binding in the absence of manifest error.

Under the provisions of Section 532 of the Act, the State may, upon providing sufficient funds therefor, require the Authority to redeem the Bonds in accordance with the terms of redemption then applicable.

Selection of Bonds to be Redeemed. If less than all of the Bonds of a particular series are called for redemption at any one time, they shall be called in the order of maturity specified by an Authorized Officer of the Authority, and the Trustee, using such method as it shall deem proper in its discretion, shall select Bonds by lot within a maturity.

Notice of Redemption. Notice of redemption is to be given by the Trustee in the name of the Authority by mailing a copy of the redemption notice, by first class mail, postage prepaid, not less than 30 days nor more than 60 days prior to the redemption date to registered owners of the Bonds of the series to be called at their respective addresses appearing in the registration books. No assurance can be given by the Authority that DTC and DTC Participants will promptly transmit notices of redemption to Beneficial Owners.

The giving of the redemption notices described above is not a condition precedent to redemption and any failure to mail such notice to any registered owner will not affect the validity of the proceedings for the redemption of any Bonds.

Book-Entry Form Only

Unless otherwise noted, the information contained in APPENDIX E, "Book-Entry-Only System" has been extracted from information given by DTC. Neither the Authority, the Trustee, nor the Underwriters makes any representation as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

NONE OF THE AUTHORITY, THE TRUSTEE OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR TO THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE FOR SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANT OR THE BENEFICIAL OWNERS.

SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

Pledge of Revenues and Funds

The Series 2012 Bonds are general obligations of the Authority and are payable from and secured by a pledge of the Net Revenues, the proceeds from the sale of the Series 2012 Bonds, and all funds and accounts established under the Resolutions (with the exception of the Operating Fund, the Subordinated Indebtedness Fund, and the Rebate Fund) subject only to the provisions of the Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein.

Under the Bond Resolution, the Authority's pledge of all Net Revenues consists of (a) Revenues, defined as the sum of (i) all tolls, revenues, rates, fees, charges, rents and other income and receipts, in each case derived by or for the account of the Authority from the operation of the Bridge System or from the ownership or holding of certain properties constituting a part of the Bridge System, (ii) the proceeds of any insurance covering business interruption loss relating to the Bridge System, (iii) any proceeds of the investment of any and all of the foregoing and (iv) the investment proceeds of any and all amounts in the Funds and Accounts held by the Trustee under the Bond Resolution, other than the Subordinated Indebtedness Fund and the Rebate Fund, less (b) all Operating Expenses of the Authority. See "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS."

Under the Bond Resolution, all Revenues are to be collected by the Authority and deposited promptly in the Revenue Fund. After the tenth (10th) day and on or before the last day of each month, the Trustee shall pay from amounts in the Revenue Fund to the Authority to be credited to the Operating Fund established under the Bond Resolution of an amount not more than sufficient, with the amounts then in the Operating Fund, to provide for the Operating Expenses for the remainder of the current month and the next two months. On or before the tenth (10th) day of each month, the Trustee shall make the deposits in the Funds and Accounts established under the Bond Resolution and held by the Trustee.

The security for the Series 2012 Bonds will be for the benefit of all Bonds issued under the Bond Resolution, which Bonds will rank on a parity and will be secured equally and ratably with each other. (See "Additional Indebtedness" below.)

Toll Rate Covenant

The Authority has covenanted in the Bond Resolution, to fix, charge and collect tolls and other charges to provide for: (i) the timely payment of debt service on the Bonds and the principal of and interest on any other indebtedness of the Authority payable from Net Revenues; (ii) the proper operation and maintenance of the Bridge System; and (iii) all other payments required for the Bridge System not otherwise provided for.

Without limiting the generality of the foregoing, the Authority has covenanted to at all times fix, charge and collect such tolls and other charges for use of the Bridge System as shall be required by the Act and in order that in each Fiscal Year Net Revenues, less investment earnings on amounts held in the General Fund and the Construction Fund included therein, will be at least an amount equal to the Net Revenue Requirement, which is the greater of (i) the sum of the Aggregate Debt Service and the Required Deposits for such Fiscal Year, or (ii) 1.75 times the Aggregate Debt Service for such Fiscal Year. A failure to generate Net Revenues as set forth in this paragraph will not constitute an "event of default" under the Bond Resolution if the Authority takes timely action to correct any such deficiency as described in the following paragraph.

The Authority has covenanted in the Bond Resolution to complete a review, on or before the sixtieth day preceding the first day of each Fiscal Year, of its financial condition for the purpose of estimating whether Net Revenues, less investment earnings on amounts held in the General Fund and the Construction Fund included therein, for such year and the next succeeding year will be sufficient to comply with the rate covenant. The Authority has covenanted to adopt and place in effect no later than the first day of the fourth month of the next Fiscal Year the schedule of tolls and other charges recommended by the Traffic Consultant to bring the Authority into compliance with the rate covenant. Failure to comply with the rate covenant will not be an Event of Default if the Authority establishes a schedule of tolls and other charges recommended by the Traffic Consultant where a schedule complying with the rate covenant, is impracticable or would result in a reduction of Net Revenues.

The Authority has retained the Traffic Consultant to perform a review of estimated Revenues. See "APPENDIX A" REPORT OF TRAFFIC CONSULTANT.

The Act provides that rates of tolls shall be determined by the Authority subject to the approval of the Commissioner of the New York State Department of Transportation (the "Commissioner") and to the provisions and limitations of any agreement with the bondholders and noteholders. The Act further provides that nothing in the Act shall give the Commissioner any power or authority to require any act or thing which will constitute a breach of any agreement with the bondholders or noteholders. Additionally, pursuant to the Act the State has pledged to and agreed with the holders of any bonds or notes of the Authority that the State will not limit or alter the rights vested in the Authority by the Act to establish and collect such charges and tolls as may be convenient or necessary to produce sufficient revenue to meet the expense of maintenance and operation and to fulfill the terms of any agreement made with the holders of bonds or notes, or in any way impair the rights or remedies of bondholders or noteholders, until the bonds and notes, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any actions or proceedings by or on behalf of the bondholders or noteholders, are fully met and discharged.

The Authority is subject to certain financial disclosure, reporting and public hearing requirements of the Public Authorities Law and to the requirements of State Environmental Quality Review Act and the State Administrative Procedures Act with respect to proposed increases in toll rates.

Federal law (33 U.S.C. Section 508) provides that tolls for passage over bridges constructed under the authority of the Bridge Act of 1906 or the General Bridge Act of 1946 shall be "just and reasonable". The 1906 Bridge Act applies to all bridges constructed over navigable waters of the United States after March 23, 1906, and the General Bridge Act of 1946 applies to bridges over navigable waters of the United States the construction of which is approved after August 2, 1946. The Authority believes that the tolls reflected in "APPENDIX A" REPORT OF TRAFFIC CONSULTANT are just and reasonable.

The State Agreement

Pursuant to the Act, the State of New York pledges to and agrees with the holders of any bonds or notes of the Authority that it will not authorize the construction or maintenance of any additional highway crossings for vehicular traffic over, under or across the waters of the Hudson River in addition to the Bridge System now authorized which will be competitive with the Bridge System of the Authority. Any crossing will be considered as competitive only if it shall form a connection for vehicular traffic over, under or across the Hudson River south of a line drawn across the Hudson River fifteen miles north of the Rip Van Winkle Bridge, and north of a line drawn across the Hudson River at the Bear Mountain Bridge.

Debt Service Reserve Requirement

The Bond Resolution establishes a Debt Service Reserve Fund and requires that there shall be deposited into the Debt Service Reserve Fund an amount necessary to make the amount on deposit equal to the Debt Service Reserve Requirement, after giving effect to the issuance of such Bonds. The Debt Service Reserve Requirement is an amount equal to the lesser of (A) the Maximum Annual Debt Service due to be paid on Bonds then Outstanding in the then current or any future Fiscal Year to which the calculation relates, excluding interest to be paid from deposits in the Debt Service Fund made from the proceeds of Debt (including amounts, if any, transferred thereto from the Construction Fund) or (B) 125% of the average annual Estimated Aggregate Debt Service with respect to all Outstanding Bonds in the then current and all future Fiscal Years; provided, however, that the amount required to be deposited in the Debt Service Reserve Fund as a condition to the issuance of any series of Additional Bonds shall not exceed 10% of the stated principal amount of such series of Bonds when issued, or, to the extent such series consisted of Bonds that when issued, had more than a de minimis amount of original issue discount or premium, the issue price (net of pre-issuance accrued interest) of such bonds; and provided further that in any event the Debt Service Reserve Requirement with respect to all of the Outstanding Bonds shall not exceed the maximum amount that may be held in the Debt Service Reserve Fund, in the opinion of nationally recognized bond counsel, with respect to the Bonds intended to be Tax-Exempt without adversely affecting the Tax-Exempt status of such Bonds; and further provided that if at any time the Authority at its option shall have established one or more Reserve Deposits in connection with the issuance of any Series of Bonds, the Debt Service Reserve Requirement as of any date of calculation shall be reduced by an amount equal to the sum of all Reserve Deposits not due and payable in such current or future Fiscal Year to which the calculation relates; and provided further that a different Debt Service Reserve Requirement for Bonds issued as Variable Rate Debt may be established in the Supplemental Resolution authorizing such Series; and provided further that on conversion of Variable Rate Debt to a fixed rate, the Debt Service Reserve Requirement for such Debt shall be increased to the level otherwise required by this Resolution. Amounts on deposit in the Debt Service Reserve Fund will be applied, to the extent Net Revenues are not available, to pay principal and interest on the Bonds. See "APPENDIX D" SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS Debt Service Reserve Fund.

The Authority will deposit from the proceeds of the Series 2012 Bonds an amount sufficient to make the amount on deposit in the Debt Service Reserve Fund at least equal to the Debt Service Reserve Requirement.

In lieu of making cash deposits to the Debt Service Reserve Fund, the Authority may satisfy the Debt Service Reserve Requirement by depositing Financial Guarantees into the Debt Service Reserve Fund. In addition, the Authority may satisfy the Debt Service Reserve Requirement by covenanting to make Reserve Deposits over a period of not more than sixty (60) months. See "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS" Satisfaction of the Debt Service Reserve Requirement.

Additional Indebtedness

Additional Bonds

Subject to the statutory cap (See "THE AUTHORITY"), the Authority may issue Additional Bonds under the Bond Resolution on a parity with all Bonds Outstanding for one of the following purposes: (i) financing the Costs of Additional Projects; (ii) financing the costs of completing any Additional Project; (iii) refunding any outstanding series of Bonds; or (iv) providing funds for deposit in the Funds and Accounts, including the Debt Service Reserve Fund, and paying the costs incident to the issuance of a series of Bonds.

The Authority may issue Additional Bonds for the purpose of financing the costs of constructing an Additional Project only upon the satisfaction of certain requirements, including:

(a) A certificate of an Authorized Officer of the Authority setting forth: (i) Net Revenues, less investment earnings on amounts held in the General Fund and the Construction Fund included therein, for any period of twelve (12) consecutive months out of the eighteen (18) calendar months preceding the authentication and delivery of the Additional Bonds, provided that, if any adjustment of toll rates had been put into effect during or after the end of such 12-month period, such Net Revenues will be adjusted to reflect Revenues which the Traffic Consultant estimates would have resulted had the toll rate adjustment been in effect for the entire 12-month period, and the Additional Bond Requirement for such 12 months and demonstrating that such Net Revenues, less investment earnings on amounts held in the General Fund and the Construction Fund included therein, equal or exceed the Additional Bond Requirement, (ii) the Debt Service Reserve Requirement with respect to all Bonds Outstanding immediately after the authentication and delivery of such Additional Bonds, (iii) the Estimated Aggregate Debt Service for the then current Fiscal Year and each of the five Fiscal Years following the then current Fiscal Year and (iv) the other estimated Required Deposits for the current and the next five Fiscal Years; and

(b) A certificate of the Traffic Consultant stating whether, to the best of its knowledge, any Federal, State or other agency is then projecting or planning the construction, improvement, or acquisition of any bridge or other facility which, in the opinion of the Traffic Consultant, may be materially competitive with any part of the Bridge System and which may materially and adversely affect Revenues, and the estimated date of completion of such bridge or other facility; and

(c) A certificate of the Traffic Consultant setting forth, for the then current and the next five fiscal years, estimates of Revenues after taking account of (i) the construction of the

Project or Additional Project not yet completed if the Cost to complete such Project or Additional Project has been provided, or will be provided from the issuance of such Additional Bonds, (ii) any adjustment of toll rates which had been placed in effect subsequent to the beginning of the 12-month period referred to in subparagraph (a) above, as if such toll rate adjustment had been in effect from the beginning of such period until the effective date of any subsequent adjustment presumed necessary and (iii) any adjustment of toll rates, which, in the opinion of the Traffic Consultant, would be necessary to comply with the provisions of the Bond Resolution as if such adjustment were to be in effect from its effective date to the effective date of any other such adjustment; and

(d) If applicable, a certificate of the Consulting Engineer setting forth (i) the estimated total Cost of the Project or such Additional Project and (ii) the estimated date of completion of the Project or the Additional Project; and

(e) A certificate of an Authorized Officer of the Authority setting forth (i) the estimated Revenues and estimated Operating Expenses (based on the certificates delivered pursuant to subparagraphs (c) and (d) above) for the current and the next five Fiscal Years, taking into account the construction of the Project or any Additional Project not yet completed if the Cost to complete the Project or such Additional Project has been provided, or will be provided from the issuance of such Additional Bonds, and (ii) the opinion that such estimated Net Revenues, less investment earnings on amounts held in the General Fund and the Construction Fund included therein, for the current and the next five Fiscal Years equal or exceed the Estimated Net Revenue Requirement (based on the certificate delivered pursuant to subparagraph (a) above) for each such year and that estimated Net Revenues less investment earnings on amounts held in the General Fund and the Construction Fund included therein in such fifth full Fiscal Year equal or exceed that sum of Estimated Aggregate Debt Service and the Subordinated Indebtedness Requirement for any particular year which results in the largest such sum for the then current or any future year immediately after the authentication and delivery of the Bonds being issued; and

(f) The amount, if any, to be deposited in the Debt Service Reserve Fund so that the balance in such Fund will equal the Debt Service Reserve Requirement immediately after delivery of such Additional Bonds.

The Additional Bond Requirement is an amount equal to the greater of (A) the sum of (i) the sum of the Estimated Aggregate Debt Service and the Subordinated Indebtedness Requirement for any particular Fiscal Year which results in the largest such sum for the current or any future Fiscal Year immediately after the authentication or delivery of such Additional Bonds and (ii) Required Deposits exclusive of the Subordinated Indebtedness Requirement, for the 12-month period immediately prior to such authentication and delivery; or (B) 1.75 times the Maximum Annual Debt Service with respect to all Bonds Outstanding immediately after such authentication and delivery of the Additional Bonds.

The Authority may issue Additional Bonds for the purpose of financing the costs of completing the Project or any Additional Project upon the satisfaction of certain requirements, including:

(a) A certificate of an Authorized Officer of the Authority stating that the moneys on deposit in the applicable Account of the Construction Fund are insufficient to pay such costs; and

(b) A certificate of the Consulting Engineer stating that the proceeds of such Additional Bonds are sufficient to complete the Project or such Additional Project.

Refunding Bonds

The Authority also may issue one or more Series of Refunding Bonds at any time: (a) to refund the principal and interest or principal only or interest only of Outstanding Bonds of one or more Series, or (b) to refund one or more maturities within a Series of any Bonds or one or more maturities within one or more Series, or (c) to refund any Outstanding Subordinated Indebtedness. Refunding Bonds shall be issued in a principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make the deposits in the Funds and Accounts under the Bond Resolution required by the provisions of the Supplemental Resolution authorizing such Bonds.

Refunding Bonds may be issued for the purpose described in clause (c) above if the Authority meets the tests described above relating to Additional Bonds. Refunding Bonds may be issued for any of the purposes described in clauses (a) or (b) above without meeting the tests above if the present value of the Aggregate Debt Service after giving effect to the issuance of such Refunding Bonds does not exceed the present value of the Aggregate Debt Service immediately prior to the date of authentication and delivery of such Refunding Bonds. For purposes of determining the present value of Aggregate Debt Service under the Bond Resolution, present value is calculated by using the effective interest rate of the Refunding Bonds which will be at a rate determined by doubling the semi-annual interest rate (compounded semi-annually) necessary to discount the Debt Service payments of the Refunding Bonds from the payment dates thereof to the date of issuance of the Refunding Bonds and to the price bid including estimated accrued interest or proceeds, including estimated accrued interest from the sale thereof.

Subordinated Indebtedness

Additionally, the Authority may issue Subordinated Indebtedness payable out of and secured by a pledge of amounts in the Subordinated Indebtedness Fund or the General Fund as provided by the Authority in a resolution determining various priorities in the liens and pledges securing Subordinated Indebtedness. However, any pledge of amounts in the Subordinated Indebtedness Fund or the General Fund to secure any such Subordinated Indebtedness shall be subordinate in all respects to the security, pledge and lien established by the Bond Resolution as security for Bonds. Nothing in the Bond Resolution should be construed to require that the payment of or pledges securing any particular issue of Subordinated Indebtedness be on a parity with any other issue of Subordinated Indebtedness. Subordinated Indebtedness may not be issued unless, in connection therewith, an Authorized Officer of the Authority shall file with the Trustee a certificate setting forth the estimated Net Revenues for each of the five full Fiscal Years following the incurring of the Subordinated Indebtedness and demonstrating that, after the payment of any required debt service on the Subordinated Indebtedness, such estimated Net Revenues will be sufficient to satisfy the Authority's toll rate covenant (see "Toll Rate Covenant" above). Such Net Revenues will be estimated by an Authorized Officer in accordance with the Additional Bonds requirement (see "Additional Bonds" above).

Issuance of Bond Anticipation Notes

Whenever the Authority shall have authorized the issuance of a Series of Bonds, the Authority may, by resolution, authorize the issuance of notes (and the renewals thereof) in anticipation of the issuance of such Bonds. The principal of and interest on such notes and renewals thereof shall be payable from the proceeds of such notes or from the proceeds of the sale of the Series of Bonds in anticipation of which the notes were issued. The proceeds of such Bonds may be pledged for the payment of the principal of and interest on such notes and any such pledge shall have a priority over any other pledge of such proceeds created by the Resolution. Any notes may be issued as Additional Bonds subject to the provisions of Section 2.05. Any notes may be issued as Balloon Indebtedness to the extent provided in

the resolution authorizing such notes. Any notes may be issued as Subordinated Indebtedness in which event such interest shall be payable from the Subordinate Indebtedness Fund. Unless a supplemental resolution provides that the notes shall be Additional Bonds, such notes shall not be taken into account in the determination of Aggregate Debt Service.

Operation and Maintenance of Bridge Facilities

Under the Bond Resolution, the Authority has covenanted: (a) at all times to operate or cause to be operated the Bridge System properly and in a sound and economical manner; (b) at all times to maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition; and (c) from time to time to make or cause to be made all necessary and proper repairs, replacements and renewals so that at all times the operation of the Bridge System may be properly and advantageously conducted.

Under the Bond Resolution, the Authority has covenanted also to determine by resolution, at least annually, the amount necessary to comply with the covenant in the paragraph above and to certify to the Trustee annually the amount necessary to be accumulated in the Maintenance Reserve Fund to comply with such covenant. Such amount may not be less than that recommended by the Consulting Engineer to accompany the Authority's certificate.

Insurance

The Authority has covenanted, pursuant to the Bond Resolution, to maintain with responsible insurers all insurance in its judgment required and reasonably obtainable, to provide against (i) loss or damage and loss of revenues, (ii) war risk (if such insurance is obtainable from the United States Government or an agency thereof), and (iii) public liability to the extent necessary to protect the interest of the Authority and the Bondholders. Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and shall be payable to the Authority; provided, however, that regarding insurance required above, the Authority, in a resolution, may determine to pay into a separate account in the Insurance Fund, amounts sufficient (in the sole judgment of the Authority) with the investments therein to provide coverage in addition to or instead of such policies or contracts of insurance described above or as a reserve against potential liability to other parties.

The Authority does not carry replacement value insurance on the aggregate value of the Bridges. The Authority currently carries property insurance on its vehicular bridges as a group in an amount not less than the replacement value of a single span, as determined annually by the Authority's Consulting Engineer, subject to a deductible equal to the greater of \$100,000 or 3% of the insured value. The Consulting Engineer has determined that the bridge span with the largest cost of replacement is the South Span of the Newburgh Beacon Bridge, at \$314,088,000. Earthquake and flood limits are \$100,000,000. Coverage includes lost revenues resulting from damage to a bridge structure. The Authority currently carries property coverage for the Walkway Over the Hudson Bridge at \$80,000,000. The Authority currently has policies of insurance covering liability, automobiles, watercraft, police professional, and public officials. The Authority also currently has terrorism coverage under the Terrorism Risk Insurance Act of 2002. Each of the insurance policies is subject to deductible and/or self-insurance retention.

The Authority's current policies may be modified subject to the foregoing covenants. Available insurance coverage and rates vary from time to time, and there is no assurance that the Authority will maintain any particular type or amount of coverage.

