

OFFICIAL STATEMENT

NEW ISSUE: Book-Entry-Only

Insured Rating: S&P: "AA/Stable"
Insured Rating: KBRA: "AA+/Stable"
Uninsured Rating: S&P: "AA-/Stable"
Underlying Rating: S&P: "AA-/Stable"
See "BOND RATING" herein

In the opinion of Mackenzie Hughes LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the 2019 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the 2019 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). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the 2019 Bonds. See "TAX MATTERS" herein.

The 2019 Bonds will NOT be designated as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.



DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
(New York)
\$10,720,000 Solid Waste Management System Revenue Bonds, Series 2019
(The "2019 Bonds")

Dated: Date of Delivery

Due: September 1 (as shown on inside cover)

The 2019 Bonds are special obligations of the Development Authority of the North Country (the "Authority") payable solely from and secured by the revenues and other security pledged therefor under a Trust Indenture between the Authority and The Bank of New York Mellon as trustee (the "Trustee"), including gross revenues to be derived by the Authority from operation of the solid waste management system (the "System") constructed and operated by the Authority. Such revenues will consist primarily of disposal fees to be charged by the Authority for disposal of waste within the System, and payments to be made by the Municipalities (defined below) pursuant to a Solid Waste Management Agreement (defined below) among Jefferson County, Lewis County, St. Lawrence County and the City of Watertown, all in New York State (the "Municipalities") and the Authority. Neither the State, the Municipalities, nor any municipality or public corporation other than the Authority shall be liable on the 2019 Bonds and the 2019 Bonds are not a debt of the State, the Municipalities or any municipality or public corporation other than the Authority. The Authority has no taxing power.

The 2019 Bonds shall be subject to redemption prior to maturity as described herein under the heading "DESCRIPTION OF THE 2019 BONDS - Optional Redemption of 2019 Bonds"

The 2019 Bonds will be issued as fully registered bonds and initially will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). So long as DTC or a successor depository acts as the securities depository with respect to the 2019 Bonds, purchases of beneficial interests in the 2019 Bonds, in denominations of \$5,000 or any integral multiple thereof, will be made in book-entry form only. Payments of the principal of and premium, if any, and interest on the 2019 Bonds will be payable by the Trustee and Paying Agent, to DTC on each applicable payment date. Disbursement of such payments to Beneficial Owners (defined below) of the 2019 Bonds will be the responsibility of DTC and DTC's participants. See "DESCRIPTION OF THE 2019 BONDS - Book-Entry-Only System" herein.

The scheduled payment of principal of and interest on the Bonds maturing on September 1 of the years 2026 through 2044, inclusive (the "Insured Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**



Interest on the 2019 Bonds is payable semiannually on March 1 and September 1, commencing March 1, 2020.

The 2019 Bonds are offered when, as and if issued and accepted by the Underwriter, subject to the approval of legality of Mackenzie Hughes LLP, Syracuse, New York, Bond Counsel, and certain other conditions. Certain legal matters will be passed upon for the Underwriter by Roemer Wallens Gold & Mineaux LLP, Albany, New York. Fiscal Advisors & Marketing, Inc., Syracuse, New York, is acting as Municipal Advisor to the Authority in connection with the issuance of the 2019 Bonds. It is anticipated that the 2019 Bonds will be available for delivery through the facilities of DTC in Jersey City, New Jersey on or about September 5, 2019.

ROOSEVELT & CROSS INCORPORATED

Dated: August 15, 2019

\$10,720,000 Solid Waste Management System Revenue Bonds, Series 2019
CUSIP[†] Base: 658792

Dated: Date of Delivery

Due: September 1, 2020-2044

				Maturities					
<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP[†]</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP[†]</u>
2020	\$ 240,000	4.000%	0.93%	CW4	2033 ¹	\$ 440,000 ²	4.250%	1.63%	DK9
2021	250,000	4.000	0.94	CX2	2034 ¹	460,000 ²	4.000	1.76	DL7
2022	260,000	5.000	0.98	CY0	2035 ¹	480,000 ²	4.000	1.80	DM5
2023	275,000	5.000	1.00	CZ7	2036 ¹	495,000 ²	3.750	1.96	DN3
2024	285,000	5.000	1.02	DA1	2037 ¹	515,000 ²	3.500	2.15	DP8
2025	300,000	5.000	1.07	DB9	2038 ¹	535,000 ²	3.375	2.29	DQ6
2026	315,000 ²	5.000	1.08	DC7	2039 ¹	550,000 ²	3.250	2.43	DR4
2027	335,000 ²	5.000	1.16	DD5	2040 ¹	570,000 ²	3.250	2.47	DS2
2028 ¹	350,000 ²	5.000	1.22	DE3	2041 ¹	590,000 ²	3.250	2.50	DT0
2029 ¹	370,000 ²	5.000	1.30	DF0	2042 ¹	610,000 ²	3.250	2.53	DU7
2030 ¹	385,000 ²	4.500	1.43	DG8	2043 ¹	630,000 ²	3.250	2.56	DV5
2031 ¹	405,000 ²	4.500	1.48	DH6	2044 ¹	650,000 ²	3.250	2.57	DW3
2032 ¹	425,000 ²	4.250	1.58	DJ2					