THE AUTHORITY

The Authority is a body corporate and politic and public benefit corporation created in 1932 and existing pursuant to the Act. The Act provides that the Authority shall continue its corporate existence and operate and maintain the Bridge System so long as it shall have bonds or other obligations outstanding and until its existence shall be terminated by law. Upon cessation of the Authority, all its rights and properties shall pass to the State of New York.

Statutory Cap

The Act authorizes the Authority to issue negotiable bonds in conformity with the applicable provisions of the Uniform Commercial Code for any corporate purpose in the aggregate principal amount of not exceeding \$153,255,000, the statutory cap in effect as of the date of this Official Statement. In addition, the Authority is authorized to issue, from time to time whenever it deems refunding expedient, bonds in such principal amount as it may determine for the purpose of refunding bonds then outstanding and to pay the costs incurred in connection with said refunding; provided that upon a refunding the aggregate principal amount of outstanding bonds may be greater than \$153,255,000 only if the present value of the aggregate debt service of the refunding bonds does not exceed the aggregate debt service of the refunded bonds.

Prior to the issuance of the Series 2012 Bonds, the principal amount of Bonds Outstanding subject to the statutory cap is \$32,410,000, leaving a remaining unused cap of \$120,845,000. After giving effect to the issuance of the Series 2012 Bonds and as of the issue date thereof, the only Outstanding Bonds will be the Series 2011 Bonds and the Series 2012 Bonds and the remaining unused cap is \$30,520,000.

The Authority has never defaulted in payment of principal of or interest on its bonds.

Commissioners, Officers and Senior Staff of the Authority

The Authority consists of seven commissioners appointed by the Governor of the State of New York with the advice and consent of the New York State Senate, to serve for terms of five years each. Successors are appointed for terms of five years each from the first day of February. Vacancies in the Authority occurring otherwise than by expiration of term are filled for the unexpired term in the manner previously stated. Pursuant to the New York State Public Officers Law, commissioners of the Authority continue to serve until a successor is appointed and qualified. The commissioners of the Authority receive no compensation for their services, but may be reimbursed for their necessary expenses incurred in connection with their duties. The commissioners choose their own Chairman and may appoint other officers.

The present commissioners of the Authority are as follows:

Francis Vecellio, Chairman, has served as a Commissioner of the New York State Bridge Authority since 2009 and elected as Chairman by its commissioners in 2011. He resides in Kinderhook, Columbia County and is active in a number of community and civic organizations. Francis Vecellio brings a wealth of experience in financial management and holds a Summa Cum Laude degree in Business Administration from Ohio University. His term expires in 2013.

Richard A. Gerentine, Vice Chairman has served as a Commissioner of the New York State Bridge Authority since 2006 and was elected Vice Chairman in 2011. A resident of Ulster County, he has a distinguished career in private business and community involvement in

communities on both sides of the Hudson River. Mr. Gerentine has served as Chairman of the Ulster County Legislature and has expertise in public finance. Richard Gerentine received a degree in Business Administration from Marist College. His term expired in 2011.

Roderick O. Dressel has served as a Commissioner of the New York State Bridge Authority since June of 1997. A resident of Ulster County, he is the owner and operator of Dressel Farms in New Paltz. Mr. Dressel has more than 30 years of experience in financial matters and fiscal planning and is active in the Hudson Valley Agricultural industry. Mr. Dressel's term expired in 2010.

C. Vane Lashua has served as a Commissioner of the New York State Bridge Authority since 2009. He resides in Dutchess County and is active in a number of environmental and civic groups active in the Mid-Hudson region. Mr. Lashua brings a distinguished career in information management and utilizing technology to increase productivity and reduce costs to the Authority. Mr. Lashua holds a Bachelor's Degree in English from Indiana University and a Masters Degree in Counseling from Western Kentucky University. Mr. Lashua's term expired in 2012.

Joseph Ramaglia has served as a Commissioner of the New York State Bridge Authority since 2009 and is a resident of Orange County. He is a long time advocate for safety and training in the work place and has an extensive background in structural steel and bridge painting operations. Joe Ramaglia is the Business Manager/Secretary Treasurer of District Council 9 of the International Union of Painters and Allied Trades representing over 10,000 members throughout New York State. Mr. Ramaglia's term expired in 2011.

Roger P. Higgins has served as a Commissioner of the New York State Bridge Authority since 2010. A resident of Dutchess County, Roger Higgins has an accomplished career as an educator and public servant. Mr. Higgins also served as a county legislator, rising to the position of Chairman, and brings a wealth of experience in governmental management. Mr. Higgins holds a Master of Education degree from Springfield College. Mr. Higgins's term expired in 2011.

Pursuant to the provisions of the Public Authorities Accountability Act of 2005 and the Public Authorities Reform Act of 2009, the Board formed three committees, the Finance Committee, the Audit Committee, and the Governance Committee. The Finance Committee is charged with overseeing the financial policies and financial matters of the Authority. The Audit Committee is charged with overseeing the qualifications and independence of the Authority's independent auditor, the quality and integrity of the Authority's financial statements and the Authority's internal controls and compliance system. The Governance Committee is charged with reviewing and recommending policies designed to enhance public confidence in the Authority and promote honest and ethical conduct by the Authority commissioners, executive staff and employees.

The officers and senior staff of the Authority are as follows:

Joseph Ruggiero was appointed Executive Director and Secretary in March 2010. Mr. Ruggiero serves as the Chief Operating and Executive Officer of the Authority. Prior to his appointment, Mr. Ruggiero served as an Assistant Comptroller for New York State Comptroller Thomas P. DiNapoli and as Supervisor of the Town of Wappinger in Dutchess County. Mr. Ruggiero holds a Bachelor of Science in Electrical Engineering from the State University of New York Institute of Technology.

Tara Sullivan is the Deputy Executive Director. She joined the Authority in 2011. Ms. Sullivan has extensive public, private and governmental experience throughout the Hudson

Valley, most recently serving as the New York State Executive Director for the Hudson-Fulton-Champlain Quadricentennial.

Brian Bushek is the Treasurer and Director of Finance of the Authority. Prior to joining the Authority, he served as a consultant at Resources Global Professionals, and an accounting manager at Philips Electronics. He has a Bachelor of Science in Accounting from SUNY New Paltz and an MBA from Marist College.

Carl G. Whitbeck, Jr., Esq. has been the Authority's General Counsel since 1994. He is a graduate of Williams College and the Albany Law School of Union University and is a partner in the firm of Rapport Meyers LLP, with offices in Hudson and Rhinebeck.

William J. Moreau, P.E. is the Authority's Chief Engineer and the director of all engineering and maintenance operations. He is a licensed professional engineer in New York State and holds a Bachelor of Civil Engineering degree from the State University of New York at Buffalo. Before coming to the Authority in 1986, he had been a member of Modjeski and Masters, Inc. staff at Poughkeepsie.

Personnel

In compliance with Section 528(4) of the Public Authorities Law, all Authority employees are subject to the New York Civil Service Law.

The Authority employs, at any given time, approximately 135 full-time permanent employees and approximately 60 part-time employees. Of those serving the Authority on a full time basis, about 55 are wholly occupied by the collection of tolls and the processing of toll revenues for deposit.

Approximately 50 employees are engaged in the regular maintenance of the Bridge System, ancillary facilities and equipment. The remaining employees are engaged in the supervision of the maintenance and revenue collection operations at each bridge and the centralized management and administrative functions at the Authority's headquarters in Highland, New York. All of the current part-time employees are assigned to toll collection operations. Except for 15 Management and Confidential members of the headquarters staff, all employees of the Authority are represented by Local 50 of the Civil Service Employees Association (CSEA), an affiliate of the American Federation of State, County and Municipal Employees. The Authority's collective bargaining agreement with the CSEA expires on March 31, 2012. All Authority full-time employees, qualified part-time employees, retirees and their eligible dependents are offered health insurance through the New York State Empire Plan or a similar plan of their choosing.

All full-time employees of the Authority are members of the New York State Retirement System. The Authority maintains itself fully current with regard to the transfer of employee contributions withheld from wages and with regard to the payment of the Retirement System's billings of the Authority's share of the required contribution. In 2010, the Authority offered a retirement incentive program (the 2010 Retirement Incentive Program) to employees who met certain eligibility requirements. The 2010 Retirement Incentive Program was a temporary program provided for certain New York State and Local Employees' Retirement System (ERS) members by Chapter 105 of the Laws of 2010. Twenty employees elected to retire from service under this program. The 2010 Retirement Incentive Program resulted in an additional one-time payment to the State Retirement System, which was reflected in the Authority's operating expenses for that year.

Certain Powers of the Authority

The Public Authorities Law

The Authority is obligated under the Act to continue to maintain and collect tolls on the Bridge System and, subject to the terms of any agreement with bondholders or the State Commissioner of the New York State Department of Transportation (the "Commissioner"), apply tolls and other revenues first for the payment of the cost of maintenance and operation of the Bridge System and then to pay, as the same shall become due, the principal of and interest on the Series 2012 Bonds and Additional Bonds and to fulfill the terms of any agreement made with the holders of the Series 2012 Bonds, the Outstanding Bonds and Additional Bonds until such Bonds and the interest thereon are fully met and discharged. Under the Act, none of the Bridges constructed prior to January 1, 1958 (the Rip Van Winkle Bridge, the Kingston-Rhinecliff Bridge, the Mid-Hudson Bridge and the Bear Mountain Bridge) shall be free from tolls until all such Bridges are free from tolls (subject to any agreement with bondholders), and the rates of tolls charged on the Bear Mountain Bridge, the Mid-Hudson Bridge, the Kingston-Rhinecliff Bridge, the Rip Van Winkle Bridge and either span of the Newburgh-Beacon Bridge shall be uniform. Under the Bond Resolution, tolls shall remain in effect on the Bridge System until all of the Bonds have been retired. See "APPENDIX D - SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTIONS."

Under the Act, the powers of the Authority include, among others, the power to maintain, reconstruct and operate the Bridges so long as its corporate existence shall continue; and in addition, to construct and maintain facilities for the public, not inconsistent with the appropriate use of the Bridges, to contract for such construction, and to lease the right to construct and/or use such facilities on such terms and for such considerations as it determines, provided, however, that no lease shall be made for a period of more than ten years. Pursuant to the Act, the Authority has entered into certain leases for the installation of fiber optic communications equipment.

Subject to the approval of the Commissioner, the Authority also has the power to construct, reconstruct and improve highway connections to any of the Bridges. Upon completion of the construction, reconstruction or improvement of any such highway connections by the Authority, however, the Authority is obligated under the Act to transfer jurisdiction of such connections to the Commissioner for maintenance by the State thereafter.

Title to the real property under the jurisdiction of the Authority is vested in the State of New York, but the Authority has the right, so long as its corporate existence shall continue, to possess and use all real property and rights therein acquired by it or acquired on its behalf by the State. The Authority has the power to acquire, hold and dispose of personal property for its corporate purposes.

The Authority has no taxing power and its obligations are not a debt of the State of New York.

Neither the Authority commissioners nor any person executing the Bonds shall be liable personally on such Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

U.S. DOT Agreement

The Authority's right to operate and collect tolls for the use of the Newburgh-Beacon Bridge is governed in part by an agreement dated December 15, 1988 (hereinafter the "1988 Agreement") among the Authority, the State of New York, acting by and through the Commissioner, and the United States Department of Transportation, Federal Highway Administration, acting by and through the Administrator of the Federal Highway Administration, by Section 120(c)(2) of The Surface Transportation and Uniform

Relocation Assistance Act of 1987 (Public Law 100-17) (the "1987 Surface Transportation Act"), and by Section 402 of Title II of Public Law 101-45.

Section 120(c)(2) of the 1987 Surface Transportation Act permitted the voiding of a prior agreement providing for the eventual removal of tolls on the Newburgh-Beacon Bridge and authorized a new agreement that would allow tolls to remain on the bridge and the revenues to be used only on facilities subject to the jurisdiction of the Authority for construction and reconstruction costs and the costs necessary for the proper operation and debt service of such bridge, including resurfacing, reconstruction, rehabilitation and restoration. The 1988 Agreement voids this prior agreement, authorizes the Authority to continue the Newburgh-Beacon Bridge as a toll bridge, and permits the toll revenues to be used to pay for construction and reconstruction costs of, debt service on, and the cost of proper operation and maintenance of, bridges and facilities subject to the jurisdiction of the Authority (including resurfacing, reconstruction, rehabilitation and restoration).

Subsequently, an amendment to the Surface Transportation Act was enacted as Section 402 of Public Law 101-45 on June 30, 1989 to clarify the authorization to use Newburgh-Beacon Bridge toll revenues for other Bridge System purposes. Such Section 402 reads as follows:

Notwithstanding any other provision of law, the New York State Bridge Authority shall have the authority to collect tolls on the Newburgh-Beacon Bridge and to utilize the revenue therefrom for the construction and reconstruction of and for the costs necessary for the proper maintenance and operation of any bridges and facilities under the jurisdiction of such Authority and for the payment of debt service on any of the Authority's obligations issued in connection therewith.

THE BRIDGE SYSTEM

The Bridge System consists of five vehicular Bridges spanning the Hudson River, together with related facilities: the Rip Van Winkle Bridge, the Kingston-Rhinecliff Bridge, the Mid-Hudson Bridge, the Newburgh-Beacon Bridge and the Bear Mountain Bridge.

On December 21, 2010, the New York State Bridge Authority accepted ownership of the Walkway Over the Hudson Bridge (the "Walkway"), a 122 year-old railroad bridge converted into a linear state park. This is a pedestrian only structure which will produce no toll revenues. See "THE BRIDGE SYSTEM" Other Facilities Including Walkway Over the Hudson.

The counties in the Hudson River Valley immediately served by the Bridges are Greene, Ulster, and Orange on the west bank, and Columbia, Dutchess, and Putnam on the east bank. Such counties have a combined population in excess of one million according to the New York Metropolitan Transportation Council. A more complete discussion of the population served by the Authority is contained in "APPENDIX A - REPORT OF TRAFFIC CONSULTANT."

The Hudson River Valley is a diverse and economically vigorous region. Traditionally a highly productive agricultural area for activities such as fruit and dairy farming, in recent decades the Hudson River Valley has turned to some extent to manufacturing, tourism and other commercial activities as the region's major employment source. The completion of major highways has made the area more accessible and the northbound push of the New York Metropolitan area's suburbs has opened the region as far north as Poughkeepsie to commuter residential development.

The Authority has power to maintain, reconstruct, and operate highway crossings for vehicular traffic, over, under or across the waters of the Hudson River from a line 15 miles north of the Rip Van

Winkle Bridge southward to the Bear Mountain Bridge. Title to the facilities of the Authority is vested in the State of New York.

The following is a brief description of the Authority's facilities.

Rip Van Winkle Bridge

The Rip Van Winkle Bridge was built by the Authority under the direction of the State Superintendent of Public Works. Construction of the Bridge began in March, 1933, and the Bridge was opened to traffic on July 2, 1935. In 1992, a deck replacement project increased the roadway width to its present two-lane, 34 foot width, with a 6-foot sidewalk on the south side. The Bridge consists in part of continuous steel trusses and in part of a through steel cantilever. The overall length of the Bridge is 4,978 feet. Its cantilevered main channel span has an 800 foot length and a vertical clearance above the Hudson River of 142 feet. The original cost of the structure, built during the economic depression of the 1930's when construction costs were low, was \$2,409,484. The Bridge was carried on the Authority's books (for financial reporting purposes) as of December 31, 2011, at \$2,299,147. The replacement cost of the Bridge was estimated by the Consulting Engineer at \$178,428,000, as of January 1, 2012.

Kingston-Rhinecliff Bridge

The Kingston-Rhinecliff Bridge was authorized by the New York State Legislature in 1947. The Authority began construction of the structure in July, 1954, and the Bridge was opened to traffic on February 2, 1957. The Bridge has an overall length of 7,793 feet. The Bridge has a symmetrical structure and the superstructure is of steel construction, including ten continuous truss spans ranging from 300 to 800 feet each. Clearance over the Hudson River is at a minimum height of 135 feet. The Bridge supports a two-lane roadway 36 feet wide along with two emergency sidewalks. A redecking project completed in November 2002 resulted in a 40 foot wide two-lane roadway. The total cost of the structure was \$18,722,952. The Bridge was carried on the Authority's books as of December 31, 2011, at \$20,536,609. The replacement cost of this Bridge was estimated by the Consulting Engineer at \$245,557,000, as of January 1, 2012.

Mid-Hudson Bridge

The Mid-Hudson Bridge was built by the State Department of Public Works, completed in 1930, and acquired by the Authority in 1933. In 1987 and 1988, the Bridge's roadway deck was entirely demolished and replaced with a new concrete filled steel grid structure 31 feet wide. Under base traffic conditions, the Bridge is operated as a two-lane facility with a single lane in each direction. During weekday periods of morning and evening peak demand the Bridge operates as a three-lane facility with two lanes serving the direction of dominant flow.

The Bridge is of the suspension type and its total length between anchorages is 3,000 feet. The main span of 1,495 feet between the two towers has a clearance of 135 feet over the Hudson River. These towers rise 315 feet. The eastern approach is an elevated structure approximately 1,000 feet in length from the cable anchorage to the Bridge abutment. The original construction cost of the Bridge was \$5,892,781. The Bridge was carried on the Authority's books as of December 31, 2011, at \$12,957,846. The replacement cost of the Bridge was estimated by the Consulting Engineer at \$247,452,000 as of January 1, 2012, and other ancillary structures or the approach thereto were estimated at an additional \$23,850,000.

Newburgh-Beacon Bridge

The Newburgh-Beacon Bridge complex consists of two parallel spans.

The North Span was opened in 1963. It is 7,789 feet long overall with a 1,000-foot main channel cantilever truss span. Originally designed to accommodate two 15-foot traffic lanes, the North Span was the object of a major reconstruction beginning in 1980 and was reopened in 1984 with a 39-foot wide roadway accommodating three lanes of westbound traffic. The cost to construct was \$24,648,017. The cost of reconstruction was \$49,154,620.

The South Span at Newburgh-Beacon, constructed for the Authority by the New York State Department of Transportation and opened in 1980, has an overall length of 7,801 feet, slightly longer than the North Span. The newer bridge has a 53-foot wide roadway accommodating three lanes of eastbound traffic and a 12-foot wide shoulder, serving as a breakdown lane. The South Span also carries a separate 8-foot wide pedestrian walkway and bicycle path.

The Bridge carries Interstate Route 84, which is a four lane limited access highway. I-84 runs between Interstate Route 81 at Scranton, Pennsylvania, and the Massachusetts Turnpike (Interstate Route 90) at a point approximately fifty miles west of Boston with interchanges connecting with major intersecting roads. In the Hudson Valley area, I-84 connects to State Routes 9D and 9, the Taconic Parkway and other local roads on the Dutchess County side of the Hudson and to State Routes 9W and 17 on the Orange County side. State Route 300 has been reconstructed to accommodate traffic connecting to the New York State Thruway (Interstate Route 87) approximately one mile from I-84 four miles west of the Bridge.

The Authority carried its investment in the Newburgh-Beacon Bridge complex on its books as of December 31, 2011 at \$44,223,796. The replacement cost of the Bridge was estimated by the Consulting Engineer at \$225,205,000 for the North Span and \$314,088,000 for the South Span, as of January 1, 2012. The estimated replacement of two ancillary approach structures was \$6,822,000 as of January 1, 2012.

Bear Mountain Bridge

The Bear Mountain Bridge was the first modern toll bridge built across the Hudson River. It was constructed and originally owned by the Bear Mountain Hudson River Bridge Company, a private stock company incorporated March 20, 1922. The Bridge was opened to traffic on November 27, 1924. The Authority purchased the Bridge in 1940 and began operation on December 26, 1940. The original roadway deck was replaced and the floor system modernized in 1976 and 1977. The main cable was rehabilitated in 2000 and 2001. The Bridge's approach highways on the east shore include a two-lane curving road extending approximately three miles to the southeast and leading to U.S. Route 9, the Albany Post Road. This approach highway was originally constructed and maintained by the Bear Mountain Hudson River Bridge Company. However, upon acquisition of the Bridge by the Authority, the approach highway was turned over to the State Department of Public Works, now the Department of Transportation, which maintains this highway and reconstructed it in 1990-1991. The Bridge supports a roadway 38 feet wide, operated as two lanes, and two narrow walkways. The roadway was resurfaced in 1996. The structure is of the suspension type, its length between abutments being 2,255 feet. The main span of 1,632 feet is supported by two 355-foot towers. The Bridge has a minimum clearance over the Hudson River of 155 feet. Acquired by the Authority for \$2,275,000, the Bridge was carried on the Authority's books as of December 31, 2011, at \$4,340,871. The replacement cost of this Bridge was estimated by the Consulting Engineer at \$137,625,000, as of January 1, 2012.

Other Facilities Including Walkway Over the Hudson

Pursuant to 2010 Laws of New York, ch. 219, the Authority acquired ownership of the Walkway on December 21, 2010. The Authority has entered into an agreement with the New York State Office of Parks, Recreation and Historic Preservation pursuant to which the New York State Office of Parks, Recreation, and Historic Preservation will be responsible for operation of the Walkway as an historic pedestrian park and the maintenance of the deck, and the Authority will be responsible for the maintenance of the Walkway structure. Tolls are not authorized for the Walkway Over the Hudson State Park. The Authority is currently having the entire superstructure inspected by its consulting engineers. See **IMPLEMENTING THE CAPITAL PROGRAM.**

The Walkway Over the Hudson State Park is the former Poughkeepsie-Highland Railroad Bridge -- was built in the late 19th century to link New York and New England to an extensive, nationwide railway network. For decades, it was a major rail corridor for both freight and passengers. After a fire in 1974, the bridge was abandoned and sat for decades. Over a number of years, a public-private partnership developed, culminating in the reconstruction and opening of the state park in October 2009. The bridge deck stands 212 feet above the river's surface and is 6,678 feet (1.28 miles) long, making it the longest elevated pedestrian bridge in the world. The Walkway was carried on the Authority's books as of December 31, 2011, at \$32,758,706. The replacement cost of this structure was estimated by the Consulting Engineer at \$205,245,000, as of January 1, 2012.

As of December 31, 2011, the Authority's total investment in capital assets was \$120.7 million. Capital assets include bridges, roads, buildings, and equipment.

Summary of Consulting Engineer's Report

The firm of Modjeski and Masters, Inc., the Authority's independent civil and structural engineer (the "Consulting Engineer") has prepared its report on the physical condition of the five vehicular Bridges operated by the Authority. A copy of the report is included in this Official Statement as APPENDIX B. The Consulting Engineer has rendered its opinion that the Authority's vehicular Bridges are all geometrically and functionally serviceable, structurally safe, and maintained to high standards. The Consulting Engineer has recommended that the current Authority policies of regular inspections, and timely maintenance and rehabilitation work must be continued, so that the Bridges will remain serviceable. In the Consulting Engineer's opinion, all facilities of the Authority will be structurally capable of accommodating traffic volumes anticipated for them during the term of the Series 2012 Bonds.

TRAFFIC AREAS

Authority Crossings

The five Authority vehicular Bridges, from north to south, are the Rip Van Winkle Bridge, Kingston-Rhinecliff Bridge, Mid-Hudson Bridge, Newburgh-Beacon Bridge and Bear Mountain Bridge. They are an integral part of the highway system of the region. Their routes and service areas are as follows:

<u>Bridge</u>	<u>Routes</u>	<u>Service Area</u>
Rip Van Winkle	NY 23	Northern Catskill area
Kingston-Rhinecliff	NY 199, connecting to US 209	Kingston, northern Catskills
Mid-Hudson	US 44, NY 55	Poughkeepsie, Dutchess and Ulster Counties, Southern Catskills
Newburgh-Beacon	I-84	Newburgh, Orange and Dutchess Counties, southern Catskills Interstate System between New England and points west and south
Bear Mountain	US 6, US 202	Westchester County, Orange and northern Rockland Counties, southern Catskills

The Rip Van Winkle and Kingston-Rhinecliff Bridges serve a combination of local usage in their respective areas and northern-Catskill recreational traffic.

The Mid-Hudson Bridge connects Poughkeepsie and central Dutchess County with the west bank community of Highland in Ulster County and, via US 9W and NY 299, to the New York State Thruway. The Bridge is primarily used by area residents for work-related and other locally generated trips.

The Newburgh-Beacon Bridge carries a combination of local traffic between the growing communities in Orange and Dutchess Counties, recreational traffic between the New York City metropolitan area and the Catskill region, and interstate traffic using I-84 between New England and points West and South via I-81, I-80 and other major routings.

The Bear Mountain Bridge connects Orange and Putnam Counties and carries primarily commuter and local recreational traffic.

Other Hudson River Crossings

There are eight additional vehicular toll crossings of the Hudson River and its estuaries south of Albany, including three bridges between Staten Island and New Jersey. One is north of the Rip Van Winkle Bridge, twenty miles away, and seven are south of the Bear Mountain Bridge, the closest being twenty miles away. These crossings and their service areas are:

<u>Authority</u>	<u>Crossing</u>	<u>Routes</u>	<u>Service Area</u>
New York State Thruway Authority	Castleton-on-Hudson Bridge	Connection between I-87 and I-90	Thruway (Albany-Buffalo) and Massachusetts Turnpike
	Tappan Zee Bridge	I-87, I-287	Westchester and Rockland Counties, Metropolitan Area, Catskills, Thruway I-87 interstate, Northern New Jersey
Port Authority of New York and New Jersey	George Washington Bridge	I-95, US 1	Metropolitan Area, Upstate via highway system I-95/I-80 interstate
	Lincoln Tunnel	I-495, NJ 3	Metropolitan Area, connection to New Jersey Turnpike
	Holland Tunnel	I-78	Metropolitan Area, connection to New Jersey Turnpike
	Bayonne Bridge	NY 440	Staten Island and Manhattan via Bayonne
	Goethals Bridge	I-278	Long Island, Staten Island, New Jersey
	Outerbridge Crossing	NY 440	Long Island, Staten Island, New Jersey

The Tappan Zee, Castleton-on-Hudson and George Washington Bridges are the only crossings which overlap service areas to some degree with the Authority Bridges. Tolls on all three are significantly higher than the current Authority tolls. See "APPENDIX A" Report of Traffic Consultant.

SUMMARY OF PAST OPERATIONS

Created in 1932, the New York State Bridge Authority assumed its current operating configuration in the early 1980s with the construction of the second span of the Newburgh-Beacon Bridge (opened 1980) and the opening (in 1984) of the re-constructed original bridge.

Since November of 1984, the Authority has operated six full lanes for traffic across the Hudson River (three in each direction) at the Newburgh-Beacon facility and two lanes (one in each direction) at each of the other four bridges. A third lane (in the direction of the dominant traffic flow) is also operated at the Mid-Hudson Bridge three hours each weekday morning and evening.

History of Traffic, Toll Revenues and Expenses, 2005-2011

Traffic

Traffic decreased a total of 0.6% percent between 2005 and 2011. Since 2007, traffic and revenue have decreased by reason of the nationwide economic recession and increases in fuel prices. In 2008, traffic decreased by 2.0 percent and in 2009 increased 0.4 percent. In 2010, there was a slight recovery, with traffic increasing 1.3 percent. Passenger car volume is now what it was before the 2007 recession; however, truck volume is still below the level of 2007. Volume for the 2011 was 29,021,000 as compared to 29,402,000 for 2010, a drop of 1.3%. Gas prices have been materially higher than for the comparable period in 2010. The Traffic Consultant has estimated volume for 2012 at 28,287,000 vehicles based on 2011 traffic and taking into account the introduction of revised toll rates effective January 30, 2012.

Table 1 displays traffic data on the Authority's bridges from 2005 through 2011. Total two-directional traffic on the Authority's bridges was estimated to be approximately 58.04 million vehicles for 2011.

TABLE 1
TOLL PAYING TRAFFIC ON AUTHORITY BRIDGES⁽¹⁾
2005-2011
(000's)

<u>Year</u>	<u>Rip Van Winkle Bridge</u>	<u>Kingston-Rhinecliff Bridge</u>	<u>Mid-Hudson Bridge</u>	<u>Newburgh-Beacon Bridge</u>	<u>Bear Mountain Bridge</u>	<u>Total</u>
2005	2,705	3,738	7,004	12,591	3,170	29,208
2006	2,747	3,812	7,007	12,556	3,208	29,330
2007	2,706	3,815	6,988	12,740	3,229	29,478
2008	2,660	3,785	6,823	12,369	3,253	28,890
2009	2,703	3,871	6,867	12,317	3,255	29,012
2010	2,640	3,931	6,986	12,556	3,289	29,402
2011	2,604	3,878	6,872	12,364	3,303	29,021

⁽¹⁾ Includes toll paying eastbound traffic. Westbound traffic is not tolled.

Source: The Authority

The Authority implemented a general toll increase effective January 30, 2012 (see "Existing Toll Rates" below). The Authority's last prior increase was in 2000. The Authority believes the correlation between the economy and traffic volume indicates that the Authority's February 2000 general toll increase had no significant impact on traffic. (See APPENDIX A - REPORT OF TRAFFIC CONSULTANT.)

Table 2-a displays historical and forecast population for the Hudson River Valley from 2000-2020.

TABLE 2-a

**MID-HUDSON REGION POPULATION
SIX COUNTIES DIRECTLY SERVED BY AUTHORITY BRIDGES
(000s)**

	<u>Greene</u>	<u>Ulster</u>	<u>Orange</u>	<u>Columbia</u>	<u>Dutchess</u>	<u>Putnam</u>	<u>Grand Total</u>	Average Annual Growth Rate (AAGR)
2000	48	178	343	63	281	96	1,009	
2005	49	182	365	64	294	100	1,054	0.9%
2010	49	182	373	63	298	100	1,065	0.2%
2015	49	183	388	63	306	101	1,091	0.5%
2020	<u>51</u>	<u>186</u>	<u>405</u>	<u>64</u>	<u>315</u>	<u>103</u>	<u>1,123</u>	<u>0.6%</u>
AAGR								
ø10--15	0.1%	0.1%	0.7%	0.1%	0.6%	0.2%	0.5%	
AAGR								
ø15--20	0.5%	0.2%	0.9%	0.1%	0.6%	0.4%	0.6%	

Source: U.S. Bureau of the Census 2000 to 2010. Traffic Consultant's Report 2015 and 2020 forecast.

Table 2-b displays the employment history for the Hudson River Valley from 2000 to 2010 and forecast for 2015 and 2020.

TABLE 2-b

**HUDSON VALLEY EMPLOYMENT
SIX COUNTIES DIRECTLY SERVED BY AUTHORITY BRIDGES
(000s)**

	<u>Greene</u>	<u>Ulster</u>	<u>Orange</u>	<u>Columbia</u>	<u>Dutchess</u>	<u>Putnam</u>	<u>Grand Total</u>	Average Annual Growth Rate (AAGR)
2000	14	65	124	23	114	22	362	
2005	15	63	132	22	121	25	379	0.9%
2010	15	61	133	21	115	25	371	-0.5%
2015	17	62	143	24	120	27	393	1.2%
2020	<u>18</u>	<u>64</u>	<u>150</u>	<u>24</u>	<u>125</u>	<u>28</u>	<u>408</u>	<u>0.7%</u>
AAGR								
ø10--15	2.3%	0.5%	1.4%	2.4%	1.0%	1.2%	1.2%	
AAGR								
ø15--20	0.5%	0.4%	0.9%	0.4%	0.8%	0.7%	0.7%	

Source: Traffic Consultant's Report.

According to the Traffic Consultant, employment in the Mid-Hudson Valley began to decrease beginning in 2007 due to the downturn in the economy. Their forecast indicates that employment is expected to grow at an average annual rate of 1.2% during the period 2010 to 2015, and at an average annual rate of 0.7% between 2015 and 2020. The growth rate of employment is expected to be greatest in Orange and Dutchess during that period.

Existing Toll Rates

The Authority implemented a revised toll schedule effective January 30, 2012 to support its capital program. The same schedule of toll rates is in effect at each vehicular bridge under the Authority's jurisdiction, as required by Sections 528(8) and 538 of the Public Authorities Law.

Between 1933 and 1945, the tolls collected on the bridges under the jurisdiction of the Authority were rolled back three times. Tolls for passenger cars fell during that period from 80 cents (plus 10 cents per passenger) for each one way crossing to 25 cents each way.

On August 10, 1970, the Bridge Authority began one-way toll collection in coordination with the Port Authority of New York and New Jersey and the New York State Thruway Authority-- the operators of the only other Hudson River vehicle crossings south of Catskill. At that time, the tolls collected for eastbound crossings were doubled to reflect the cost of both trips.

The Authority has increased its tolls only three times. Prior to the 2012 increase, tolls were last adjusted in 2000 and in 1989. The Report of the Traffic Consultant attached as APPENDIX A includes a comparison of the current toll rates and the rates previously in effect.

The vehicle classifications on the Authority's five vehicular bridges and the respective current tolls for eastbound passage are listed below:

TABLE 3
CURRENT TOLL RATES

	<u>Vehicle Class</u>	<u>Standard Toll</u>	<u>EZPass Discounted Toll</u>
1	Two Axle - up to 4 tires	\$1.50	\$ 1.25
2	Two Axle - more than 4 tires	5.00	4.50
3	Three Axle	7.50	6.75
4	Four Axle	10.00	9.00
5	Five Axle	12.50	11.25
6	Six Axle	15.00	13.50
7	Each Extra Axle Beyond Six	2.50	2.25
8	Each Extra Axle towed by Class A	1.00	0.90
9	Commuter (EZPass)		1.00 ⁽¹⁾

⁽¹⁾ E-ZPass Commuter discount. Minimum monthly charge for E-ZPass Commuter Discount Program is \$17.00. E-ZPass is available only for use by privately-registered 2-axle vehicles with up to 4 tires, including individually-owned or leased pickup trucks. E-ZPass customers who do not open a commuter account are charged the non-discounted \$1.25 toll.

Source: The Authority

E-ZPass

In 1998 and 1999, the Authority installed an electronic toll collection system (E-ZPass) at all of its bridges. E-ZPass customers who open a commuter account receive a discount of \$0.50 off the non-discounted \$1.50 toll and \$0.25 off the discounted E-ZPass toll. In 2011, 62 percent of the Authority's total passenger and truck traffic utilized the E-ZPass system and commuter transactions accounted for 16 percent of the Authority's traffic.

Revenues

Toll revenues generally reflect traffic volume except when toll rate schedules change or when volume changes affect one class of vehicle more than another. Since trucks pay a higher than average toll per vehicle than passenger cars or commuters, a gain or loss in truck traffic volume will affect toll revenues more substantially than a gain or loss of a similar number of vehicles in either of the other classes.

Table 4 displays the toll revenue from Authority bridges from 2005 through 2011.

TABLE 4

**TOLL REVENUES FROM AUTHORITY BRIDGES
2005-2011
(\$000's)**

<u>Year</u>	<u>Rip Van Winkle Bridge</u>	<u>Kingston- Rhinecliff Bridge</u>	<u>Mid-Hudson Bridge</u>	<u>Newburgh- Beacon Bridge</u>	<u>Bear Mountain Bridge</u>	<u>Total</u>
2005	3,125	3,910	7,084	21,977	3,311	39,407
2006	3,181	3,991	7,048	21,763	3,393	39,376
2007	3,083	3,979	6,999	21,842	3,403	39,306
2008	3,003	3,929	6,823	20,600	3,404	37,759
2009	3,014	3,983	6,843	19,874	3,370	37,084
2010	2,970	4,058	6,945	20,302	3,394	37,669
2011	2,957	4,050	6,881	19,899	3,454	37,242

Source: The Authority

Operating Expenses

Operating expenditures rose an average of 0.5 percent per year between 2005 and 2011. Expenditures declined in 2011 and 2009. Operating cost per tolled vehicle rose 3 cents between 2005 and 2011 (0.74 to 0.77). The overall increases in operating expenses reflect (1) annual salary increases; (2) a continuance of increases in health insurance costs for current and retired employees; and (3) increases in contributions to the New York State retirement system.

From 2005 to 2008, operating expenses rose an average of 3.2%. Historically, operating expenses were reported as including not only the payment of retiree health benefits, but also accruals for future costs of these benefits. In 2005, the Authority restated operating expenses to include only payments made in a particular year and not an accrual of expenses. Post employment benefits are reported under GASB 45 in the Authority's financial statements; see "APPENDIX C" Financial Statements of the Authority.

In 2009, an adjustment was made to the treatment of maintenance costs. Certain costs including consulting engineer biennial bridge inspections and improvements made by in-house forces were restated as capital costs and paid from the Maintenance Reserve Fund. The 3.2% decrease in 2011 was the result of staffing level reductions associated with the 2010 Retirement Incentive. The 8.7% increase in 2010 was largely attributed to the one-time charge associated with employees utilizing the 2010 retirement incentive.

The Authority has initiated a project that is expected to be fully implemented in 2012 that will centralize select toll collection activities remotely. The resulting savings are expected to be realized in 2013 and beyond. Operating expenses are projected to increase by 3.0% per year between 2012 and 2017, resulting in a projected average increase of 1.7% over such period.

The current contract with the union representing substantially all employees calls for a 3.5 percent annual base salary increase through 2011, which is the final year of the current contract. Negotiations with CSEA for the coming years are in the preliminary stages.

Table 5 displays the traffic history at the five Authority Bridges, as well as Authority toll revenues, average toll per vehicle, operating expenses and average operating expenses per tolled vehicle from 2005 through 2011.

TABLE 5

**HISTORY OF TRAFFIC, TOLL REVENUES AND OPERATING EXPENSES
(2005-2011)**

	<u>Toll Paying Vehicle (000€)</u>	<u>Toll Revenue (\$000€)</u>	<u>Average Toll Per Vehicle</u>	<u>Operating Expenses (\$000€) ⁽¹⁾</u>	<u>Average Operating Expenses Per Tolled Vehicle</u>
<u>Authority Operating Statistics (Totals For All Bridges)</u>					
2005	29,208	39,407	\$1.35	21,714	\$0.74
2006	29,330	39,376	1.34	22,519	0.77
2007	29,478	39,306	1.33	23,277	0.79
2008	28,890	37,759	1.31	23,901	0.83
2009	29,012	37,084	1.28	21,327	0.74
2010	29,402	37,669	1.28	23,177	0.79
2011	29,022	37,242	1.28	22,426	0.77
<u>Percent Growth Versus Previous Year</u>					
2005	-1.33%	-0.95%	0.38%	2.94%	4.33%
2006	0.42%	-0.08%	-0.49%	3.71%	3.28%
2007	0.50%	-0.18%	-0.68%	3.37%	2.85%
2008	-1.99%	-3.94%	-1.98%	2.68%	4.77%
2009	0.42%	-1.79%	-2.20%	-10.77%	-11.14%
2010	1.34%	1.58%	0.23%	8.67%	7.23%
2011	-1.29%	-1.13%	0.16%	-3.24%	-1.98%

⁽¹⁾ Excluding depreciation on equipment, and excluding net loss on sale of equipment and excluding other post-employment benefits. Maintenance Reserve expenditures are reflected in the Authority's capital budget. See "IMPLEMENTING THE CAPITAL PLAN" Table 8ö herein.

Source: The Authority

Historical Net Revenues and Debt Service

In connection with the Series 2002 Bonds, the Authority's previous traffic consultants made traffic and revenue projections for the period 2001 through 2007. The Authority's actual results for such period varied, and were impacted by the changing economic situation in the Hudson Valley. The actual toll revenue for 2007 was \$37,669,000 as compared to the 2002 forecast of \$40,597,000.

Through the entire period, the Authority continued to exceed its required coverage ratios and to adequately fund its Capital Improvement Program from Net Revenues after the payment of Debt Service.

Table 6 summarizes Net Revenues for the period 2005 to 2011. Net Operating Revenues, as reflected in Tables 6, 7, 9, and 10, are Toll Revenues less Operating Expenses.

TABLE 6

HISTORICAL NET REVENUES
2005-2011
(\$000s)

<u>Year</u>	<u>Toll Revenues</u> ⁽¹⁾	<u>Operating Expenses</u> ⁽²⁾	<u>Net Operating Revenues</u>	<u>Other Revenues</u> ⁽³⁾	<u>Net Revenues</u>
2005	39,407	21,714	17,693	1,679	19,372
2006	39,376	22,519	16,857	2,304	19,161
2007	39,306	23,277	16,029	2,661	18,690
2008	37,759	23,901	13,858	1,535	15,393
2009	37,084	21,327	15,757	530	16,287
2010	37,669	23,177	14,492	511	15,003
2011	37,242	22,426	14,816	2,882	17,698

⁽¹⁾ All Toll Revenue data are actual for the periods through 2011.

⁽²⁾ Excluding depreciation on equipment, and excluding net loss on sale of equipment.

⁽³⁾ Investment and other income, excluding Construction Fund and General Fund interest and net gain on sale of equipment. For 2011, Other Revenues includes federal grants of \$2.5 million.

Source: The Authority

Table 7 summarizes Net Operating Revenues, Net Revenues, Debt Service on Outstanding Bonds, Net Revenues after Debt Service and Debt Service Coverage for the period 2005 to 2011.

TABLE 7

HISTORICAL DEBT SERVICE COVERAGE
2005-2011

<u>Year</u>	<u>Net Operating Revenues</u> (\$000s)	<u>Net Revenues</u> (\$000s)	<u>Debt Service on Outstanding Bonds</u> (\$000s)	<u>Net Revenues After Debt Service</u> (\$000s)	<u>Net Operating Revenue Coverage of Debt Service</u>	<u>Net Revenue Coverage of Debt Service</u>
2005	17,693	19,372	8,191	11,181	2.16	2.37
2006	16,857	19,161	8,191	10,970	2.06	2.34
2007	16,029	18,690	8,191	10,499	1.96	2.28
2008	13,858	15,393	8,191	7,202	1.69	1.88
2009	15,757	16,287	8,191	8,096	1.92	1.99
2010	14,492	15,003	8,191	7,226	1.77	1.88
2011	14,816	17,698	8,191	9,507	1.81	2.16

Source: The Authority. 2005-2011 data are derived from audited financial statements.