DISCLAIMER STATEMENT

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

¹ Priced to the September 1, 2027 par call. The Bonds maturing in each of the years 2028-2044, inclusive, are subject to redemption prior to maturity as described herein under the heading “DESCRIPTION OF THE 2019 BONDS - Optional Redemption of 2019 Bonds”.

² The scheduled payment of principal of and interest on the Bonds maturing on September 1 of the years 2026 through 2044, inclusive (the “Insured Bonds”), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Insured Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**

† CUSIP® is a registered trademark of the American Bankers Association (“ABA”). The CUSIP numbers herein are provided by CUSIP Global Services, which is managed by Standard & Poor’s, a business unit of The McGraw Hill Companies, Inc., on behalf of the ABA. The CUSIP numbers are provided for convenience of reference only. None of the Issuer, the Borrower or the Trustee take any responsibility for the accuracy of such numbers.

**DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
(New York)**



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The CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for the convenience of the holders of the 2019 Bonds. Neither the Underwriter nor the Authority is responsible for the selection or use of the CUSIP numbers, and no representation is made as to their correctness on the 2019 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the 2019 Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as to the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2019 Bonds.

No dealer, broker, salesman 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 described herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the Authority or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any offer or solicitation of such offer or sale of the 2019 Bonds in any jurisdiction in which such offer, solicitation or sale is not qualified under applicable law or to any person to which it is unlawful to make such offer, solicitation or sale.

The information set forth herein has been furnished by the Authority, The Depository Trust Company (as to itself and the book-entry only system), and includes information from other sources which the Authority believes to be reliable but it is not guaranteed as to its accuracy or completeness by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, as a whole or in part, for any other purpose.

The Underwriter has provided the following sentence for inclusion in this Official Statement: "The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances create any implication that there has been no change in the affairs of the parties referred to above or that the other information or opinions are correct as of any time subsequent to the date hereof."

In connection with this offering the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of the 2019 Bonds offered hereby at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the 2019 Bonds to certain dealers and dealer banks and others at prices lower than the public offering prices stated on the cover page hereof, and said public offering prices may be changed from time to time by the Underwriter.

CERTAIN STATEMENTS CONTAINED IN THIS OFFICIAL STATEMENT REFLECT NOT HISTORICAL FACTS BUT FORECASTS AND "FORWARD-LOOKING STATEMENTS." IN THIS RESPECT, THE WORDS "ESTIMATE," "PROJECT," "ANTICIPATE," "EXPECT," "INTEND," "BELIEVE" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ALL PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER FORWARD-LOOKING STATEMENTS ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE AUTHORITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN THE EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR.

THE 2019 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAVE THE AUTHORIZING RESOLUTIONS BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE 2019 BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE 2019 BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE 2019 BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATIONS TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

References herein to laws, rules, regulations, resolutions, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to this Official Statement they may be obtained from the Authority, upon prepayment of reproduction costs, postage and handling expenses.

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OFFICIAL STATEMENT

of the

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY (New York)

\$10,720,000 Solid Waste Management System Revenue Bonds, Series 2019

INTRODUCTION

This Official Statement, including the cover page and appendices, is furnished in connection with the offering of \$10,720,000 Solid Waste Management System Revenue Bonds Series 2019 (the “2019 Bonds”) of the Development Authority of the North Country (the “Authority”). Certain capitalized terms used herein but not defined have the meanings given in Appendix B hereto.

The factors affecting the Authority, the Municipalities’ financial conditions and the 2019 Bonds are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the Authority contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the 2019 Bonds and the proceedings of the Authority with respect thereto are qualified in their entirety by reference to the definitive forms of the 2019 Bonds and such proceedings.