OPERATING BUDGET PROCESS

The Authority carefully monitors its performance against two separate budgets each year. The Operating Budget allocates the resources available from the Operating Fund. The Annual Element or Work Plan of the Five Year Capital Improvement Program governs the use of funds in the Construction Fund and the Maintenance Reserve Fund.

The Operating Budget includes all expenses for the regular operations of the Authority's Executive Office and three departmental cost centers: Administration, Operations and Engineering and Maintenance. Development of the Operating Budget is coordinated by the Treasurer under the supervision of the Executive Director. The budget for the next fiscal year is proposed to the Authority commissioners early in the fall of each year and is approved by the commissioners at a formal meeting prior to November 1st.

Through the year the Authority produces monthly financial statements, usually within 30 days after the end of each month. The statement of revenue and expenses is presented by cost center at each facility in order to allow the department heads and the Executive Director to monitor performance against budget projections.

CAPITAL BUDGET PROCESS

The development of the Authority's Capital Improvement Program is directly responsive to the annual program of detailed bridge inspections conducted by independent consulting civil and structural engineers discussed in "APPENDIX B - REPORT OF CONSULTING ENGINEER."

Each October the Authority revises the Capital Improvement Program for the next five years by re-prioritizing all of the projects that have been proposed for implementation and identifying the specific projects that will be undertaken during the following year. The program decisions are proposed to the commissioners of the Authority by the Executive Director and Chief Engineer. The Authority makes its formal decision on the program at a public meeting after receipt of a report on the annual inspections by a representative of the Consulting Engineer.

The data upon which the program decisions are made include, among other factors:

- the annual inspection reports of independent engineering firms;
- the Consulting Engineer's separate specific program recommendations report;
- the estimate of the Authority's Chief Engineer and his staff as to the capability and availability of in-house personnel to undertake the projects recommended;
- the potential for traffic disruption and revenue loss in the event that lanes of adjoining bridges were to be affected by construction simultaneously; and
- the availability of funds.

Subsequent to approval by the Authority, the projects to be moved forward are organized into contracts and a letting schedule is developed. The Authority then exercises its power of approval or rejection over the letting of each contract and, once awarded, each contract in progress is the subject of a monthly written report to the Executive Director and the commissioners of the Authority until completion.

IMPLEMENTING THE CAPITAL PROGRAM

Prior Program Expenditures

The Authority remains committed to an aggressive program of rehabilitation and improvement projects at each of the five vehicular crossings it operates over the Hudson River. Table 8 shows the Authority's actual expenditures for projects in its Capital Improvement Program for the years 2005 through 2011. All funding for these projects came from the Maintenance Reserve Fund (financed by operating surpluses).

TABLE 8

**CAPITAL PROGRAM EXPENDITURES
(2005-2011)**

2005	\$20,044,000
2006	7,391,000
2007	14,270,000
2008	8,019,000
2009	7,909,000
2010	13,143,000
2011	15,657,000

Source: The Authority

Major projects completed during this period included:

- Lead abatement and painting at the Newburgh-Beacon North Span Bridge
- Lead abatement and painting at Kingston-Rhinecliff Bridge
- Lead abatement and painting at Rip Van Winkle Bridge
- Toll Plaza approach reconstruction
- Steel repairs and Pier Base Repairs to the Walkway

Current and Future Capital Program

On January 19, 2012, the Authority approved an updated Capital Improvement Program for the years 2012 through 2016. The program anticipates expenditures over the five-year period 2012 through 2016 of \$159,794,000 allocated to the Bridges as follows:

Rip Van Winkle Bridge	\$4,000,000
Kingston-Rhinecliff Bridge	1,600,000
Mid-Hudson Bridge	6,194,000
Newburgh-Beacon Bridge	110,000,000
Bear Mountain Bridge	2,045,000
Walkway Over the Hudson	10,675,000
Miscellaneous System-wide	25,280,000

Major projects include:

- Deck replacement and seismic retrofit for the South Span of the Newburgh-Beacon Bridge
- Main Cable Safety Hand Rope Replacement at Bear Mountain Bridge
- Approach Paving at Mid-Hudson Bridge
- East and West Approach paving at Kingston-Rhinecliff Bridge
- Bridge Railing at Rip Van Winkle Bridge

Lead paint removal/re-coating, Bridge painting and continued improvement to the maintenance access system are also scheduled in the program.

In December 2010, the Authority accepted ownership of the Walkway, a 122 year-old railroad bridge converted into a linear state park. The state park is operated as a pedestrian overpass by the New York State Office of Parks and Historic Preservation. The Walkway has had limited maintenance in decades. A new deck was completed in October of 2009, along with other structural repairs. The Authority commissioned an initial inspection report from Modjeski and Masters, Inc., which indicated that a significant number of repairs are required, and that significant expenditures must be made for access walkways, platforms and safety lines. Based on these reports, the Authority's re-prioritized projects for 2011 and expended \$1,678,000 for engineering studies, design, emergency steel repairs and pier base repairs to the Walkway. The revised capital plan calls for \$10,675,000 in additional expenditures over the next five years based on the results of the 2011 engineering studies. Estimates may be further revised as the Authority gains further information and experience in maintenance of this unique structure. Such costs could be material.

The Report of the Traffic Consultant included as Appendix A includes estimates of net revenues available for the Authority's capital program for the years 2012 through 2017, assuming total capital expenditures of \$182,989,000 for the six year period. The Authority's five year capital program for 2012 through 2016 calls for total expenditures of \$159,794,000. In addition, the Authority staff has estimated that capital needs for 2017 would be \$23,195,000 based on longer term assessment of capital needs, including maintenance painting for Newburgh Beacon south span, Mid-Hudson, Kingston-Rhinecliff, and Rip Van Winkle, and painting and steel repairs for the Walkway. All of the amounts in the Capital Program and the amounts estimated for 2017 are necessarily preliminary and subject to change.

The proposed 2012-2016 Capital Improvement Program assumes and is dependent upon the issuance of approximately \$100,000,000 principal amount of Additional Bonds in 2012 with the remaining amounts to be funded from estimated deposits to the Maintenance Reserve Fund. None of the projects underway or scheduled to get underway as part of the approved 2012-2016 Five Year Capital

Program are expected to increase or decrease traffic capacity on any of the bridges, including the re-decking of the Newburgh-Beacon Bridge.

SUMMARY OF PROJECTED OPERATIONS

Summary of Traffic Consultant's Report

The Authority retained its Traffic Consultant, Stantec Consulting Services Inc., to review and to estimate traffic and toll revenue for the Authority in connection with the issuance of the Series 2012 Bonds. In turn, Stantec Consulting Services Inc. obtained data on area population, employment and automobile use trends from IHS Global Insight, a research and forecasting firm with its U.S. operations headquartered in Colorado. The Traffic Consultant's report, entitled "Traffic and Revenue Forecast for New York State Bridge Authority Bridges, March 16, 2012," is attached to this Official Statement as APPENDIX A. It identifies the following major highway projects in planning or design in the Hudson Valley, summarized as follows:

--Route 9/44/55 Interchange, involving reconstructing a highway interchange located at the eastern terminus of the Mid-Hudson Bridge. The project status is future development, to be constructed in 2018/2019.

--I-84/Route 9D Interchange, involving reconstructing a highway interchange to improve operations and safety and enhance access to Dutchess County Intermodal Facility on Route 9D south of this interchange. The project status is in development, to be constructed in 2018/2019.

--Route 9W: I-84/Carter Avenue Interim Work, involving reconstruction of intersections. The project status is future development, to be constructed in 2021/2022.

--Tappan Zee Bridge; A Draft Environmental Impact Statement was released in January 2012 for the replacement of the Tappan Zee Bridge by the New York State Thruway Authority, located on Route I-287 between Rockland and Westchester Counties, south of the Bear Mountain Bridge. It is proposed that the project will be built by a design-build consortium under the Governor's expedited plan of construction. It is anticipated that a private consortium will be selected in October, 2012 to design-build the project. The estimated design-build period is 60 months which would result in completion in August, 2017. A deck replacement project currently underway is scheduled for completion in 2012.

The Traffic Consultant reports that none of these projects is likely to generate significant volumes of new traffic for the Authority during the forecast period.

The traffic and revenue forecasts for the Bridges are based on certain assumptions set forth at APPENDIX A - "REPORT OF TRAFFIC CONSULTANT - Summary of Assumptions."

The Stantec Consulting Services Inc. report concludes that traffic and toll revenue over the course of the next five years for the Authority's five Hudson River vehicular crossings will remain at the estimated 2013 levels with no growth forecast.

The report forecasts that annual Authority toll revenues based on the toll structure in effect as of January 30, 2012 will be \$51,623,000 in 2012 and \$52,674,000 in each year from 2013 through 2017. When combined with Authority estimates of Operating Expenses through the period, see Table 9 and Table 10, Net Revenues are expected to decline over time from \$29,863,000 in 2012 to \$26,808,000 in 2017. The report considers the effects on traffic and revenue of a proposed toll increase in 2012 and an

estimated bond issue of \$100,000,000 in 2012. Net Revenue coverage of Debt Service remains above 1.75 through the forecast period. Actual results may differ materially from the forecast shown at APPENDIX A.

Projected Revenues and Operating Expenses

Table 9 sets forth the Authority's projected Revenues, Operating Expenses, net operating revenues and Net Revenues for the period 2012-2017.

TABLE 9

**PROJECTED REVENUES AND OPERATING EXPENSES
(ASSUMING EXISTING TOLLS)
2012-2017
(\$000's)**

<u>Year</u>	<u>Toll Revenues</u> ⁽¹⁾	<u>Operating Expenses</u> ⁽²⁾	<u>Net Operating Revenues</u>	<u>Other Revenues</u> ⁽³⁾	<u>Net Revenues</u>
2012	51,623	23,860	27,763	2,100 ⁽⁴⁾	29,863
2013	52,674	22,797	29,877	400	30,277
2014	52,674	23,666	29,008	400	29,408
2015	52,674	24,566	28,108	400	28,508
2016	52,674	25,501	27,173	400	27,573
2017	52,674	26,266	26,408	400	26,808

⁽¹⁾ As projected by the Traffic Consultant, based on existing tolls. See "APPENDIX A" REPORT OF TRAFFIC CONSULTANT.

⁽²⁾ Does not include "Other Post-Employment Benefits", depreciation on equipment, and net loss on sale of equipment. See "IMPLEMENTING THE CAPITAL PROGRAM" Future Capital Program herein.

⁽³⁾ Primarily interest income; estimated by the Authority based on current interest rates and existing reserve balances.

⁽⁴⁾ Includes anticipated \$1.6 million federal grant for 2012.

PROJECTED DEBT SERVICE COVERAGE

Table 10 sets forth the Authority's projected net operating revenues, Net Revenues, Debt Service on Outstanding Bonds including the Series 2012 Bonds ("Combined Debt Service"), Net Revenues after Combined Debt Service and net operating revenue coverage and Net Revenue coverage of Combined Debt Service for the period 2012-2017.

TABLE 10

**PROJECTED DEBT SERVICE COVERAGE
(ASSUMING EXISTING TOLLS)
2012-2017**

<u>Year</u>	<u>Net Revenue (\$000s)⁽¹⁾</u>	<u>Debt Service on Series 2012 Bonds and Outstanding 2011 Bonds (\$000s)</u>	<u>Net Revenues After Combined Debt Service (\$000s)</u>	<u>Net Operating Revenue Coverage of Combined Debt Service</u>	<u>Net Revenue Coverage of Combined Debt Service</u>
2012	29,863	9,911	19,952	2.80	3.01
2013	30,277	11,278	18,999	2.65	2.68
2014	29,408	11,277	18,131	2.57	2.61
2015	28,508	11,281	17,227	2.49	2.53
2016	27,573	11,278	16,295	2.41	2.44
2017	26,808	11,240	15,568	2.35	2.39

⁽¹⁾ As projected by the Traffic Consultant, based on existing tolls. See "APPENDIX A" REPORT OF TRAFFIC CONSULTANT

Source: The Authority

CERTAIN RISK FACTORS

Purchase of the Series 2012 Bonds involves a degree of risk. Potential investors should be thoroughly familiar with this entire Official Statement (including the appendices) in order to make a judgment as to whether the Series 2012 Bonds are an appropriate investment, to identify risk factors and to make an informed investment decision. The following discussion of risks that could affect payment to be made by the Authority with respect to the Series 2012 Bonds is not intended to be comprehensive or definitive, but rather to summarize certain matters which could affect the ability of the Authority to make such payments.

Toll Revenues

The Net Revenues securing the Series 2012 Bonds issued under the Bond Resolution are comprised primarily of the Authority's toll revenues, and the ability to achieve Net Revenues is primarily dependent on the number of vehicles that utilize the Authority's five vehicular Bridges. The information regarding forecasts of future traffic and revenues of the Bridge System contained in "Appendix A" Report of the Traffic Consultant is based on assumptions made by the Traffic Consultant concerning future events. The Traffic Consultant performed studies and collected data and based its estimates and opinions on such investigations. If the traffic levels are below projections, the Authority may need to raise toll rates. The Authority's increase of toll rates is subject to approval of the State Commissioner of Transportation and any increase in toll rates may or may not have the effect of raising Net Revenues. If the traffic counts are substantially below the projections of the Traffic Consultant, the Authority may not have sufficient funds to pay all debt service on the Bonds. The Authority uses the E-ZPass system for the collection of toll revenues. Changes in the E-ZPass system could have an impact on the amount of revenues collected by the Authority.

Other Factors Affecting Financial Conditions

Adverse changes to the Authority's financial condition could result in a failure to make payments, or a delay in payments, to the Trustee with respect to the Bonds. In addition to a potential decline in toll revenues, the Authority's financial condition could be adversely affected by a number of factors including: increased or unanticipated costs of operation of the Bridge System; work stoppage, slowdown or action by unionized employees; complete or partial destruction or temporary closure of any of the Bridges or other facilities due to events beyond the control of the Authority; increased pension costs; increased unfunded healthcare and other non-pension post-employment benefits; and increased fuel costs. The Authority's capital plan is dependent in part on the issuance of bonds and in part on the receipt of revenues for "pay go" improvements. The issuance of Bonds by the Authority is subject to its statutory cap and to then-current economic conditions and other considerations.

Force Majeure Events

The Bridge System is subject to severe weather conditions, such as storms, winds, floods, earthquake, fires, explosions, spills of hazardous substances, strikes and lockouts, sabotage, wars, blockades and riots. The Authority cannot predict the potential impact of such events on the financial condition of the Authority. In such event, one or more Bridges may be closed for a period of time for reconstruction and repairs, adversely affecting toll collections and placing increased stress on the Authority's capital plan expenditures. Such conditions could also have an adverse impact on the local economy and consequently traffic using the Bridges.

Threats and Acts of Terrorism

The Authority and law enforcement have undertaken security measures in an effort to reduce the probability that the Bridge System could be attacked by terrorists; such measures are not guaranteed to prevent an attack. The Authority cannot predict the likelihood of a terrorist attack on any of the Bridges in the Bridge System or the extent of damage or vehicle traffic disruption that might result from an attack.

Future Economic Conditions

Increased unemployment, rising gas and oil prices or other adverse economic or demographic changes in the State or surrounding areas could impact the amount of traffic over the Bridges and cause a corresponding decrease in Net Revenues.

Investment Securities and other Third Party Considerations

Adverse changes in the financial condition of certain third-party financial institutions may adversely affect the Authority's financial position. Certain investment and contractual arrangements may create exposure for the Authority to such institutions including risk to the investment portfolio due to defaults or changes in market valuation of the debt securities of such institutions.

Defaults and Remedies

The rights of the Owners of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

Event of Taxability

If the Authority does not comply with certain covenants set forth in the Bond Resolution or certain representations made by the Authority in the Bond Resolution or certain certificates of the Authority are false or misleading, the interest payable on the Series 2012 Bonds may become subject to federal income taxation retroactive to the date of issuance of the Series 2012 Bonds, regardless of the date on which noncompliance or misrepresentation is ascertained.

Redemption

The Series 2012 Bonds may be redeemed prior to their final maturity as provided herein. (See "DESCRIPTION OF THE SERIES 2012 BONDS" Redemption Provisions). Bondholders bear the risk that monies received upon any such redemption cannot be reinvested in comparable securities or at comparable yields.

Legislative Actions

From time to time legislation is introduced in the State Legislature which may affect the Authority and therefore may affect certain assumptions made in this Official Statement. Governor Cuomo in 2011 established the Spending and Government Efficiency ("SAGE") Commission charged with streamlining, consolidating or eliminating redundant and unnecessary agencies, authorities, commissions and other bodies, including the merger or consolidation of public authorities. The SAGE Commission recommended the consolidation of certain public corporations and authorities, including specifically the Authority and the New York State Thruway Authority. The Governor has not submitted legislation to enact such recommendations.

The Authority cannot predict if legislation will be introduced or enacted into law affecting the existence or powers of the Authority, or how any such legislation may affect the Authority's ability to timely pay the Series 2012 Bonds.

Amendments

The Bond Resolution provides that certain actions may be taken based on receipt by the Trustee of confirmation from each of the Rating Agencies then rating the Series 2012 Bonds that the then current ratings assigned by such Rating Agencies will not be impaired by such actions. To the extent those actions are taken after issuance of the Series 2012 Bonds, the evaluation by the Rating Agencies of those actions and the impact of those actions on credit quality will affect investors in the 2012 Bonds.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Rapport Meyers LLP, Bond Counsel to the Authority, under existing law, and assuming continuing compliance with certain tax covenants described herein, interest on the Series 2012 Bonds is not included in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, interest on the Series 2012 Bonds is not treated as a preference item in calculating alternative minimum taxable income for purposes of the alternative minimum tax applicable to individuals and corporations. Under the Code, however, such interest is includable in the adjusted current earnings of certain corporations for purposes of computing the Federal alternative minimum tax that may be imposed with respect to such corporations. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Authority in connection with the Series 2012 Bonds, and Bond Counsel has assumed compliance by the Authority with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Series 2012 Bonds from gross income under Section 103 of the Code.

It is also the opinion of Bond Counsel to the Authority that interest on the Series 2012 Bonds is exempt from personal income taxes imposed by the State and its political subdivisions (including The City of New York).

Bond Counsel expresses no opinion with respect to any other federal or state tax consequences arising with respect to the Series 2012 Bonds.

The Series 2012 Bonds will NOT be designated as "qualified tax exempt obligations" under Section 265(b)(3) of the Code.

Bond Counsel's opinion is rendered as of its date, and no opinion is expressed as to matters referred to herein on any subsequent date. Certain requirements and procedures contained or referred to in the Resolutions may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of bond counsel. Bond Counsel expresses no opinion as to the Series 2012 Bonds or the interest thereon if any change occurs or action is taken upon the advice or approval of bond counsel other than Rapport Meyers LLP.

Certain Requirements of the Code

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Series 2012 Bonds in order that interest on the Series 2012 Bonds be and remain not included in gross income for Federal income tax purposes pursuant to Section 103 of the Code. Included among these requirements are restrictions on the investment and use of proceeds of the Series 2012 Bonds

and the rebate of certain earnings in respect of such investments to the United States. Noncompliance may cause interest on the Series 2012 Bonds to become subject to Federal income taxes retroactive to the date of issue of the Series 2012 Bonds, irrespective of the date on which such noncompliance occurs or is ascertained. The Authority will execute and deliver an Arbitrage and Use of Proceeds Certificate in which the Authority will make representations, warranties and covenants relating to such requirements for non-inclusion in gross income. The Resolutions and the Arbitrage and Use of Proceeds Certificate will obligate the Authority to do and perform all acts and things necessary or desirable to assure that interest on the Series 2012 Bonds is not included in gross income pursuant to Section 103(a) of the Code.

In rendering its opinion, Bond Counsel has relied upon the representations, certifications of fact and statements of reasonable expectations made by the Authority in connection with the Series 2012 Bonds, and Bond Counsel has assumed compliance with such covenants and warranties and the accuracy, in all material respects, of such representations and certifications.

Certain Additional Federal Tax Consequences

The following is a brief discussion of certain federal income tax matters with respect to the Series 2012 Bonds under existing law. It does not purport to deal with all aspects of federal taxation that may be relevant to a particular owner of a Series 2012 Bond. Prospective investors are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2012 Bonds. Bond Counsel expresses no opinion regarding any such consequences.

As noted above, interest on the Series 2012 Bonds may be taken into account in determining the tax liability of corporations subject to the Federal alternative minimum tax imposed by Section 55 of the Code. Interest on the Series 2012 Bonds may also be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Prospective purchasers of Series 2012 Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S Corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, and individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise eligible for the earned income credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is not included in gross income for Federal income tax purposes.

Legislation affecting municipal bonds, such as the Series 2012 Bonds, is considered from time to time by the United States Congress. There can be no assurance that legislation enacted or proposed after the date of issuance of the Series 2012 Bonds will not have an adverse effect on the tax-exempt status or market price of the Series 2012 Bonds.

Owners of Series 2012 Bonds subject to any such taxes or who might fall into any such category should consult their own tax advisors as to the computation of any such tax and the applicability of these consequences.

Original Issue Discount

Original issue discount (OID) is the excess of the sum of all amounts payable at the stated maturity of a Tax-Exempt Obligation (excluding certain qualified stated interest) that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the issue price of a maturity means the first price at which a substantial amount of each of the Series 2012 Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the

capacity as underwriters, placement agents or wholesalers). In general, the issue price for each maturity of the Series 2012 Bonds is expected to be the initial public offering price set forth in this Official Statement. For any Bonds having OID (a "Discount Bond"), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Series 2012 Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or the other disposition of such Discount Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Series 2012 Bonds after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes a "bond premium" on that Bond (a "Premium Bond"). In general, under Section 171, of the Code, an owner of a Premium Bond must amortize the premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, 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). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bond should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Series 2012 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or unless the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor"

generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

Proposed Legislation and Other Matters

Tax legislation, administrative action taken by tax authorities, and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2012 Bonds under Federal or state law and could affect the market price or marketability of the Series 2012 Bonds. For example, in September, 2011, the President sent to Congress legislative proposals that would, among other things, subject interest on tax-exempt bonds (including the 2012 Bonds) to federal income tax for taxpayers with incomes above certain thresholds for tax years beginning after 2012. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the Federal or state income tax treatment of the Owners of the Series 2012 Bonds may occur.

Prospective purchasers of the Series 2012 Bonds should consult their own tax advisors regarding the foregoing matters.

LITIGATION

There is no litigation pending or, to the knowledge of the Authority, threatened before any court, agency or other administrative proceeding (either State or Federal) restraining or enjoining the issuance, sale, execution or delivery of the Series 2012 Bonds, or in any way contesting or affecting the validity of the Series 2012 Bonds or any proceedings of the Authority taken with respect to the issuance or sale thereof, or questioning the creation, organization or existence of the Authority, the title to office of the commissioners or officers of the Authority.

The Authority is a party to various legal proceedings including negligence suits, many of which arise in the normal course of the Authority's operations and which, in the opinion of the Authority, will be disposed of within amounts that the Authority has reserved or, as applicable, within the amounts of insurance coverage provided therefor, and without any material adverse effect on the Revenues pledged under the Bond Resolution.

RATINGS

Moody's Investors Service, Inc. (Moody's) and Standard & Poor's Ratings Services (S&P) have assigned to the Series 2012 Bonds the ratings of Aa3 (stable outlook) and AA- (stable outlook), respectively. Such ratings reflect only the views of such organizations, and an explanation of the significance of such ratings may be obtained from the rating agency furnishing the same, at the following addresses: Moody's Investor's Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, NY, 10007; and Standard & Poor's Ratings Services, 55 Water Street, New York, NY 10041. There is no assurance that either of the ratings will continue for any given period of time or that either rating will not be lowered or withdrawn entirely by Moody's or S&P if, in their respective judgment, circumstances so warrant. A downward change in or withdrawal of a rating may have an adverse effect on the market price of the Series 2012 Bonds.

LEGALITY OF SERIES 2012 BONDS FOR INVESTMENT

Under the Act, the Series 2012 Bonds are securities in which all insurance companies, banks and trust companies, savings banks and associations, administrators, guardians, executors, trustees and other fiduciaries may properly and legally invest funds, including capital, in their control or belonging to them, to the extent that the legality of their investments is governed by the laws of the State; and are securities

which may be deposited with and shall be received by all public officers and bodies of the State and all municipalities and municipal subdivisions for any purposes for which the deposit of the State's obligations is or may be authorized.

CERTAIN LEGAL MATTERS

The issuance of the Series 2012 Bonds is subject to the approval of legality by Rapport Meyers LLP, Rhinebeck, New York, Bond Counsel. The form of opinion of Bond Counsel is attached hereto as APPENDIX F. Certain legal matters will be passed upon for the Authority by Carl G. Whitbeck, Jr., Esq., Rapport Meyers LLP, its General Counsel.

CONSULTANTS' AND ACCOUNTANT'S REPORTS

The Authority engaged Stantec Consulting Services Inc., New York, New York, to make studies of its existing facilities, traffic, revenues and projections for the Bridge System. The results of these studies are stated in their report, dated March 16, 2012 included herein as APPENDIX A of this Official Statement in reliance upon the authority of such firm as experts.

The Authority engaged Modjeski & Masters, Inc. to conduct studies of the physical condition of the Bridge System and regarding the Authority's capital plan. The results of these studies are stated in their report, dated April 2, 2012, included herein as APPENDIX B of this Official Statement in reliance upon the authority of such firm as experts.

Both Stantec Consulting Services Inc. and Modjeski & Masters, Inc. have advised the Authority that they have reviewed the summaries contained in this Official Statement of the information and estimates contained in their respective reports and that, in their opinions, the statements made herein are correct and fairly present in summary form the information contained in each such report, and that all material assumptions or qualifications with respect to such statements are reflected therein.

The financial statements of the Authority for the fiscal years ended December 31, 2011 and 2010 appearing at APPENDIX C to the Official Statement, have been audited by Toski, Schaefer & Co., P.C., independent accountants, as set forth in their report thereon appearing at APPENDIX C to the Official Statement. No bringdown procedures have been undertaken by Toski, Schaefer & Co., P.C., since the date of their report.

FINANCIAL ADVISOR

Acacia Financial Group, Inc. is acting as financial advisor to the Authority in connection with the issuance of the Series 2012 Bonds.

CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12

In order to assist the purchasers of the Series 2012 Bonds in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission, the Authority and the Trustee will enter into a written agreement (the "Agreement") for the benefit of the owners of the Series 2012 Bonds to provide continuing disclosure. The Authority will undertake to provide, or cause to be provided, to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking:

- (1) Annual Financial Information:

(i) certain annual financial information, in a form generally consistent with the information contained or cross-referenced in this Official Statement under the headings "Table 1, Traffic on Authority Bridges", "Table 3, Current Toll Rates", "Table 4, Toll Revenues from Authority Bridges", "Table 5, History of Traffic, Toll Revenues and Operating Expenses", "Table 6, Historical Net Revenues", "Table 7, Historical Debt Service Coverage" all under the caption "Summary of Past Operations", "Table 8, Capital Program Expenditures" and "Future Capital Program" under the caption "Implementing the Capital Program", "Litigation", and "Ratings", together with a summary of the most recent annual inspection by the Authority, its Consulting Engineer, or other professional engineer or engineers retained for the purpose of such annual inspection. Such annual financial information is to be provided on or prior to the 180th day following the end of each fiscal year, commencing with the fiscal year ending December 31, 2012.

(ii) the audited financial statement, if any, of the Authority for each fiscal year commencing with the fiscal year ending December 31, 2012 unless such audited financial statement, if any, shall not then be available in which case the unaudited financial statement shall be provided and an audited financial statement shall be provided within 30 days after it becomes available and in no event later than 360 days after the end of each fiscal year;

(2) Events: timely notice, not in excess of ten (10) business days after the occurrence of such event, of the occurrence of any of the following events:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer; [note to clause (xii): For the purposes of the event identified in clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer];

(xiii) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

(3) Failure to Provide Information: in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide the annual financial information by the date specified.

The Authority's Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Bonds shall have been paid in full or in the event that those portions of the Rule which require the Undertaking, or such provision, as the case may be, do not or no longer apply to the Bonds. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the Authority, and no person or entity, including an Owner of the Bonds, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the Authority to comply with the Undertaking will not constitute a default with respect to the Bonds.

The Authority reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that any such amendment or modification will be done in a manner consistent with Rule 15c2-12, as amended.

The Authority is in compliance with its obligations under prior undertakings made pursuant to the Rule within the last five years.

MISCELLANEOUS

To the extent that any statements made in this Official Statement, involve matters of opinion, forecasts or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty. Information herein has been derived by the Authority from official and other sources and is believed by the Authority to be reliable, but information other than that obtained from official records of the Authority has not been independently confirmed or verified by the Authority and its accuracy is not guaranteed.

The agreements of the Authority with owners of the Series 2012 Bonds are fully set forth in the Resolutions. Neither this Official Statement nor any advertisement or other statement which, may have been made orally or in writing is to be construed as or as part of a contract with the original purchasers or holders of the Series 2012 Bonds.

Any statements in this Official Statement involving matters of opinion, forecasts or estimates, whether or not expressly stated, are intended merely as opinion, forecasts or estimates and not as statements of fact.

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

NEW YORK STATE BRIDGE AUTHORITY

By: /s/ Francis Vecellio
Chairman

By: /s/ Joseph Ruggiero
Secretary

[THIS PAGE LEFT BLANK INTENTIONALLY]

Appendix A - Report of Traffic Consultant

[THIS PAGE LEFT BLANK INTENTIONALLY]

Appendix B - Report of Consulting Engineer

[THIS PAGE LEFT BLANK INTENTIONALLY]

Appendix C - Financial Statements of the Authority

[THIS PAGE LEFT BLANK INTENTIONALLY]

[THIS PAGE LEFT BLANK INTENTIONALLY]

Appendix D - Summary of Certain Provisions of the Resolutions

[THIS PAGE LEFT BLANK INTENTIONALLY]

**SUMMARY OF CERTAIN PROVISIONS
OF THE RESOLUTIONS**

The Bond Resolution contains various covenants and security provisions, certain of which are summarized below. The summary does not purport to be a complete statement of the term of the Bond Resolution or the Supplemental Resolution and accordingly is qualified by reference thereto and is subject to the full and complete text thereof. Certain provisions of the Bond Resolution relative to the terms of the Series 2012 Bonds and various security covenants are summarized elsewhere in this Official Statement. Copies of the Bond Resolution may be obtained from the Authority or the Trustee. Capitalized terms used in this Official Statement which are not defined herein shall have the same meanings as in the Bond Resolution.

Definitions (Section 1.01 of the Bond Resolution)

“Accrued Aggregate Debt Service”. As of any date of calculation, an amount equal to the sum of the amounts of accrued Debt Service with respect to all Series, calculating the accrued Debt Service with respect to each Series as an amount equal to the sum of (i) interest on the Bonds of such Series accrued and unpaid and to accrue to the end of the then current calendar month, and (ii) Principal Installments due and unpaid and that portion of the Principal Installment for such Series next due which would accrue (if deemed to accrue in the manner set forth in the definition of Debt Service) to the end of such calendar month.

“Act”. The New York State Bridge Authority Act, being Chapter 870 of the Laws of 1939 of the State, as amended, constituting Title 2 of Article 3 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State.

“Additional Bond Requirement”. With respect to the authentication and delivery of one or more Series of Additional Bonds or Refunding Bonds an amount equal to the greater of (A) the sum of (i) the sum of the Estimated Aggregate Debt Service and the Subordinated Indebtedness Requirement for any particular Fiscal Year which results in the largest such sum for the current or any future Fiscal Year immediately after the authentication or delivery of such Series of Bonds and (ii) Required Deposits, exclusive of the Subordinated Indebtedness Requirement, for the 12-month period immediately prior to such authentication and delivery; or (B) 1.75 times the Maximum Annual Debt Service with respect to all Bonds Outstanding immediately after such authentication and delivery of the Additional Bonds or Refunding Bonds.

“Additional Project”. (i) The rehabilitation, reconstruction or replacement of or addition to any of the components of the Bridge System other than for the purpose of substantially expanding vehicle capacity of the Bridge System; (ii) the acquisition or construction of any new components of the Bridge System; (iii) the rehabilitation, reconstruction or replacement of any of the components of the Bridge System for the purpose of substantially expanding vehicle capacity of the Bridge System, including any highway connections to or with any of the Bridges, spans, approaches, structures or other components of the Bridge System designated by the Consulting Engineer as necessary or desirable to the continued efficient maintenance and operation of the Bridge System and designated by the Traffic Consultant as not materially adversely affecting the ability of the Authority to fix, charge and collect tolls for use of the Bridge System required by the Act and the Bond Resolution. All Additional Projects shall be (1) located

within the corridor bordered on the west by the New York State Thruway (Interstate Route 87) and on the east by the Taconic State Parkway, and (2) immediately adjacent to an existing Bridge facility, except that the requirement stated in (2) of this paragraph may be waived by the Authority if the Traffic Consultant in a Professional Certificate determines that any Additional Project (a) is expected to be used in connection with an existing Bridge and (b) shall be likely to reduce annual operating expenses or improve annual Net Revenues of the Authority as a result of the completion of such Additional Project.

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

“Authorized Newspapers”. The Bond Buyer or such other newspaper or financial journal of general circulation in the Borough of Manhattan, City and State of New York which is 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 containing financial news.

“Authorized Officer”. In the case of the Authority, the chairperson, the vice chairperson, the secretary, the treasurer, or the executive director of the Authority, and when used with reference to an act or document, also means any other person authorized by resolution of the Authority to perform such act or sign such document, and, in the case of the Trustee, means the president, any vice president or trust officer of the Trustee.

“Available Revenues”. All Revenues and, simultaneously by the first authentication and delivery of the initial Series of Bonds, any amounts transferred by the Prior Trustee into the Bonds and Accounts established under this Resolution as required by the related Supplemental Resolution.

“Balloon Indebtedness”. Bonds or Subordinated Indebtedness of which 25% or more of the principal installments (a) are due, or (b) at the option of the Owner thereof may be redeemed, during any period of twelve (12) consecutive months. Unless otherwise provided in a Supplemental Resolution authorizing Balloon Indebtedness, Balloon Indebtedness shall be treated as if such Bonds or Subordinated Indebtedness, as applicable, are to be amortized, from the end of the fifth anniversary of the issuance of such Balloon Indebtedness over a period of twenty-five (25) years thereafter, on a level debt service basis at an interest rate equal to the rate borne by such Balloon Indebtedness on the date of calculation, provided that if the date of calculation is within twelve (12) months before the actual maturity of such Balloon Indebtedness, the full amount of principal payable at maturity shall be included in such calculation. Anything to the contrary in a Supplemental Resolution, or any resolution relating to the issuance of Subordinated Indebtedness notwithstanding, during the year preceding the final maturity date of such Bonds or Subordinated Indebtedness, all of the principal thereof shall be considered to be due on such maturity date unless the Authority provides to the Trustee a certificate of a Financial Advisor certifying that, in its judgment, the Authority should, given the then current market conditions, be able to refinance such Balloon Indebtedness, in which event the Balloon Indebtedness shall be amortized over the term of the Bonds or Subordinated Indebtedness, as applicable, expected to refinance such Balloon Indebtedness and shall bear the interest rate specified in the certificate of the Financial Advisor.

“Bond” or “Bonds”. Any of the bonds, notes, or other evidences of indebtedness, as the case may be, of the Authority authenticated and delivered under and pursuant to this Resolution and a Supplemental Resolution and shall also mean any Parity Reimbursement Obligations, but shall not mean Subordinated Indebtedness; and provided that such term shall not include any Bond Anticipation Notes except to the extent expressly provided in a Supplemental Resolution authorizing the issuance of such Bond Anticipation Notes.

“*Bondholder*”, “*Holder*”, “*holder*”, “*Owner*”, “*owner*” or any similar term when used with reference to a Bond or Bonds, shall mean the registered owner of any Outstanding Bond or Bonds.

“*Bond Resolution*”. The General Revenue Bond Resolution of the Authority with respect to the Bridge System as from time to time amended and supplemented.

“*Bridge System*”. The Bridges and any and all incidental spans, approaches, structures, facilities, and other components including highway connections to or with any of the Bridges or approaches determined to be necessary or desirable from time to time to operate and maintain the Bridges pursuant to the Act.

“*Bridges*” or “*bridges*” shall have the meaning ascribed to such term, from time to time, in the Act.

“*Business Day*” or “*business day*”. Any day of the year other than (i) Saturday or Sunday, (ii) any day on which banks located in New York, New York or the city in which the principal office of the Trustee or the provider of a Credit Facility or Liquidity Facility is located are required or authorized by law to remain closed, or (iii) any day on which the New York Stock Exchange is closed.

“*Capital Appreciation Bonds*”. Any Bonds issued under the Bond Resolution as to which interest is compounded and payable only at the maturity, earlier redemption or other payment of such Bonds.

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

“*Compounding Date*”. With respect to any Capital Appreciation Bond or Deferred Income Bond, each date specified in the Supplemental Resolution authorizing such Bond on which interest on such Bond is to be compounded.

“*Consulting Engineer*”. The firm of Modjeski and Masters, Inc. or such other independent civil and structural engineers of nationally recognized standing or firms of independent civil and structural engineers of nationally recognized standing selected by the Authority and having a favorable reputation for skill and experience in engineering matters relating to bridge facilities of comparable size and character as the Bridge System.

“*Costs*”. With respect to any Additional Project, all costs incurred in providing the payment for and financing of all or a portion of the planning, acquisition, construction, extraordinary maintenance, improvement, enlargement, repair and operation of any of the components of the Bridge System, including, but not limited to, funds for:

- (1) the cost of construction or reconstruction, the cost of acquisition of all land, rights-of-way, property, rights, easements and interests acquired by the Authority for construction or reconstruction, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved, the cost of relocating or reconstructing highways, highway interchanges, access roads to private property, including the cost of land or easements therefor, the amount of any final award or judgment in, or any settlement or compromise of, any proceeding to acquire lands, rights-of-way, easements or other interests, the payment of damages caused by construction in the manner provided by law;

(2) the cost of any indemnity and surety bonds and premiums on insurance during construction, the costs and expenses, including discounts to the underwriters and other purchasers thereof, if any, incurred in the issuance and sale of bonds or notes, bond insurance premium, letter of credit fees, or costs of other Credit Facilities or Liquidity Facilities, administrative expenses, legal fees, cost of audits, the cost of all machinery and equipment, initial inventories, fees and expenses of the Fiduciaries and costs of keeping accounts and making reports required by the Bond Resolution or any Supplemental Resolution;

(3) the cost of traffic estimates and of engineering, financial and legal services, environmental studies, plans, specifications, surveys, estimates of costs and revenues, and other expenses necessary or incident to determining the feasibility or practicability of constructing such Additional Project;

(4) the deposit or deposits if any, required by the Bond Resolution or any Supplemental Resolution to be paid into the various Funds and Accounts and payments when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the Authority (other than Bonds), including Subordinated Indebtedness, incurred for any Additional Project;

(5) interest accruing in whole or in part on Bonds prior to and during construction and for such additional period as the Authority may reasonably determine to be necessary in accordance with the provisions of the Bond Resolution or any Supplemental Resolution;

(6) any other charges attributable to, and payable during the construction of, an Additional Project which could be capitalized, based on the advice of an Independent Accountant;

all to the extent applicable to such Additional Project and payable by the Authority, and such other expenses payable by the Authority not specified in the Bond Resolution as may be necessary or incidental to the construction, reconstruction or financing of such Additional Project and the placing of such Additional Project in operation. The Authority shall annually determine the labor rate, including benefits, properly allocable to force account work for Additional Projects.

“Debt”. Bonds or Subordinated Indebtedness.

“Debt Service”. For any period, as of any date of calculation and with respect to any Series of Bonds, an amount equal to the sum of (i) interest accruing during such period on Bonds of such Series, except to the extent that such interest is to be paid from deposits in the Debt Service Fund and made from the proceeds of Debt (including amounts, if any transferred thereto from the Construction Fund), (ii) interest on Variable Rate Bonds based on the Estimated Average Interest Rate; (iii) that portion of each Principal Installment for such Series or Bonds within a Series which would accrue during such period if such Principal Installment were deemed to accrue in equal amounts from the next preceding Principal Installment due date for such Series (or, if (x) there shall be no such preceding Principal Installment or (y) such preceding Principal Installment due date is more than one year prior to the due date of such Principal Installment, then, from a date one year preceding the due date of such Principal Installment or from the date of issuance of the Bonds of such Series, whichever date is later, such interest and Principal Installments to be calculated on the assumption that Bonds Outstanding at the date of calculation will cease to be Outstanding by reason, but only by reason, of the payment of each Principal Installment on its due date; (iv) to the extent not otherwise provided in a Supplemental Resolution, all net amounts due and

payable by the Authority and all net amounts to accrue to the end of such period pursuant to a Parity Reimbursement Obligation; and (v) unless otherwise specified in the applicable Supplemental Resolution providing for the issuance of Balloon Indebtedness, Debt Service on Balloon Indebtedness shall be calculated as provided in the definition thereof.