Authorization

The 2019 Bonds are to be issued pursuant to Title 29 of Article 8 of the Public Authorities Law of the State of New York, as amended from time to time (the “Act”), a Trust Indenture between the Authority and The Bank of New York Mellon as trustee (the “Trustee”), dated as of July 1, 1992 (the “Trust Indenture”), and a Series 2019 Indenture between the Authority and the Trustee, dated as of September 1, 2019 (the “Series Indenture”) (the Trust Indenture and the Series Indenture herein collectively referred to as the “Indenture”). The 2019 Bonds, together with any bonds issued or to be issued pursuant to the Trust Indenture, are referred to herein as the “Bonds.”

Nature of Obligation

The 2019 Bonds are special obligations of the Authority secured, together with other Bonds issued under the Indenture, by a first lien upon and a pledge of the Revenues, together with all rights of the Authority to enforce the Solid Waste Management Agreement or any additional Solid Waste disposal agreements, and all amounts on deposit in all funds and accounts (other than the Rebate Fund) established under the Indenture. The 2019 Bonds do not constitute a general obligation of the Authority. The 2019 Bonds do not constitute and shall not be a debt of the State of New York, the Counties of Jefferson, Lewis or St. Lawrence, the City of Watertown, nor any other municipality or public corporation other than the Authority, and neither the State of New York, the Counties of Jefferson, Lewis or St. Lawrence, the City of Watertown, nor any other municipality or public corporation other than the Authority, shall be liable thereon. The 2019 Bonds do not give rise to a pecuniary liability or charge against the general credit or taxing powers of the State of New York, the Counties of Jefferson, Lewis or St. Lawrence, the City of Watertown, nor any other municipality or public corporation. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2019 BONDS.”

The Authority

The Authority was established in 1985 as a public benefit corporation pursuant to the Act to perform an essential governmental function for the benefit of the region comprising the Counties of Jefferson, Lewis, and St. Lawrence (the “Service Area”) and the State in the area of regional development including Solid Waste management. The Act authorizes the Authority to, among other things, collect, receive, transport, process, dispose of, sell, store, convey, recycle and deal with, in any lawful manner and way, Solid Waste or by-products thereof. For a further description of the Authority's Solid Waste and non-Solid Waste activities see “THE AUTHORITY”.

The System

The System includes a 1,543 acre parcel of land in the Town of Rodman, New York (the “Landfill Site”) on which a sanitary landfill has been constructed (the “Landfill”) and improvements and facilities incidental to the collecting, receiving, transporting, storing, processing or disposal of Solid Waste. The System is designed to collect, dispose of, and process all Solid Waste generated within the Municipalities. For a further description see “THE SYSTEM.”

Revenues of the Authority

The Authority derives its revenues related to the System from fees received including tipping fees paid directly by permitted haulers, including municipalities, for disposal of Solid Waste at the Landfill Site. Additionally, under a Solid Waste Management Agreement dated as of October 1, 1986, as amended on April 1, 1987 and further amended by the Solid Waste Management Participation Agreement dated July 26, 1993 (the “Solid Waste Management Agreement”), the Municipalities are obligated to pay to the Authority annual charges for the Authority's net costs (after deduction of revenues earned in the operation of the facilities) for the facilities and services provided by the Authority (the “Annual Charges”); however, as of the date hereof, the fees collected by the Authority have been sufficient to fund all of the costs for the facilities and services provided by the Authority, and no Annual Charges have been assessed to the Municipalities by the Authority.

The Authority's ability to receive revenues is dependent on its providing the service of accepting and processing or disposing of Solid Waste. The Authority may only accept Solid Waste generated within the boundaries of its Service Area, and also in accordance with its service rules promulgated pursuant to the Solid Waste Management Agreement (“Service Rules”) and its operating permits. Pursuant to the Service Rules adopted by the Authority, the Municipalities are obligated to pay the Authority their respective proportionate share of the Annual Charges in monthly installments based on the actual tonnages delivered to the System in the current month. For a further description see “THE SYSTEM - Charges and Revenues of the Authority.”

Divisions of the Authority

The Authority operates various divisions including water, sewer, telecommunications, engineering, regional development, and Solid Waste, which constitute separate Authority divisions for accounting purposes. Each of the Authority's divisions operates on an independent basis with debt being collateralized by the assets of the specific division and not as a general obligation of the Authority. Assets and revenues of the Solid Waste management division are not pledged as collateral for any other Authority division and assets and revenues of other divisions are not pledged as collateral for the Solid Waste division.