“Debt Service Reserve Requirementö. As of any date of calculation, an amount (which may be in the form of Investment Securities or Financial Guarantees) equal to the lesser of (A) the Maximum Annual Debt Service due to be paid on Bonds then Outstanding in the then current or any future Fiscal Year to which the calculation relates, excluding interest to be paid from deposits in the Debt Service Fund made from the proceeds of Debt (including amounts, if any, transferred thereto from the Construction Fund) or (B) 125% of the average annual Estimated Aggregate Debt Service with respect to all Outstanding Bonds in the then current and all future Fiscal Years; provided, however, that the amount required to be deposited in the Debt Service Reserve Fund as a condition to the issuance of any series of Additional Bonds shall not exceed 10% of the stated principal amount of such series of Bonds when issued, or, to the extent such series consisted of Bonds that when issued, had more than a de minimis amount of original issue discount or premium, the issue price (net of pre-issuance accrued interest) of such bonds; and provided further that in any event the Debt Service Reserve Requirement with respect to all of the Outstanding Bonds shall not exceed the maximum amount that may be held in the Debt Service Reserve Fund, in the opinion of nationally recognized bond counsel, with respect to the Bonds intended to be Tax-Exempt without adversely affecting the Tax-Exempt status of such Bonds; and further provided that if at any time the Authority at its option shall have established one or more Reserve Deposits in connection with the issuance of any Series of Bonds, the Debt Service Reserve Requirement as of any date of calculation shall be reduced by an amount equal to the sum of all Reserve Deposits not due and payable in such current or future Fiscal Year to which the calculation relates; and provided further that a different Debt Service Reserve Requirement for Bonds issued as Variable Rate Debt may be established in the Supplemental Resolution authorizing such Series; and provided further that on conversion of Variable Rate Debt to a fixed rate, the Debt Service Reserve Requirement for such Debt shall be increased to the level otherwise required by this Resolution.

“Defeasance Obligations”.

- (i) Investment Securities as specified in clause (i) of the definition thereof, which is not redeemable at the option of the issuer thereof, or
- (ii) any other Investment Securities designated in a Supplemental Resolution as a Defeasance Obligation for purposes of defeasing the Bonds authorized by such Supplemental Resolution, 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.

“Defeased Municipal Obligations”. Pre-refunded municipal obligations rated öAAAö by Standard & Poorö and öAaaö by Moodyö Investorö Service, and meeting the following requirements:

- (i) the municipal obligations are (x) not subject to redemption prior to maturity, or (ii) the Authority, the Trustee, or the Paying Agent has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions; and
- (ii) 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 Bonds. Any Bonds issued under this Resolution as to which interest accruing prior to the Current Interest Commencement Date is (i) compounded on each Compounding Date and (ii) payable only at the maturity, earlier redemption or other payment of such Bonds pursuant to this Resolution or the Supplemental Resolution authorizing such Bonds.

Estimated Aggregate Debt Service. For any period and as of any date of calculation, the sum of the amounts of Debt Service for such period with respect to all Series of Bonds then Outstanding; provided, however, that in computing such Estimated Aggregate Debt Service, any particular Variable Rate Bonds shall be deemed to bear at all times, to the maturity date thereof, the Estimated Average Interest Rate applicable thereto.

Estimated Average Interest Rate. With respect to any Variable Rate Bonds the interest rate that would have been borne by such Bonds if such Bonds had been sold as fixed interest rate Bonds of the Authority (i) without benefit of any credit enhancement, and (ii) with the same final maturity or maturities (without giving effect to puts or tenders) as the Variable Interest Rate Bonds actually sold, as estimated by the Authority on the date of sale of such Bonds.

Estimated Net Revenue Requirement. With respect to any period of time an amount equal to the greater of (i) the sum of the Estimated Aggregate Debt Service and the Required Deposits for such period, or (ii) 1.75 times the Estimated Aggregate Debt Service for such period.

Financial Guarantee or *Financial Guarantees*. Any or all of a surety bond, an insurance policy, a letter of credit or other form of guarantee for the benefit of the holders of Bonds meeting the requirements established by Section 2.03 of the Bond Resolution.

Fiscal Year. The calendar year or such other period of twelve calendar months designated by the Authority as its fiscal year.

Government Direct Subsidy. Any direct federal or State subsidy payment of all or a portion of the Debt Service with respect to Government Direct Subsidy Bonds by the Authority.

Government Direct Subsidy Bonds. Any Bonds or Subordinated Indebtedness issued by the Authority for which the United States Treasury Department or the State Treasury will make a Government Direct Subsidy to the Authority.

Government Obligations. (i) 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; (ii) certificates, depositary receipts or other instruments which evidence a direct ownership interest in obligations described in clause (i) above or in any specific interest or principal payments due in respect thereof.

Investment Securities. Any of the following securities, to the extent the same (i) are at the time legal investments by the Authority of the funds to be invested therein and (ii) conform to the policies set forth in any investment guidelines adopted by the Authority and in effect at the time of making such investment:

- (i) Government Obligations;
- (ii) Defeased Municipal Obligations;

- (iii) bonds, debentures, notes or other obligations issued or guaranteed by any of the following: Federal National Mortgage Association, the Federal Financing Bank, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, the Farmers Home Administration, the Government National Mortgage Association, or any other agency controlled by or supervised by and acting as an instrumentality of the United States government;
- (iv) [intentionally omitted]
- (v) obligations of state or local government municipal bond issuers which at the time of their purchase are rated in one of the two highest rating categories of the Rating Agencies;
- (vi) 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 (x) if the long term unsecured indebtedness of such institution is rated less than AA by a Rating Agency, such deposits are insured by the Federal Deposit Insurance Corporation for the full face amount thereof or, to the extent not so insured, collateralized by direct obligations of the United States having a market value equal at all times to the face amount of the deposit, which collateral shall be held by the Trustee or a Depositary, as custodian;
- (vii) 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 the Rating Agencies;
- (viii) repurchase agreements for Government Obligations with any dealer or bank which is a member of the Securities Investors Protective Corporation, each of which is a primary reporting dealer in government securities as determined by the Federal Reserve Bank, or other comparable standard as the Authority shall implement pursuant to a Supplemental Resolution, which agreement is secured by any one or more of the securities described in clauses (i), (ii) or (iii) above, which securities shall (A) at all times have a market value of not less than the full amount held or invested pursuant to the agreement and the collateral must be free of third party claims, and (B) be delivered to the Trustee or a Depositary, that is independent from the dealer or bank with whom the repurchase agreement is executed;
- (ix) 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 (i), (ii), (iii) or (v) above, provided that such fund has total assets of at least 100,000,000 and is rated in either of the two highest Rating Categories by S&P and Moody's; and
- (x) any other investment in which the Authority is authorized from time to time to invest under applicable law with respect to which an Authorized Officer has, on or before the date thereof, delivered to the Trustee (A) a certificate to the Trustee designating the additional investment as an Authorized Investment and (B) Rating Confirmation.

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. Obligations of the Trustee or an affiliate thereof may be Investment Securities, provided that they otherwise qualify.

“Licensed Professional Engineer”. A person licensed to practice engineering by the Department of Education of the State of New York.

“Maximum Annual Debt Service”. The maximum amount of Estimated Aggregate Debt Service for the then current or any Fiscal Year.

“Maximum Interest Rate”. With respect to any particular Variable Rate Bonds, a numerical rate of interest, which shall be set forth in the Supplemental Resolution authorizing such Bonds, that shall be the maximum rate of interest such Bonds may at any time bear, provided, however, that should the Authority obtain insurance or other coverage which provides that any increase in the variable interest rate above a threshold rate will be reimbursed or paid by the insurer or provider of such coverage, such threshold rate will be deemed to be the Maximum Interest Rate. The insurer or other provider of such coverage shall be an insurer or bank whose claims paying ability or the general obligations of which are rated in the either of the two highest rating categories by Standard & Poor’s and Moody’s Investor’s Service, or their successors.

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

“Net Revenue Requirement”. With respect to any period of time, an amount equal to the greater of (i) the sum of the Aggregate Debt Service and the Required Deposits for such period, or (ii) 1.75 times the Aggregate Debt Service for such period.

“Net Revenues”. The Available Revenues during such period less all Operating Expenses for such period.

“Operating Expenses”. The Authority’s reasonable and necessary current expenses of operation, maintenance, and repair and shall include, without limitation, all ordinary and usual expenses of maintenance, repair and operation, which may include expenses not annually recurring, all administrative expenses, planning expenses, environmental compliance expenses, accounting and auditing expenses, insurance premiums, legal and engineering expenses, any payments to pension, retirement, health and hospitalization funds or other employee benefit funds, rental payments in connection with operating leases in the ordinary course of business, and any other current expenses or obligations required to be paid by the Authority under the provisions of the Resolution or by law to the extent properly attributable to the operation of the Bridge System, and the expenses and compensation of the Fiduciaries required to be paid under the Resolution, and periodic Credit Facility fees. Any Operating Expenses shall not include any allowance for depreciation on the Bridge System or the Authority’s buildings and equipment, or any principal payments on the Bonds or any other debt obligations of the Authority, or reserves for replacements or any Costs of an Additional Project, or accruals for pension and other post-employment benefits not reflecting current expenses. Operating Expenses shall not include Costs of any Additional Project whether paid from the Maintenance Reserve Fund or from the Construction Fund.

“Option Bond”. Any Bond which by its terms may be tendered by and at the option of the holder thereof for purchase or payment prior to the stated maturity thereof, or the maturities of which may be extended by and at the option of the holder thereof. Option Bonds may (but need not) be Variable Rate Bonds.

“Outstanding”. (a) When used with reference to Subordinated indebtedness, “Outstanding” as such term is defined in the resolution, indenture or other instrument of the Authority authorizing the issuance of such Subordinated Indebtedness or not otherwise paid or deemed to be paid in accordance with the terms of such Subordinated Indebtedness; and (b) when used with reference to Bonds (or a Series of Bonds), as of any date, all Bonds (or all Bonds of such Series), theretofore or thereupon being authenticated and delivered under the Bond Resolution; except:

(1) Any Bonds, canceled by the Trustee, at or prior to such date;

(2) Bonds (or portions of Bonds), for the payment or redemption of which moneys, equal to the principal amount or Redemption Price thereof, as the case may be, with accrued interest to the date of maturity or redemption date, shall be held in trust under the Bond Resolution and set aside for such payment or redemption (whether at or prior to the maturity or redemption date); provided that if such Bonds (or portions of Bonds) are to be redeemed, notice of such redemption shall have been given as in Article IV provided or provision satisfactory to the Trustee shall have been made for the giving of such notice;

(3) Bonds, in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to Sections 3.04, 3.06, 3.07, 3.08, 3.09, 4.06 or 12.06 of the Bond Resolution;

(4) Bonds deemed to have been paid as provided in subsection (b) of Section 15.01 of the Bond Resolution; and

(5) Option Bonds deemed tendered in accordance with the provisions of the Supplemental Resolution authorizing such Bonds on the applicable adjustment or conversion date, if interest thereon shall have been paid through such applicable date and the purchase price thereof shall have been paid or amounts are available for such payment as provided in such Supplemental Resolution;

“Parity Reimbursement Obligation”. A reimbursement obligation the payment of which is secured on a parity with the lien created by the Bond Resolution.

“Principal Installment”. As of any date of calculation and with respect to any Series, so long as any Bonds thereof are Outstanding, (i) the principal amount of Bonds (including (x) the principal amount of any Option Bonds which may be tendered to the Authority for purchase or payment prior to the stated maturity thereof in accordance with the terms of the Supplemental Resolution authorizing such Option Bonds, unless such amount is secured by a Credit Facility which is not in default and (y) the principal amount of any Parity Reimbursement Obligation) of such Series due (or which may be so tendered for purchase or payment) on a certain future date for which no Sinking Fund Installments have been established, or (ii) the unsatisfied balance (determined as provided in Section 5.04 of the Bond Resolution) of any Sinking Fund Installments due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which would be applicable upon redemption of such Bonds on such future date in a principal amount equal to said unsatisfied balance of such Sinking Fund Installments, or (iii) if such future dates coincide as to different Bonds of such Series, the sum of such principal amount of Bonds and of such unsatisfied balance of Sinking Fund Installments due on such future date plus such applicable redemption premiums, if any.

“Professional Certificate”. Either a certificate signed by the Consulting Engineer, a Licensed Professional Engineer or the Traffic Consultant, as the context may indicate.

“Project”. Those individual construction, reconstruction and rehabilitation projects to be financed from the sale of the Series 1997 Bonds as provided in the First Supplemental Resolution.

“Rating Agency”. Standard & Poor’s or Moody’s Investor’s Service to the extent they maintain a rating on the Bonds.

“Rating Confirmation”. Written 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 shall be undertaken on the basis of a Rating Confirmation unless at least one Rating Agency at that time maintains a rating on the Bonds.

“Required Deposits”. For any period, amounts of Net Revenues payable into the Debt Service Reserve Fund, the Subordinated Indebtedness Fund, and the Insurance Fund, in accordance with the Bond Resolution.

“Reserve Deposit”. In respect of any Series of Bonds, an amount which shall be deposited monthly into the Debt Service Reserve Fund for such Series of Bonds equal to the product of a fraction, the numerator of which shall be one and the denominator of which shall equal the number of months (which shall be not greater than twelve (12) months), designated by the Authority in the Supplemental Resolution authorizing the issuance of such Series of Bonds, in which the Reserve Deposit for such Series of Bonds is to be paid, times the excess of the Debt Service Reserve Requirement on such date on all Bonds Outstanding including such Series of Bonds, over the Debt Service Reserve Requirement on all Bonds Outstanding excluding such Series of Bonds, such excess to be reduced by (i) the amount, if any, by which the amount on deposit in the Debt Service Reserve Fund on the date of issuance of such Series of Bonds exceeds the Debt Service Reserve Requirement on all Bonds Outstanding excluding such Series of Bonds being issued, and (ii) the amount of proceeds of the Series of Bonds being issued or other funds, if any, deposited in the Debt Service Reserve Fund on the date of issuance of the Series of Bonds being issued; provided, however, that the Reserve Deposit may be reduced whenever any additional deposit allocable to the Reserve Deposits for such Series is made into the Debt Service Reserve Fund.

“Revenues”. (i) all tolls, revenues, rates, fees, charges, rents and other income and receipts, in each case derived by or for the account of the Authority from the operation of the Bridge System, including any amounts received by the Authority as a Government Direct Subsidy; (ii) proceeds of any insurance coverage on and condemnation awards in respect of the Bridge System and allocable to losses of operating revenues, income or receipts of the types referred to in this definition (including, without limitation, the proceeds of any business interruption or use and occupancy insurance and any portions of any net condemnation awards made in respect of lost revenues or disruptions in the receipt thereof); (iii) proceeds of the investment of any of the foregoing; and (iv) the investment proceeds of any and all amounts in the Funds and Accounts held by the Trustee pursuant to the Resolution, other than the Subordinated Indebtedness Fund and the Rebate Fund, to the extent available for application as Revenues under the terms hereof. Revenues shall include the proceeds of any gifts, grants or other income to the Authority from the government of the United States, the State or any public instrumentality of the State or any other individual or entity, to the extent (i) the Authority is not precluded by law, the grant or other operative contract or instrument from pledging or applying such amounts as Revenues, (ii) such amounts have been realized by the Authority or are reasonably expected by the Authority to be realized in the amounts and at the times taken into account pursuant to law or a legal obligation of the other party and (iii) are not subject to appropriation by the Congress of the United States, the Legislature of the State, or any other legislative body of a governmental entity.

“Securities Depository”. The Depository Trust Company (Municipal Calls Department); Midwest Securities Trust Company (Capital Structures - Call Notification Department); Pacific Securities

Depository Trust Company; Philadelphia Depository Trust Company (Reorganization Department); and any other similar or successor securities depository registered under the Securities Exchange Act of 1934.

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

“Subordinated Indebtedness”. Any bonds, notes or other evidences of indebtedness of the Authority issued pursuant to and complying with the provisions of Section 5.08 of the Bond Resolution.

“Subordinated Indebtedness Requirement”. With respect to any period of time, the amount required to be deposited into the Subordinated Indebtedness Fund pursuant to the resolutions, indentures or other instruments of the Authority adopted by the Authority in accordance with Section 5.09 of the Bond Resolution and providing for all payments with respect to Subordinated Indebtedness.

“Substantially Equal Debt Service”. With respect to any period of years for any Subordinated Indebtedness, that the greatest Debt Service for any Fiscal Year in such period is not in excess of one hundred and ten per cent of the smallest Debt Service for any year in such period.

“Traffic Consultant”. Such independent traffic consultant or firm of independent traffic consultants of recognized standing selected by the Authority and appointed pursuant to a resolution of the Authority and having a favorable reputation for skill and experience in traffic engineering or consulting matters relating to bridge facilities of comparable size and character as the Bridge System.

“Variable Rate Bonds”. Any Bond not bearing interest throughout its term at a specified rate or specified rates determined at the time of issuance of the series of instruments of which it is one. Variable Rate Bonds may (but need not) be Option Bonds.

Resolution to Constitute Contract (Section 1.04 of the Bond Resolution)

In consideration of the purchase and acceptance of any and all of the Bonds authorized to be issued under the Bond Resolution by those who shall hold the same from time to time, the Bond Resolution shall be deemed to be and shall constitute a contract between the Authority and the holders from time to time of the Bonds; and the pledge made in the Bond Resolution and the covenants and agreements therein set forth to be performed on behalf of the Authority 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 authentication and delivery 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 Bond Resolution.

Authorization of Bonds (Section 2.01 of the Bond Resolution)

The aggregate principal amount of the Bonds which may be executed, authenticated and delivered under the Bond Resolution is not limited except as provided in the Bond Resolution or as limited by the Act.

The issuance of Bonds of a Series shall be authorized pursuant to a Supplemental Resolution adopted pursuant to the Bond Resolution. Each Supplemental Resolution shall, to the extent then permitted by the Act and subject to the express limitations of the Bond Resolution specify the following items or delegate the determination of such items to an Authorized Officer:

- (i) the authorized principal amount and Series designation of such Series and the Credit Facility, if any, related thereto;
- (ii) the purpose or purposes for which such Series is being issued;
- (iii) the date, maturity dates and amounts of each maturity, the Sinking Fund Installment payment dates, if any, the amount of each Sinking Fund Installment, if applicable, and the first and all subsequent interest payment dates of the Bonds of such Series or the manner of determining the same;
- (iv) if such Bonds are interest bearing bonds, the interest rate or rates of the Bonds of such Series or the manner of determining such rate or rates and the interest payment dates therefor, and in the case of Variable Rate Bonds, the limitation, if any, on the numerical rate or rate of interest which such Bonds may bear at any time and the assumptions to be used in the calculation of, or the method of calculating, interest on such Bonds for purposes of the definition of Debt Service herein;
- (v) minimum denomination or the manner of dating, numbering and lettering the Bonds of such Series, provided, that all such Bonds shall be in denominations equal to the minimum denomination or any multiple thereof, as authorized by such Supplemental Resolution and provided further that Capital Appreciation Bonds and Deferred Income Bonds shall be denominated in terms of the minimum amount due at maturity thereof or any multiple thereof, as authorized by such Supplemental Resolution;
- (vi) the Redemption Price or Redemption Prices, if any, and the redemption terms, if any, of the Bonds of such Series and the place or places of payment of the principal or Redemption Price, if any, of and interest on the Bonds of such Series;
- (vii) direction for the application and disbursement of the proceeds of the Bonds of such Series;
- (viii) provisions for the sale of the Bonds of such Series;
- (ix) a description of the Additional Project, if any, to be financed by the Bonds of such Series;
- (x) the forms of the Bonds of such Series and the form of the Trustee's certificate of authentication;
- (xi) with regard to Option Bonds, provisions regarding tender and payment thereof and authorization of the Credit Facility, if any, related thereto;
- (xii) with regard to Capital Appreciation Bonds or Deferred Income Bonds, the Compounding Date for such Bonds;
- (xiii) the amount (or the method of determining the amount), if any, to be deposited from the proceeds of such Series of Bonds in the Debt Service Fund;
- (xiv) the amount, if any, to be deposited in the Debt Service Reserve Fund, and, if the Authority desires to establish a Reserve Deposit in respect of such Series of Bonds, the number of months over which such Reserve Deposit shall be paid and the amount of such Reserve Deposit;

(xv) the amount, if any, to be deposited from the proceeds of such Series of Bonds in the Insurance Fund, the Maintenance Reserve Fund and the General Fund and any other Funds or Accounts established by the Bond Resolution or by the Supplemental Resolution for such Series; and

(xvi) any other provisions deemed advisable by the Authority, in addition to, in lieu of or in substitution for the provisions of the Bond Resolution, which may include variations of the form of Bonds to be issued under the Supplemental Resolution and such modifications as may be necessary to provide for the issuance of Bonds without certificates and evidenced in book-entry form.

All the Bonds of each Series or subseries of like maturity shall be identical in all respects, except as to denominations, numbers and letters. After the original issuance of Bonds of any Series, no Bonds of such Series shall be issued except in lieu of or in substitution for other Bonds of such Series pursuant to the Bond Resolution.

The Pledge Effected by the Bond Resolution (Section 5.01 of the Bond Resolution)

The Authority pledges for the payment of the principal and Redemption Price of, and interest on the Bonds in accordance with their terms and the provisions of the Bond Resolution, subject only to the provisions of the Bond Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Bond Resolution, (i) the proceeds of sale of the Bonds, (ii) all Net Revenues, and (iii) all Funds and Accounts, other than the Operating Fund, the Subordinated Indebtedness Fund and the Rebate Fund, established by the Bond Resolution. Pursuant to the Supplemental Resolution, the Authority has amended the Bond Resolution to further provide as follows:

(a) The Bond Resolution creates a valid and binding pledge in the collateral set forth in clauses (i) through (iii) above, subject to further provisions of the Resolution, in favor of the Bondholders as security for the payment of the Bonds, enforceable by the Trustee or the Holders of the Bonds in accordance with the terms thereof.