SOURCES AND USES

Proceeds of the 2019 Bonds are to be applied as follows:

Sources:	Par Amount of the Bonds	\$ 10,720,000.00
	Original Issue Premium	<u>1,459,427.65</u>
	Total	<u>\$ 12,179,427.65</u>
Uses:	Net Proceeds Project Fund	\$ 12,000,000.00
	Underwriter's Discount	42,344.00
	Bond Insurance and Debt Service Reserve Surety	46,124.42
	Costs of Issuance and Contingency	<u>90,959.23</u>
	Total	<u>\$ 12,179,427.65</u>

THE PROJECT

Proceeds of the 2019 Bonds will be applied to make certain improvements to the Authority's facilities located in the Town of Rodman, New York, including the expansion to its landfill consisting of the construction of an additional 76 acre sanitary landfill on the Land including: (A) the expanded landfill's design, (B) necessary earthwork (i.e. clearing acreage, and building roads and stormwater ponds), (C) construction of the landfill, the leachate pump station, a side riser building, and the initial liner system (Cells 12 & 13) within the Authority's facilities (including its system commissioning and certification) and (D) the creation of wetlands outside the Authority's facilities. All of such work, both inside and outside the Authority's facilities, is referred to herein as the "Southern Expansion". For a further description of the Southern Expansion see "THE SYSTEM – The Landfill" and Appendix A.

The estimated cost of the "Southern Expansion" infrastructure required for the operation of Cells 12 and 13, including permitting, final engineering design, public bidding and construction observation, is approximately \$24,000,000. The Authority expects to utilize \$12,000,000 in Authority reserves and \$12,000,000 net proceeds from the 2019 Bonds to fund the Southern Expansion.

SECURITY AND SOURCES OF PAYMENT FOR THE 2019 BONDS

Pledge of Indenture

The Indenture is a contract between the Authority, the Trustee and the holders of all Bonds issued thereunder, including the 2019 Bonds, and its provisions are for the equal benefit, protection and security of the holders of all the Bonds and the Credit Facility Providers, each of which is to be of equal rank without preference, priority or distinction except as provided in the Indenture.

The 2019 Bonds are special obligations of the Authority secured by a pledge of and payable from the Revenues together with all rights of the Authority to enforce the Solid Waste Management Agreement or any additional Solid Waste disposal agreement, and all amounts on deposit in all funds and accounts (other than the Rebate Fund) established under the Indenture. The 2019 Bonds do not constitute and shall not be a debt of the State of New York, the Counties of Jefferson, Lewis or St. Lawrence, the City of Watertown nor any other municipality or public corporation other than the Authority, and neither the State of New York, the Counties of Jefferson, Lewis or St. Lawrence, the City of Watertown, nor any other municipality or public corporation other than the Authority, shall be liable thereon. The 2019 Bonds do not give rise to a pecuniary liability or charge against the general credit or taxing powers of the State of New York, the Counties of Jefferson, Lewis or St. Lawrence, the City of Watertown, nor any other municipality or public corporation.

Debt Service Reserve Fund

The Indenture establishes a Debt Service Reserve Fund which is required to be funded and maintained in an amount equal to one-half of the maximum annual Debt Service Requirements with respect to the Outstanding Bonds of such Series in the then current and all future Fiscal Years (for the purposes of which calculation of any Variable Rate Indebtedness shall be assumed to have the fixed interest rate which in the opinion of the Remarketing Agent therefor would be the rate of interest of

such Indebtedness had it originally been issued as fixed rate debt). The Debt Service Reserve Requirement may be satisfied in whole or in part by a Reserve Fund Credit Facility. For purposes of calculating the Debt Service Reserve Requirement, the cost of any applicable Credit Facility shall be included as if it were interest on the Bond of the related Series. If the amount on deposit in the Debt Service and Sinking Fund is less than the amount required for the payment of the Debt Service Requirement coming due on a Bond Payment Date, after giving effect to all deposits into the Debt Service and Sinking Fund made from the Operating Account of the Revenue Fund, the Trustee is required to transfer monies from the Debt Service Reserve Fund to the Debt Service and Sinking Fund to the extent necessary to satisfy any such deficiency. The Trustee is required to reimburse the Debt Service Reserve Fund from the Operating Account of the Revenue Fund in accordance with the Indenture. When all Outstanding Bonds of a particular Series have been paid, purchased or redeemed, or provision for their payment or redemption duly made, the amount held in the Debt Service Reserve Fund allocable to such Series shall be transferred to the Repair and Improvement Fund or applied to the prompt purchase or redemption of Bonds.

Rate Covenant

The Authority has covenanted under the Indenture that it will fix, charge and collect tipping fees and user charges, including user surcharges and Annual Charges, for the Processing of Solid Waste by the Authority so long as any Bonds shall remain Outstanding, which shall produce Operating Revenues which together with amounts capitalized from proceeds of Bonds or otherwise made available and reserved and not already taken into account under the Indenture by reduction of the obligation which Operating Revenues must cover, shall be sufficient in each Fiscal Year to provide for: (i) the Operating Expenses of the Authority as set forth in the Annual Budget for such Fiscal Year; (ii) an amount equal to one hundred fifteen percent (115%) of the Debt Service Requirements for all Indebtedness in such Fiscal Year; (iii) any amount necessary to restore the Debt Service Reserve Fund to the Debt Service Reserve Requirement as provided in the Indenture; and (iv) the payment of the Repair and Improvement Requirement.

Additional Bonds

The Authority is authorized under the Indenture to issue Additional Bonds secured on a parity with all other Bonds of the Authority, including the 2019 Bonds, for the purpose of financing (i) the Costs of the System of the Authority, (ii) the costs of refunding or otherwise repaying any Outstanding Bonds, including accrued and unpaid interest and redemption premium, if any, (iii) the cost to plan, develop, construct, acquire, complete, restore or replace any System of the Authority or any portion thereof, (iv) the cost to conduct Studies, or (v) the cost of providing working capital for the Authority; including in each case costs and expenses of the financing, of any increase in the Debt Service Reserve Requirement incidental thereto and of the funding of any reserves.

The Indenture requires as a condition to the issuance of Additional Bonds, including, without limitation, any refunding Bonds, among other things, that there shall have been delivered or paid to the Trustee:

1. a copy, duly certified by the Secretary of the Authority, of the resolution or resolutions adopted by the Authority authorizing the execution and delivery by the Authority of the Financing Documents (including the Financing Documents relating to such Series of the Bonds) and the issuance, execution, sale and delivery of such Additional Bonds;
2. an executed counterpart of the Series Indenture authorizing such Series and of each of the other Financing Documents;
3. a written opinion of counsel for the Authority substantially in the form set forth in the Indenture;
4. a written opinion of Bond Counsel substantially in the form set forth in the Indenture;
5. a certificate of an Authorized Representative of the Authority stating that no Event of Default hereunder, nor an event which with notice or lapse of time or both would become an Event of Default hereunder, has occurred and is continuing;
6. a written confirmation of receipt of payment of the purchase price of the Additional Bonds;
7. any additional deposit to the Debt Service Reserve Fund required with respect to the Additional Bonds;
8. a certificate duly executed by the Accountant (or an Authorized Representative of the Authority) stating that, based upon an audit of the books and records of the Authority, for any twelve (12) consecutive month period of the eighteen (18) calendar months immediately preceding the month during which the Additional Bonds are to be issued (i) the ratio of Net Operating Revenues to Debt Service Requirements is no less than 1.15 to 1.00; and (ii) either the Debt Service Reserve Fund Requirement was maintained in accordance with the Indenture or will be so maintained upon the issuance of the Additional Bonds;
9. if the Additional Bonds are being issued to finance a portion of the System, a certificate duly executed by an Engineer

- (a) stating that such System will be useful or desirable in connection with the Processing of Solid Waste; (b) setting forth in detail and based upon reasonable assumptions set forth therein the estimated costs of the acquisition or construction of such System including any financing expenses and, if judged necessary, a balance for contingencies, the sources of funds expected to be applied to finance such costs, and the time period which will be required for completion of the acquisition or construction of such System; (c) his opinion that the Net Proceeds of the Additional Bonds, together with other moneys which are then available or are reasonably expected to be available therefor, will be sufficient to pay the costs of the acquisition or construction of the System; and (d) his opinion as to the date when such System will be placed in commercial operation; and
10. a certificate from the Authority stating that the Solid Waste Management Agreement is in full force and effect and there exists no default thereunder.

The Authority does not anticipate issuing any more additional bonds for at least five to seven years.