(b) Under the laws of the State of New York, such pledge is and shall be prior to any judicial lien hereafter imposed on such collateral to enforce a judgment against the Authority on a simple contract. By the date of issuance of the Series 2012 Bonds, the Authority will have filed all financing statements describing, and transferred such possession and control over, such collateral (and for so long as any Bond is Outstanding the Authority will file, continue, and amend all such financing statements and transfer such possession and control) as may be necessary to establish and maintain such priority in the State of New York and in each other jurisdiction in which the Authority's collateral may be located or that may otherwise be applicable pursuant to Uniform Commercial Code Section 9.301-9.306 of such jurisdiction.

(c) The Authority has not heretofore made a pledge of, granted a lien on or security interest in, or made an assignment or sale of such collateral that ranks on a parity with or prior to the pledge granted hereby, except for the pledge granted to secure the Series 2011 Bonds on a parity with the Series 2012 Bonds and any Additional Bonds issued on a parity therewith under the Resolution. The Authority has not described such collateral in a Uniform Commercial Code financing statement that will remain effective when the Bonds are issued, except in connection with the foregoing pledge. The Authority shall not hereafter make or suffer to exist any pledge or assignment of, lien on or security interest in such collateral that ranks prior to or on a parity with the pledge granted hereby, or file any financing statement describing any such pledge, except as expressly permitted by the Bond Resolution.

Establishment of Funds (Section 5.02 of the Bond Resolution)

The following Funds are established by the Bond Resolution:

- (a) Revenue Fund;
- (b) Operating Fund;
- (c) Debt Service Fund;
- (d) Debt Service Reserve Fund;
- (e) Subordinated Indebtedness Fund;
- (f) Insurance Fund;
- (g) Maintenance Reserve Fund;
- (h) Construction Fund;
- (i) General Fund; and
- (j) Rebate Fund.

All of the Funds shall be held by the Trustee, except the Operating Fund, which shall be held by the Authority.

Disposition of Revenues (Section 5.03 of the Bond Resolution)

From and after the time of delivery by the Trustee of the first Bond authenticated and delivered under the Bond Resolution, all Revenues (except the proceeds of the investment of amounts in certain Funds and Accounts) received by the Authority shall be deposited promptly and shall be credited by the Trustee to the Revenue Fund.

After the tenth (10th) and on or before the last day of the month the Trustee shall pay from the Revenue Fund to the Authority to be credited to the Operating Fund an amount certified by an Authorized Officer of the Authority as not more than sufficient, with the amounts then in the Operating Fund, to provide for the reasonable and necessary Operating Expenses for the remainder of the current month and the ensuing two months.

The Trustee shall, on or before the tenth (10th) day of each month, and except as otherwise provided, transfer and allocate the entire balance of moneys in the Revenue Fund to the following Funds in the following order of priority:

First: To the Debt Service Fund, if and to the extent required so that the balance in the Debt Service Fund shall equal the Accrued Aggregate Debt Service for all Bonds Outstanding on said date;

Second: To the Debt Service Reserve Fund, if and to the extent required so that the balance in said Fund shall equal the Debt Service Reserve Requirement for all Bonds Outstanding on said date;

Third: To the Subordinated Indebtedness Fund, the amount, if any, equal to the Subordinated Indebtedness Requirement theretofore accrued and unpaid and not met from any other source and to accrue and become payable during the succeeding calendar month and not met from any other source;

Fourth: To the Insurance Fund, if and to the extent required so that the amount in the Insurance Fund shall equal such amount as set forth in a certificate, filed with the Trustee, of an Authorized Officer of the Authority as the amount determined by a resolution of the Authority as necessary to comply with the insurance requirement of the Bond Resolution;

Fifth: To the Maintenance Reserve Fund, if and to the extent required, so that the amount in the Maintenance Reserve Fund shall equal the amount set forth in a certificate, filed annually with the Trustee, of an Authorized Officer of the Authority as the amount determined by resolution of the Authority as that amount necessary to enable the Authority to comply with the Authority covenant to operate and maintain the Bridge System, and which shall not be less than in the amount recommended by the Consulting Engineer in an accompanying Professional's Certificate;

Sixth: To the Construction Fund, such amounts as set forth in a certificate, filed with the Trustee, of an Authorized Officer of the Authority; and

Seventh: To the General Fund, any remaining balance of such moneys withdrawn from the Revenue Fund.

Debt Service Fund (Section 5.04 of the Bond Resolution)

The Trustee shall pay out of the Debt Service Fund (i) before each interest payment date for any of the Bonds the amount required for the interest payable on such date; (ii) on or before each interest payment date, an amount equal to the Principal Installment, if any, due on such date by reason of maturity or by reason of the payment of any Sinking Fund Installment; and (iii) on or before any redemption date for the Bonds, the amount required for the payment of the Redemption Price and interest on the Bonds then to be redeemed.

Debt Service Reserve Fund (Section 5.05 of the Bond Resolution)

If on the day preceding any interest payment date the amount in the Debt Service Fund shall be less than the Accrued Aggregate Debt Service for all Bonds Outstanding, the Trustee shall apply amounts from the Debt Service Reserve Fund to the extent necessary to satisfy the deficiency.

Whenever the moneys on deposit in the Debt Service Reserve Fund shall exceed the Debt Service Reserve Requirement, the Trustee, at the written direction of an Authorized Officer of the Authority, shall withdraw the amount of such excess and deposit such excess to the credit of the Revenue Fund.

Whenever the amount in the Debt Service Reserve Fund, together with the amount in the Debt Service Fund, is sufficient to pay in full all Outstanding Bonds in accordance with their terms, the funds on deposit in the Debt Service Reserve Fund shall be transferred to the Debt Service Fund. Prior to said transfer, all investments held in the Debt Service Reserve Fund shall be liquidated by the Trustee to the extent necessary to provide for timely payment of the principal or Redemption Price of and interest on Bonds.

Maintenance Reserve Fund (Section 5.06 of the Bond Resolution)

Moneys credited to the Maintenance Reserve Fund may be applied to the Cost of additions, improvements or betterments to, or the reconstruction of the Bridge System, emergency repairs of the Bridge System, extraordinary repairs, renewals or replacements of the Bridge System, and for the purchases of vehicles and equipment necessary to operate and maintain the Bridge System upon receipt by the Trustee of a Professional Certificate of the Consulting Engineer or of a Licensed Professional Engineer setting forth the Cost and stating that the expenditure is necessary (i) to restore or prevent physical damage to the Bridge System or any part thereof, (ii) for the safe and efficient operation of the Bridge System or (iii) to prevent loss of Revenues.

General Fund (Section 5.07 of the Bond Resolution)

The Trustee shall transfer from the General Fund (i) to the Debt Service Fund and the Debt Service Reserve Fund the amount necessary (or all the moneys in the General Fund if less than the amount necessary) to satisfy any deficiencies in payments to said Funds; (ii) in the event of any transfer of moneys from the Debt Service Reserve Fund to the Debt Service Fund, to the Debt Service Reserve Fund the amount of any resulting deficiency in such Fund; (iii) provided that all transfers referred to in clauses (i) and (ii) of this paragraph shall have heretofore been made, to the Subordinated Indebtedness Fund the amount, if any, necessary to satisfy any deficiency in the Subordinated Indebtedness Requirement; (iv) such amount as the Authority may, in its discretion in a written direction to the Trustee by an Authorized Officer of the Authority, determine to set aside in reserve for meeting the deficiencies referred to in clauses (i) through (iii) of this paragraph; (v) provided that all transfers and reserves therefore referred to in clauses (i) through (iv) of this subsection (a) shall have heretofore been made, to the Maintenance Reserve Fund the amount, if any, to satisfy the deficiency in such Fund. Amounts in the General Fund not required to meet a deficiency referred to in this paragraph shall be applied by the Trustee pursuant to a written direction of an Authorized Officer of the Authority to any other lawful corporate purpose of the Authority.

Subordinated Indebtedness (Section 5.08 of the Bond Resolution)

The Authority may, now or hereafter, at any time or from time to time, issue evidences of indebtedness payable out of, and which may be secured by a pledge of, such amounts in the Subordinated Indebtedness Fund or the General Fund as may from time to time be available for the purpose of payment thereof. The Authority may, by resolution, provide for various priorities in the liens and pledges securing Subordinated Indebtedness, and nothing in the Bond Resolution shall be construed so as to require that the payment of, or pledges securing, Subordinated Indebtedness be on a parity *inter se*.

The Authority may also, at any time or from time to time, issue Subordinated Indebtedness to refund any Subordinated Indebtedness issued as provided in this Section or to refund Outstanding Bonds of one or more Series or one or more maturities within a Series. Such Subordinated Indebtedness issued for refunding purposes may be payable out of, and may be secured by a pledge of, such amounts in the Subordinated Indebtedness Fund for the General Fund as may from time to time be available therefor.

Construction Fund (Section 5.10 of the Bond Resolution)

There shall be paid into the Construction Fund the amounts required to be so paid by the provisions of the Bond Resolution or any Supplemental Resolution or Certificate of Determination, and there may be paid into the Construction Fund, at the option of the Authority, any moneys received for or in connection with the Bridge System by the Authority from any other source.

Moneys in the Construction Fund shall be invested by the Trustee upon instructions from the Authority to the fullest extent practicable in Investment Securities maturing in such amounts and at such times as may be necessary to provide funds when needed to pay Costs or such other costs as may be required to be paid from such moneys. The Trustee may, and to the extent required for payments from the Construction Fund shall, sell any such Investment Securities at any time, and the proceeds of such sale, and of all payments at maturity and upon redemption of such investments, shall be held in the applicable account in the Construction Fund. Interest received on moneys or securities in any separate account in such Fund may be held in such account or may be transferred to any other account within the Construction Fund as the Authority shall direct the Trustee in written instructions of an Authorized Officer of the Authority.

The completion, substantial completion or abandonment of construction of the Project or any Additional Project shall be evidenced by a certificate of a Licensed Professional Engineer, which shall be filed promptly with the Authority and the Trustee, stating the date of such completion, anticipated completion or abandonment and the amount, if any, required in the opinion of the signer for the payment of any remaining part of the Cost of such Project, or Additional Project, and, if such Project or Additional Project has been completed, further stating that it has been constructed in accordance with the plans and specifications applicable thereto. Upon the filing of such certificate and upon instructions from the Authority, the balance in the separate account in the Construction Fund established therefor in excess of the amount, if any, stated in such certificate shall be deposited by the Trustee in any other account in the Construction Fund or in the Debt Service Reserve Fund, if and to the extent necessary to make the amount in such Fund equal to the Debt Service Reserve Requirement. Any balance remaining after such payment and deposit shall be returned by the Depository to the Trustee for deposit into the Revenue Fund, if so directed by the Authority, and otherwise into the Maintenance Reserve Fund.

Valuation of Funds and Accounts (Section 5.11 of the Bond Resolution)

The Trustee, or a Depository, if any Fund or Account is held by a Depository, shall, as of the close of business on the last day of each month, compute in the manner set forth in the Bond Resolution the value of the moneys and Investment Securities in all of the Funds and Accounts held by the Trustee or the Depository, as the case may be, and shall as promptly as practicable thereafter notify the Authority as to the result of such computation and the amount of deficiency or surplus in such Fund or Account as of such date.

Depositaries (Section 6.01 of the Bond Resolution)

All moneys held by the Trustee under the provisions of the Bond Resolution shall be deposited with the Trustee or with one or more Depositaries in trust for the Trustee. All moneys held by the Authority under the Bond Resolution shall be deposited with one or more Depositaries in the name of the Authority. Each Depository shall be a commercial bank or trust company organized under the laws of any state of the United States or a national banking association, each having capital stock, surplus and undivided earnings of [[45,000,000]] or more and willing and able to accept such office on reasonable and customary terms and authorized by law to act in accordance with the provisions of the Bond Resolution.

Investment of Certain Funds (Section 6.03 of the Bond Resolution)

Moneys held in the Debt Service Fund and the Debt Service Reserve Fund shall be invested and reinvested by the Trustee at the direction of the Authority to the fullest extent practicable in Investment Securities maturing or redeemable at the option of the holder thereof no later than necessary to provide moneys when needed for payments to be made from such Funds; provided, however, that moneys in the Debt Service Fund and the Debt Service Reserve Fund shall only be invested in Investment Securities of

the types described in clauses (i) and (ii) of the definition thereof and shall not be invested in any Investment Security maturing or redeemable at the option of the holder thereof later than five years from the date of purchase. Moneys in the Revenue Fund may be invested and reinvested by the Trustee, in Investment Securities which mature not later than such times as shall be necessary to provide moneys when needed for payments to be made from such Fund. Moneys in the General Fund and the Maintenance Reserve Fund may be invested by the Trustee in Investment Securities which mature not later than necessary to provide moneys when needed for payments from such Funds. The Trustee, or the Depository, shall make all such investments of moneys held by it in accordance with oral instructions, immediately confirmed by written instructions received from any Authorized Officer of the Authority.

Notwithstanding anything herein to the contrary, investments in all Funds and Accounts shall be subject to rebate to the United States Treasury Department as provided in the Bond Resolution and the Supplemental Resolution.

Indebtedness and Liens (Section 7.07 of the Bond Resolution)

So long as the Bonds of any Series shall be Outstanding, the Authority shall not issue any bonds or other evidences of indebtedness, other than the Bonds and Subordinated Indebtedness, which are payable from or secured by a pledge of the Revenues or of the moneys, securities or funds held or set aside by the Authority or by the Trustee under the Bond Resolution, and shall not create or cause to be created any lien or charge on the Revenues or such moneys, securities or funds ranking prior to or on a parity with the lien and pledge created by the Bond Resolution and with any applicable Supplemental Resolution; provided, however that nothing contained in the Bond Resolution shall prevent the Authority from entering into or issuing (i) evidences of indebtedness payable from, or secured by the pledge of, Revenues to be derived on and after such date as the pledge of Net Revenues provided in the Bond Resolution shall be discharged and satisfied as provided in the Bond Resolution, or (ii) all such indebtedness and any pledge securing the same as shall be, and as shall be expressed to be, subordinate in all respects to the Bonds and the pledge created by the Bond Resolution.

Limitations on Operating Expenses (Section 7.11 of the Bond Resolution)

The Authority shall not pay Operating Expenses in any year in excess of the reasonable and necessary amount thereof, and shall not expend any amount for Operating Expenses for such year in excess of the amounts provided in the report of financial condition in accordance with the Bond Resolution, unless the Authority pursuant to a resolution shall adopt and file with the Trustee an amended report of financial condition. The amount which the Authority may expend for Operating Expenses is not limited in any year provided any amounts expended therefor in excess of such annual report of financial condition or such amended report of financial condition shall be received by the Authority from a source other than Revenues and the Authority shall not make or receive any reimbursement therefor out of Revenues.

Toll and Charges (Section 7.13 of the Bond Resolution)

The Authority shall at all times fix, charge and collect tolls and other charges for the use of the Bridge System at rates not less than those set forth in any schedule of tolls and other charges then in effect.

The Authority shall at all times fix, charge and collect such tolls and other charges for the use of the Bridge System as shall be required by the Act and as shall be required in order that in each Fiscal Year Net Revenues less investment earnings on amounts held in the General Fund and the Construction Fund included therein shall at least equal the Net Revenue Requirement for such year.

The Authority shall, on or before the sixtieth day preceding the first day of each Fiscal Year, complete a review of its financial condition for the purpose of estimating whether Net Revenues less investment earnings on amounts held in the General Fund and the Construction Fund included therein for such year and for the next succeeding year will be sufficient to comply with the covenant described in the immediately preceding paragraph and shall by resolution make a determination with respect thereto (computing interest on Variable Rate Bonds using the actual interest rate to the date of such review and the Estimated Average Interest Rate for the following year). A copy of such resolution, certified by an Authorized Officer of the Authority, together with a certificate of such Authorized Officer of the Authority setting forth a reasonably detailed statement of the actual and estimated Revenues, Operating Expenses and any other estimates or assumptions upon which such determination was based, shall be filed with the Trustee on or before the sixtieth day preceding the first day of each Fiscal Year. If the Authority determines that the Net Revenues less investment earnings on amounts held in the General Fund and the Construction Fund included therein may not be so sufficient, it shall (1) promptly cause the Traffic Consultant to make a study for the purpose of recommending a schedule of tolls and other charges for the Bridge System which, in the opinion of the Traffic Consultant, will cause sufficient Revenues to be collected in the following Fiscal Year to comply with said covenant and will cause additional Revenues to be collected in such following and later Fiscal Years sufficient to restore the amount of any deficiency at the earliest practicable time, and (2) as promptly as practicable but no later than the first day of the fourth month of the next Fiscal Year, adopt and place in effect the schedule of tolls and other charges recommended by the Traffic Consultant.

Failure to comply with the toll covenant shall not constitute an Event of Default and if the Authority shall comply with the preceding paragraph. If the Traffic Consultant certifies that a schedule of tolls or charges which would meet such requirements is impracticable or would result in a reduction of Net Revenues, the Authority may fix such schedule as recommended by the Traffic Consultant, and such failure to comply with the toll covenant shall not constitute an Event of Default.

Reconstruction; Application of Insurance Proceeds (Section 7.15 of the Bond Resolution)

The proceeds of any insurance paid on account of damage or destruction of any portion of the Bridge System, other than the proceeds of any use or occupancy insurance, shall be applied to the reconstruction or replacement thereof. The proceeds of any insurance not so applied within 18 months after receipt shall be paid to the Trustee for deposit to the credit of the Revenue Fund.

If the proceeds of insurance authorized to be applied to the reconstruction or replacement of any portion of the Bridge System are insufficient for such purpose, the deficiency may be supplied out of moneys in the Maintenance Reserve Fund to the extent, as shown by a certificate of the Consulting Engineer filed with the Trustee, not needed to be reserved for the purposes of such Fund.

The proceeds of insurance against physical loss of or damage to any Project, or Additional Project, or of contractors' performance bonds with respect to any Project, or Additional Project, received during the period of construction thereof, shall be paid to the Authority and applied toward the payment of the costs of such Project or Additional Project.

Accounts and Reports (Section 7.16 of the Bond Resolution)

The Authority shall keep or cause to be kept proper books, records and accounts (separate from all other books, records and accounts) in which complete and correct entries shall be made of its transactions relating to the Bridge System, the Funds and Accounts held by the Authority, which are established by the Bond Resolution or any Supplemental Resolution, and which, together with all other books and papers of the Authority, including insurance policies, shall at all times be subject to the

inspection of the Trustee and the Holders of not less than 25% in principal amount of any Series of Bonds then Outstanding or their representatives duly authorized in writing. The Authority further covenants that it will keep an accurate record of the total Cost of the Bridge System, of the Revenues collected and of the application of such Revenues and the Available Revenues.

The Authority shall annually, within 100 days after the close of each Fiscal Year, cause its said books of record and accounts to be audited and shall file with the Trustee a copy of an annual report for such year, accompanied by an Independent Accountant's certificate or letter (or, if the Authority so elects, a certificate or letter of the Comptroller of the State of New York in substantially like form), relating to the Bridge System.

Tax Covenants (Section 7.17 of the Bond Resolution)

The Authority agrees that it will make no use of proceeds of the Bonds, or of amounts which may be treated as proceeds thereof, which would cause any Bonds which, when initially issued and sold, were the subject of an Opinion of Bond Counsel to the effect that interest thereon (including, for this purpose, earned discount on discount Bonds) was not includable in the gross income of the Holders thereof for Federal income tax purposes pursuant to Section 103(a) of the Code, to be "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable Treasury Regulations promulgated thereunder.

The Authority covenants that it will not take any action or fail to take any action with respect to the proceeds of the Bonds or any property financed with such proceeds, or take or fail to take any other action, that would result in loss of the exclusion from the gross income of the Holders thereof pursuant to Section 103(a) of the Code of interest paid on Outstanding Bonds which, when initially issued and sold, were the subject of an Opinion of Bond Counsel to the effect that interest thereon (including, for this purpose, earned discount on discount Bonds) was so excludable.

Events of Default and Remedies of Bondholder (Sections 8.01 through 8.06 of the Bond Resolution)

If one or more of the following events (in the Bond Resolution called "Events of Default") shall happen, that is to say:

- (a) If a default shall occur in the due and punctual payment of the principal or Redemption Price of any Bond or the payment of the purchase price of any Option Bonds when and as the same shall become due and payable, whether at maturity or by call for redemption, or otherwise;
- (b) If a default shall occur in the due and punctual payment of any installment of interest on any Bond when and as such become due and payable;
- (c) If a default shall occur in the performance or observance by the Authority of any other of the covenants, agreements or conditions in the Bond Resolution, the applicable Supplemental Resolution or in the Bonds of any Series contained, and such default shall continue for a period of 60 days after written notice thereof to the Authority by the Trustee or to the Authority and to the Trustee by the Holders of not less than a majority in principal amount of the Bonds of such Series Outstanding; or
- (d) Certain events of bankruptcy or insolvency;

then, and in each and every such case, so long as such Event of Default shall not have been remedied, unless the principal of all the Bonds shall have already become due and payable, the Trustee may, and

upon the written request of the holders of not less than a majority of all Series of Bonds then Outstanding shall, proceed to enforce by such proceedings at law or in equity as it deems most effectual the rights of Bondholders, and either the Trustee (by notice in writing to the Authority), or the Holders of not less than a majority in principal amount of the Bonds Outstanding (by notice in writing to the Authority and the Trustee), may declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable subject, however, to rescission of such declaration and annulment of the default upon remedying thereof.