Solid Waste Management Agreement

Under the Solid Waste Management Agreement, the Authority agrees to provide the Municipalities with a Solid Waste Management System for disposal of all Solid Waste generated within the Municipalities. The Solid Waste Management Agreement expires on the date upon which the obligations of the Authority with respect to the System have been fully paid and discharged. The Solid Waste Management Agreement has been in effect since October 1, 1986 and was amended on April 1, 1987 to only permit the Authority to accept waste generated within its Service Area. The Solid Waste Management Agreement was amended again by the Solid Waste Management Participation Agreement, dated August 26, 1993, to include the County of St. Lawrence. Pursuant to the Solid Waste Management Agreement, each Municipality is obligated to deliver all Solid Waste generated within its jurisdiction to the facilities designated by the Authority and to pay Annual Charges for such disposal. Annual Charges equal the Authority's net costs (after deduction of revenues earned in the operation of the facilities) for the facilities and services provided by the Authority. The Authority is obligated to operate and maintain all facilities required to accept Solid Waste delivered by the Municipalities and use reasonable diligence to provide regular and uninterrupted service at its facilities. The initial method of disposal contemplated under the Solid Waste Management Agreement is the use of the Landfill. See "SUMMARY OF THE SOLID WASTE MANAGEMENT AGREEMENT — Annual Charges". For further discussion on the Municipalities' financial procedures see "OVERVIEW OF THE MUNICIPALITIES."

Annual Charges

The Annual Charges for each year are equal to the Authority's net costs for the facilities and services provided, after deducting revenues earned in the operation of its facilities, and include all of the Authority's capital, operating, maintenance and overhead costs. Each Municipality's share of the Annual Charges for any year is equal to a fraction, the numerator of which is the number of tons of solid waste delivered from that Municipality in the previous year, and the denominator of which is the total number of tons delivered to the Authority in the previous year. Pursuant to the Authority's Service Rules, the Annual Charges are payable by each Municipality in monthly installments, against which are credited tipping fees received from that Municipality during that month. The Authority shall establish a per ton fee for each ton of solid waste delivered from the Municipalities which is estimated by the Authority to be sufficient to result in payments being received from each Municipality equal to its share of the Annual Charges. Such per ton fees may be adjusted by the Authority from time to time. An Annual Adjustment will be made at the start of each year such that any deficit in the actual costs incurred by the Authority and the payments made by the Municipalities in the previous year will be added to the current year invoices of the Municipalities in the percentage shares determined for the previous year. Any surplus in the actual costs incurred by the Authority and the payments made by the Municipalities in the previous year will be credited against the current year invoices of the Municipalities in the percentage shares determined for the previous year.

Authority Budget Process

On an annual basis, the Authority's Executive Director causes to be prepared an operating and capital budget for all Authority divisions including the Solid Waste division. Upon recommendation of the Executive Director and the Finance Committee of the Authority, the Authority budgets are presented to the Authority's Board for approval and implementation. Upon approval of the Annual Budgets, Authority staff is authorized to expend funds as specified therein.

The budget for the Landfill is created by 1) reviewing previous years' operating expenditures and identifying any known anomalies from historical trends, 2) analyzing current year waste volumes by county and type, and 3) updating the five-year capital plan and 4) updating reserve projections to include deposits and withdrawals. Based on projected operating expenditures, capital requirements, debt service and reserve requirements, the Authority establishes a tipping fee for each type of waste which will provide for adequate revenue to cover such expenditures. The revenues that have resulted from this process have been more than adequate to fully offset the Annual Charges owed by the Municipalities to the Authority pursuant to the Solid Waste Management Agreement in every year to date.

Flow Control

Lewis County and St. Lawrence County have enacted flow control laws which require that all Solid Waste generated within their respective boundaries be delivered to certain designated municipal or Authority facilities. For a further description of flow control, see "THE SYSTEM - Control of Solid Waste Disposal."

DESCRIPTION OF THE 2019 BONDS

Interest and Principal Payment Dates, Places and Payees

The 2019 Bonds will be dated their date of initial delivery and will mature in the principal amounts and on the dates, and will bear interest at the rates per annum, set forth on the cover page hereof. Interest on the 2019 Bonds will be paid semiannually on each March 1 and September 1, commencing March 1, 2020. The principal of, premium, if any, and interest on the 2019 Bonds will be payable at the corporate trust office of the Trustee in Pittsburgh, Pennsylvania, or at the office designated for such payment by any successor Trustee. Interest on the 2019 Bonds will be payable to the person appearing on the registration books of the Trustee as the registered owner of such bonds on the record date by check or draft mailed on the Interest Payment Date to the registered owner or at the option of any Registered Owner in the aggregate principal amount greater than \$1,000,000 will be transmitted on such Interest Payment Date by wire transfer at such Registered Owner's written request to the bank account number on file with the Trustee, provided such Registered Owner has delivered adequate instructions regarding the same to the Trustee at least five Business Days prior to such Interest Payment Date. The Indenture established the fifteenth day of the month preceding each Interest Payment Date as the record date for such Interest Payment Date.