The Authority covenants that if an Event of Default shall have happened and shall not have been remedied, the books of record and account of the Authority and all other records related to the Bridge System shall at all times be subject to the inspection and use of the Trustee and of its agents and attorneys and the Authority, upon demand of the Trustee, will account, as if it were the trustee of an express trust, for all Available Revenues and other moneys, securities and funds pledged or held under the Bond Resolution for such period as shall be stated in such demand and the Authority, upon demand of the Trustee, shall pay over or cause to be paid over to the Trustee (i) forthwith, all moneys, securities and funds then held by the Authority in any Fund or Account under the Bond Resolution, and (ii) all Available Revenues as promptly as practicable after receipt thereof.

During the continuance of an Event of Default, the Trustee shall apply such moneys, securities, funds and Available Revenues and the income therefrom as follows and in the following order:

(1) to the payment of the reasonable and proper charges, expenses and liabilities of the Trustee (including the fees and expenses of its attorneys, agents and employees) and of any engineer or firm of engineers selected by the Trustee pursuant to this Article;

(2) to the payment of the amounts required for reasonable and necessary Operating Expenses and for the reasonable renewals, repairs and replacements of the Bridge System necessary to prevent loss of Revenues;

(3) to the payment of the interest and principal or Redemption Price then due on all Series of Bonds, as follows:

(a) unless the principal of all the Bonds shall have become or have been declared due and payable:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due to the order of the maturity of such installments, together with accrued and unpaid interest on the Bonds theretofore called for redemption, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any bonds 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 Bonds then Outstanding due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference;

(b) if the principal of all Bonds then Outstanding shall have become or have been declared due and payable, to the payment of the principal and interest due and unpaid upon such Bonds without preference or priority of principal over interest or of interest over principal, or of any Bond over any other Bond ratably according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

If an Event of Default shall happen and shall not have been remedied, then and in every such case, the Trustee, by its agents and attorneys, may proceed, and upon written request of the holders of not less than a majority in principal amount of the Bonds Outstanding shall proceed, to protect and enforce its rights and the rights of the Holders of the Bonds under the Bond Resolution forthwith by a suit or suits in equity or at law.

Regardless of the happening of an Event of Default, the Trustee shall have power, but unless requested in writing by the Holders of a majority in principal amount of the Bonds then Outstanding, and furnished with reasonable security and indemnity, shall be under no obligation, to institute and maintain such suits and proceedings as may be necessary or expedient to prevent any impairment of the security under the Bond Resolution and to preserve or protect its interests and the interests of the Bondholders.

No Holder of any Bond shall have any right to institute any suit for the enforcement of any provision of the Bond Resolution or the execution of any trust under the Bond Resolution or for any remedy under the Bond Resolution, unless such Holder shall have previously given to the Trustee written notice of the happening of an Event of Default unless the Holders of at least a majority in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee, have offered adequate security and the Trustee shall have failed to comply with such request in the manner provided in the Bond Resolution.

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

Trustee to Exercise Powers of Statutory Trustee (Section 8.08 of the Bond Resolution)

The Trustee is vested with all of the rights, powers and duties of a trustee appointed by Bondholders pursuant to Section 537 of the Act except to the extent that such rights, powers and duties would be inconsistent with the terms hereof or with the provisions of a Supplemental Resolution or Certificate of Determination authorized by the Resolution. The right of the Bondholders to appoint a trustee pursuant to Section 537 of the Act is expressly abrogated in accordance with the provisions of the Act.

Notice of Default (Section 8.09 of the Bond Resolution)

The Trustee shall promptly mail to Holders of Bonds written notice of the occurrence of any Event of Default of which the Trustee has knowledge.

Supplemental Resolutions; Powers of Amendment (Sections 10.01, 10.03, 10.04, 11.02 and 12.02 of the Bond Resolution)

The Authority may adopt at any time or from time to time a Supplemental Resolution to authorize the issue of a specific Series of Bonds as described above under the subheading "Authorization of

Bondsö. A copy of each such Supplemental Resolution, together with a copy of the Bond Resolution, each certified by an Authorized Officer of the Authority, shall be filed with the Trustee.

A Supplemental Resolution for any one or more of the following purposes shall be fully effective in accordance with its terms and upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority: (a) to close the Bond Resolution against, or impose additional limitations or restrictions on, the issuance of other notes, bonds, obligations or evidences of indebtedness; (b) to impose additional covenants or agreements to be observed by the Authority which are not contrary to or inconsistent with the Bond Resolution; (c) to impose other limitations or restrictions upon the Authority; (d) to surrender any right, power or privilege reserved to or conferred upon the Authority by the Bond Resolution; (e) to specify and determine the matters and things referred to above under the subdivision ðAuthorization of Bondsö, and any other matters and things relative to such Bonds which are not contrary to or inconsistent with the Bond 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 including, without limiting the generality of the foregoing, provisions amending or modifying the Bond Resolution to provide for the issuance of Bonds in book-entry form; (f) to confirm, as further assurance, any pledge of or lien upon the Revenues or any other moneys, securities or funds.

A Supplemental Resolution for any one or more of the following purposes shall be fully effective in accordance with its terms upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Authority and (ii) the filing with the Trustee and the Authority of the Trustee's written consent thereto: (a) to cure any ambiguity, omission or defect in the Bond Resolution; (b) to modify or amend any of the terms of provisions of the Bond Resolution if no Bonds are Outstanding at the time such written consent is filed; (c) to modify or amend any of the terms or provisions of the Bond Resolution, provided that such modification by its terms shall not take effect until all Bonds Outstanding on the date of adoption of such Supplemental Resolution shall have ceased to be Outstanding; (d) to modify or amend the Bond Resolution in any manner which will not materially adversely affect or diminish the rights of any Bondholders; (e) to modify or amend the Bond Resolution to comply with applicable Federal securities laws; and (f) to make any other modification or amendment of the Bond Resolution with a Rating Confirmation.

Any modification or amendment of the Bond Resolution and of the rights and obligations of the Authority and of the Holders of the Bonds thereunder, in any particular, may be made by Supplemental Resolution of the Authority, with the written consent of the Holders of at least a majority in principal amount of the Bonds outstanding at the time such consent is given, or in case less than all of the Bonds then Outstanding are affected, or the Holders of at least a majority in principal amount of the Bonds so affected, and Outstanding at the time such consent is given, and in case the modification or amendment changes the terms of any Sinking Fund Installment, of the Holders of one hundred per centum (100%) in principal amount of the Bonds of the particular maturity entitled to such Sinking Fund Installment 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 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 Bonds, or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the Holder of such Bond, or 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 of the Bond Resolution if the same

adversely affects or diminishes the rights of the Holders of such Bonds. The Trustee may in reliance on an opinion of Bond Counsel determine whether the rights of the Holders of any particular Bonds would be materially adversely affected or diminished by any such modification or amendment, and its determination shall be binding and conclusive on the Authority and all Holders of Bonds.

For the purposes of such consents, notwithstanding anything herein to the contrary, the consent of Owners of any Series of Additional Bonds to be issued hereunder 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.

Obligations of the Authority Unconditional (Section 12.01 of the Bond Resolution)

Nothing contained in the Bond Resolution or in any Bond is intended to or shall impair, as between the Authority and the Holders of the Bonds, the obligation of the Authority, which is absolute and unconditional, to pay to the Holders of the Bonds the principal and interest on the Bonds as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders of the Bonds and creditors of the Authority, nor shall anything therein prevent the Trustee or the Holder of any Bond from exercising all remedies otherwise permitted by applicable law upon default under the Bond Resolution, in respect of cash or property of the Authority received upon the exercise of any such remedy.

Defeasance (Section 13.01 of the Bond Resolution)

If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the holders of all Bonds of a Series the principal or Redemption Price, if applicable, and interest due or to become due thereon, and all other sums payable by the Authority pursuant to the Bond Resolution and the applicable Supplemental Resolution, at the times and in the manner stipulated therein and in the Bond Resolution and applicable Supplemental Resolution, then the pledge of any Revenues, and other moneys and securities pledged under the Bond Resolution and applicable Supplemental Resolution and all covenants, agreements and other obligations of the Authority to such Bondholders, shall thereupon be released, discharged and satisfied. In such event, the Trustee, upon request of the Authority, shall cause an accounting and all other sums payable by the Authority pursuant to the Bond Resolution and the applicable Supplemental Resolution to be prepared and filed with the Authority, and shall execute and deliver to the Authority all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the Authority all moneys and securities held by them pursuant to the Bond Resolution and applicable Supplemental Resolution which are not required for the payment of Bonds not theretofore surrendered for such payment or redemption. If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Outstanding Bonds of a particular Series, the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Bond Resolution and applicable Supplemental Resolution, such Bonds shall cease to be entitled to any lien, benefit or security under the Bond Resolution and applicable Supplemental Resolution, and all covenants, agreements and obligations of the Authority to the Holders of such Bonds shall thereupon be discharged and satisfied.

Bonds or interest installments for the payment or redemption of which moneys shall have been set aside and shall be held in trust by the Trustee and/or the Paying Agents at the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the immediately preceding paragraph. Any Outstanding Bonds 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 immediately

preceding paragraph if the Authority shall have delivered to or deposited with the Trustee (i) irrevocable instructions to pay or redeem all of said Bonds in specified amounts no less than the respective amounts, and on specified dates no later than the respective due dates, of their Principal Installments, (ii) irrevocable instructions to mail to the holders thereof notice of redemption of any Bonds to be so redeemed, (iii) either moneys in an amount which shall be sufficient, or Defeasance Obligations the principal of or the principal of and the interest on which, when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to each specified redemption date or maturity date thereof, as the case may be, and (iv) if any of said Bonds are not to be redeemed within the next succeeding 60 days, irrevocable instructions to publish, as soon as practicable in an Authorized Newspaper, at least twice at an interval of not less than seven days between publications, a notice to the holders of such Bonds that the deposit of moneys referred to in clause (iii) hereof has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with Section 13.01 of the Bond Resolution and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if applicable, of said Bonds. Any notice of redemption published pursuant to the immediate preceding sentence with respect to Bonds which constitute less than all of the Outstanding Bonds of any maturity within a Series shall specify the letter and number or other distinguishing marks of each such Bond. The Defeasance Obligations and moneys deposited with the Trustee pursuant to this paragraph shall be held in trust for the payment of the principal or Redemption Price, if applicable, and interest on said Bonds. No payments of principal of any such Defeasance Obligations shall be withdrawn or used for any purpose other than payment of such principal or Redemption Price of, or interest on, said Bonds. Payments of interest on any such Defeasance Obligations shall be withdrawn and used for the purpose of payment of any principal, Redemption Price or interest to the full extent necessary to accomplish such purpose. To the extent that payments of interest on any such Defeasance Obligations are not needed for such purpose, such payments may be applied, and may be pledged by the Authority, to secure the payment of any bonds or other obligations of the Authority whose proceeds shall have been used, in whole or in part, to acquire such Defeasance Obligations. Any cash received from any such interest payments not needed for any of the said purposes shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if applicable, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Authority, as received by the Trustee, free and clear of any trust, lien or pledge.

Amounts deposited with the Trustee for the payment of Principal Installments of and interest on any Bonds deemed to be paid pursuant to the Bond Resolution, if so directed by the Authority, shall be applied by the Trustee to the purchase of such Bonds in accordance with the Bond Resolution. Bonds for which a redemption date has been established may be purchased on or prior to the 60th day preceding the redemption date of Bonds so purchased. Bonds which mature on a single future date may be purchased at any time prior to the maturity date. All such purchases shall be made at prices not exceeding the applicable principal amount or Redemption Price established pursuant to the prior paragraph, plus accrued interest thereon, and such purchases shall be made in such manner as the Trustee shall determine. No purchase shall be made by the Trustee pursuant to this paragraph if such purchase would result in the Trustee holding less than the moneys required to be held for the payment of all other Bonds deemed to be paid pursuant to the Bond Resolution.

The Authority may purchase with any available funds any Bonds determined to be paid pursuant to the Bond Resolution. Bonds for which a redemption date has been established may be purchased by the Authority on or prior to the 60th day preceding the redemption date. On or prior to the 60th day preceding the redemption date the Authority shall give notice to the Trustee of its intention to surrender such Bonds on the redemption date. The Trustee shall proceed to call for redemption the remainder of the Bonds due

to the redemption date and shall pay to the Authority on the redemption date the Redemption Price of and interest on such Bonds upon surrender of such Bonds to the Trustee. Bonds which mature on a single future date may be purchased at any time prior to the maturity date. The Trustee shall pay to the Authority the principal amount of and interest on such Bonds upon surrender of such Bonds on the maturity date.

Option Bonds shall be deemed to have been paid within the meaning and effect expressed in the Bond Resolution only if, in addition to satisfying the requirements thereof, the requirements of the Supplemental Resolution authorizing the issuance of such Option Bonds have been satisfied.

Variable Rate Bonds shall be deemed to have been paid prior to the maturity or redemption date thereof, as the case may be, within the meaning and effect expressed in the Bond Resolution only if, in addition to satisfying the requirements thereof, the requirements of the Supplemental Resolution authorizing the issuance of such Variable Rate Bonds shall have been satisfied.

Appendix E – Book-Entry Only System

Unless otherwise noted, the information contained in the following paragraphs of this Appendix E, “Book-Entry-Only System” has been extracted from information given by DTC. None of the Authority, the Trustee or the Underwriters makes any representation as to the completeness or accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

1. DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such maturity.

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

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all 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 any series of 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

5. 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. [Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

6. Redemption notices shall be sent to Cede & DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to 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 issuer 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

9. A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to any tender agent or remarketing agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to any tender agent or remarketing agent for a series. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the tender agent or remarketing agent's DTC account.

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

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

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

NONE OF THE AUTHORITY, THE TRUSTEE OR THE UNDERWRITERS WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR TO THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE FOR SUCH DTC PARTICIPANTS, INDIRECT PARTICIPANT OR THE BENEFICIAL OWNERS.

Appendix F – Form of Approving Opinion of Bond Counsel

Upon delivery of the Series 2012 Bonds in definitive form, Rapport Meyers LLP, Bond Counsel to the Authority, proposes to render its approving opinion in substantially the following form:

April 26, 2012

New York State Bridge Authority
P.O. Box 1010
Highland, New York 12528

Re: \$90,325,000 New York State Bridge Authority
General Revenue Bonds, Series 2012

Ladies and Gentlemen:

We have acted as bond counsel to the New York State Bridge Authority (the "Authority") in connection with the issuance by the Authority of its General Revenue Bonds, Series 2012 dated as of the date hereof in the aggregate original principal amount of \$90,325,000 (the "Series 2012 Bonds"). In such capacity, we have examined such law and such certified proceedings and other documents as we have deemed necessary to render this opinion.

The Series 2012 Bonds are issued under and pursuant to the New York State Bridge Authority Act, Title 2 of Article 3 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended (the "Act"), the General Revenue Bond Resolution adopted by the Authority on December 19, 1996, as amended (the "Bond Resolution") and a Fourth Supplemental Bond Resolution (the "Supplemental Resolution") adopted by the Authority on March 15, 2012 (the Bond Resolution and the Fourth Supplemental Resolution are collectively referred to herein as the "Resolutions"), and other proceedings duly had and taken in accordance therewith. Capitalized terms used herein and not otherwise defined have the meanings set forth in the Resolutions.

The Series 2012 Bonds are issued as fully registered bonds without coupons, and mature on January 1 of each of the years and bear interest payable semiannually on January 1 and July 1 of each year, commencing January 1, 2013, at the respective rates per annum as set forth in the Certificate of Determination of the Authority dated April 17, 2012. The Series 2012 Bonds are subject to redemption as set forth in the Resolutions. The Series 2012 Bonds are issued for the purposes described in the Resolutions.

The Authority has the right to issue additional series of Bonds pursuant to the Bond Resolution, ranking equally as to security and payment with the Series 2012 Bonds, upon the terms and conditions and for the purposes stated in the Resolutions.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2012 Bonds in order that interest on the Series 2012 Bonds be and remain not included in gross income for Federal income tax purposes pursuant to Section 103 of the Code. Included among these requirements are restrictions on the investment and use of proceeds of the Series 2012 Bonds and the rebate of certain earnings in respect of such investments to the United States. Noncompliance may cause interest on the Series 2012 Bonds to become subject to Federal income taxes retroactive to the date of issue of the Series 2012 Bonds, irrespective of the date on which such noncompliance occurs or is ascertained. We have examined the Arbitrage and Use of Proceeds Certificate dated the date hereof in which the Authority has made representations, warranties and covenants relating to such requirements for non-inclusion in gross income. The Bond Resolutions and the Arbitrage and Use of Proceeds Certificate obligate the Authority to do and perform all acts and things necessary or desirable to assure that interest on the Series 2012 Bonds is not included in gross income pursuant to Section 103 of the Code. Our opinion in paragraph (F) assumes continuing compliance with such covenants and warranties and the accuracy, in all material respects, of such representations and certifications.

In our examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity with the original documents of all documents submitted to us as copies, and the material accuracy of the representations, statements of intention and reasonable expectation and certifications of fact contained in certificates furnished to us in connection with the Series 2012 Bonds. Furthermore, in rendering the following opinions, we have assumed that all documents executed by a person or persons other than the Authority were duly executed and delivered by said other person or persons and that said documents constitute legal, valid and binding obligations of said person or persons enforceable against said person or persons in accordance with their terms.

Based upon our examination of the foregoing and in reliance upon the matters and subject to the limitations contained herein, we are of the opinion, as of the date hereof and under existing law, as follows:

(A) The Authority was duly created and is validly existing under the Act as a public benefit corporation of the State of New York with the corporate power to adopt and perform its obligations under the Resolutions and to issue the Series 2012 Bonds.

(B) The Resolutions have been duly adopted by the Authority and are valid and binding upon the Authority and enforceable in accordance with their terms, except as specified below.

(C) The Series 2012 Bonds have been duly authorized, executed and delivered by the Authority and are the valid and binding direct general obligations of the Authority payable as provided under the Resolutions and the full faith and credit of the Authority are pledged to the payment thereof. The Series 2012 Bonds are enforceable in accordance with their terms and the terms of the Resolutions and are entitled to the benefit of the Act and the Resolutions, except as specified below. All conditions precedent to the delivery of the Series 2012 Bonds have been fulfilled.

(D) The Resolutions create the valid pledge they purport to create of the proceeds of sale of the Series 2012 Bonds, the Net Revenues, and the Funds and Accounts established by the Bond Resolution (other than the Operating Fund, the Rebate Fund and the Subordinated Indebtedness Fund) and subject to the provisions of the Resolutions and the Act permitting the application thereof for or to the purposes and on the terms and conditions therein set forth.

(E) The Series 2012 Bonds are payable solely from the sources described in the Resolutions and do not constitute a debt or liability of the State of New York or any political subdivision of the State.

(F) Under existing statutes and court decisions, interest on the Series 2012 Bonds is not included in gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, such interest will not be treated as a preference item to be included in calculating alternative minimum taxable income for purposes of the alternative minimum tax imposed with respect to individuals and corporations. Under the Code, however, such interest is included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax that may be imposed with respect to such corporations. We express no opinion regarding other federal tax consequences arising with respect to the Series 2012 Bonds.

(G) The interest on the Series 2012 Bonds is exempt from personal income taxes imposed by the State of New York and its political subdivisions, including the City of New York and the City of Yonkers.

We have examined the executed Series 2012 Bond numbered 2012R-1 in fully registered form and, in our opinion, the form of such Series 2012 Bond and the execution thereof are regular and proper.

It is to be understood that the enforceability of the Series 2012 Bonds and the Resolutions may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other laws relating to or affecting the rights of creditors in general and general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). No opinion is expressed as to the availability of any particular remedy provided for in the Resolutions.

We express no opinion with respect to the laws of any jurisdiction other than the State of New York and other than the securities and tax laws of the United States of America. The scope of our engagement as bond counsel in relation to the issuance of the Series 2012 Bonds has extended solely to rendering the opinions expressed herein, and the opinions expressed herein are not intended and should not be construed to express or imply any conclusion that the Net Revenues of the Authority, if any, will be sufficient to enable the Authority to pay the principal of, premium, if any, or interest on the Series 2012 Bonds as the same respectively become due and payable.

This opinion is rendered as of the date hereof, and no opinion is expressed as to matters referred to herein on any subsequent date. Certain requirements and procedures contained or referred to in the Resolutions may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of bond counsel. We express no opinion as to the Series 2012 Bonds or the interest thereon if any change occurs or action is taken upon the advice or approval of bond counsel other than Rapport Meyers LLP.

[THIS PAGE LEFT BLANK INTENTIONALLY]