Optional Redemption of 2019 Bonds

The 2019 Bonds maturing on or before September 1, 2027 will not be subject to redemption prior to maturity. The 2019 Bonds maturing on or after September 1, 2028 will be subject to redemption prior to maturity, at the option of the Authority, on September 1, 2027 and thereafter on any date, in whole or in part and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at par (100%), plus accrued interest to the date of redemption.

In the event any of the 2019 Bonds are to be called for redemption, the Trustee shall give notice thereof stating the redemption date, Redemption Price, the number and amount of 2019 Bonds to be redeemed, that such 2019 Bonds will be redeemed at the Office of the Trustee, and that from and after the redemption date, payment having been made or provided for, interest thereon shall cease to accrue. If less than all of the 2019 Bonds of a particular maturity are called for redemption, DTC or any successor securities depository will select the 2019 Bonds to be redeemed pursuant to its rules and procedures or, if book-entry system is discontinued, will be selected by the appropriate Authority Officer, who has been appointed registrar (the "Registrar"), by lot in such manner as the Registrar in its discretion may determine. The Authority will cause notice of the call for redemption identifying the 2019 Bonds or portions thereof to be redeemed by mailing a copy by first class mail postage prepaid, not less than 30 nor more than 60 days prior to the redemption date, to the Registered Owner thereof. Such notice shall not be a condition precedent to such redemption, and failure so to mail any such notice to any of such Registered Owners shall not affect the validity of the proceedings for the redemption of the 2019 Bonds. The Authority shall not be responsible for mailing notice of redemption to anyone other than DTC or another qualified securities depository or its nominee unless no qualified securities depository is the registered owner of the 2019 Bonds. If no qualified securities depository is the Registered Owner of the 2019 Bonds, notice of rededemption shall be mailed to the Registered Owners of the 2019 Bonds. If a portion of a 2019 Bond is called for redemption, a new 2019 Bond in principal amount equal to the unredeemed portion shall be issued to the registered owner upon the surrender thereof.

Book-Entry-Only System

The information in this Section concerning DTC and DTC's book-entry only system has been obtained from DTC. Neither the Authority nor the Underwriter makes any representation or warranty regarding the accuracy or completeness thereof or to the absence of material adverse changes in such information subsequent to the date hereof.

DTC will act as securities depository for the 2019 Bonds. The 2019 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other nominee as may be requested by an authorized representative of DTC. One fully registered bond certificate will be issued for each maturity of the 2019 Bonds.

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

Purchases of the 2019 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2019 Bonds on DTC's records. The ownership interest of each actual purchaser of the 2019 Bonds ("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 2019 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 note certificates representing their ownership interests in the 2019 Bonds, except in the event that the use of the book-entry system for the 2019 Bonds is discontinued.

To facilitate subsequent transfers, all 2019 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2019 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee does not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2019 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2019 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2019 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2019 Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of the 2019 Bonds may wish to ascertain that the nominee holding the 2019 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.

Redemption notices shall be sent to DTC. If less than all of the 2019 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2019 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2019 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2019 Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2019 Bonds at any time by giving reasonable notice to the Authority. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

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

Source: The Depository Trust Company

THE AUTHORITY CANNOT AND DOES NOT GIVE ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE 2019 BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE 2019 BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE 2019 BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE AUTHORITY AND UNDERWRITER WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE 2019 BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF BONDS.

OUTSTANDING BONDS

Description

As of the fiscal year ended March 31, 2019, the Authority's Solid Waste management facility has a total of \$395,000 in Outstanding Series 1998 / 2010 C Revenue Refunding Bonds and also \$7,800,000 in Outstanding Series 2015 Revenue Bonds. The Series 1998/2010 C Revenue Refunding Bonds were paid in full upon maturity in April 2019. The Series 2015 Revenue Bonds mature in annual amounts ranging from \$260,000 to \$490,000 from 2019 to 2040 bearing interest ranging from 2.0% to 4.5%.

Debt Service on the Outstanding Bonds

The following schedule sets forth the amounts required to be paid by the Authority for Outstanding Bonds (including the 2019 Bonds). Totals may not add due to rounding.

Fiscal Year Ending 3/31	Total Aggregate Debt Service on Outstanding Bonds (Excluding 2019 Bonds)	Total Aggregate Debt on the 2019 Bonds	Total Aggregate Debt Service on the Outstanding Bonds (Including 2019 Bonds)
2019	\$880,738	\$0	\$880,738
2020	902,146	\$208,099	1,110,245
2021	502,288	660,856	1,163,144
2022	501,413	661,056	1,162,469
2023	499,438	659,556	1,158,994
2024	502,481	661,181	1,163,662
2025	500,019	657,181	1,157,200
2026	500,813	657,556	1,158,369
2027	500,988	657,181	1,158,169
2028	501,313	660,931	1,162,244
2029	501,563	658,806	1,160,369
2030	501,513	660,806	1,162,319
2031	501,163	657,894	1,159,057
2032	500,288	660,119	1,160,407
2033	498,650	661,975	1,160,625
2034	501,381	658,594	1,159,975
2035	498,459	660,044	1,158,503
2036	499,875	661,244	1,161,119
2037	500,519	657,363	1,157,882
2038	500,381	659,069	1,159,450
2039	499,434	661,028	1,160,462
2040	502,281	658,063	1,160,344
2041	499,188	659,863	1,159,051
2042	0	661,013	661,013
2043	0	661,512	661,512
2044	0	661,362	661,362
2045	0	660,562	660,562
	\$12,296,332	\$16,702,914	\$28,999,246

THE AUTHORITY

The Authority was established in 1985 as a public benefit corporation pursuant to the Act to perform an essential governmental function for the benefit of the region comprising the counties of Jefferson, Lewis, and St. Lawrence and the State in the area of regional development including Solid Waste management. The Act authorizes the Authority to, among other things, collect, receive, transport, process, dispose of, sell, store, convey, recycle and deal with, in any lawful manner and way, Solid Waste or by-products thereof. Pursuant to the Act the Authority may plan, develop and construct projects and pay the costs thereof; contract with the municipalities or other persons to own, operate, maintain, repair improve reconstruct, enlarge and extend any of its projects; collect or receive, from the State, the Municipalities or other municipalities or other persons, Solid Waste for the purpose of treatment of disposal thereof; contract with the State, the Municipalities or other municipalities or persons for the purpose of collecting, receiving, treating and disposing of Solid Waste (including, without limitation, contracts for the delivery of all Solid Waste generated within a stated area to a specific Solid Waste disposal facility); acquire by eminent domain (subject to Municipalities' approval) real property required to carry out the purposes of the Authority; and to borrow money and issue bonds to finance the Authority's authorized purposes. Authority offices are maintained at the Dulles State Office Building, 317 Washington Street, Watertown, New York, 13601.

Board of Directors

Under the Act the membership shall consists of a board of thirteen members comprised of eight voting and five non-voting members. The eight voting members are appointed as follows; two members, who are residents of the County of Jefferson, are appointed by the County Legislature of Jefferson County; two members, who are residents of the County of Lewis, are appointed by the County Legislature of Lewis County; two members who are residents of the County of St. Lawrence, are appointed by the County Legislature of St. Lawrence County; and two members, who are residents of the City of Watertown, are appointed by the City Council of the City of Watertown. The five non-voting members are appointed by the Governor, one of whom is appointed upon the recommendation of the Temporary President of the Senate, and one of whom is appointed upon the recommendation of the Speaker of the Assembly.

Currently, one non-voting position on the Board is vacant. The names, offices (if any), principal residences of the Directors of the Authority and the dates of expiration of their terms are as follows:

Frederick J. Carter, Sr. Chairman. (St. Lawrence County appointee; term expires February 5, 2022) Mr. Carter is currently serving as Chairman of the Authority. Mr. Carter was appointed as a voting member of the Authority's Board of Directors on May 3, 2010, by the St. Lawrence County Legislature. Mr. Carter retired as the President and Principal Executive Officer of the Teamsters Local 687 in 2009, having served in various capacities since joining the Teamsters in 1968. He was elected as a Trustee on the Executive Board and a Trustee on the Insurance Trust Fund serving over twenty years. He was elected Vice President and Assistant Business Agent in 1983 and became President in 1987 and served until his retirement in 2009. Mr. Carter served on the Boards of the St. Lawrence County United Way, the Ogdensburg Growth Fund of the City of Ogdensburg and the Ogdensburg Correctional and Riverview Correctional Facilities Advisory Boards. In 1992, Governor Mario Cuomo appointed Mr. Carter to the Board of the Ogdensburg Bridge and Port Authority, and he was reappointed for his second and third five-year terms by Governor George Pataki and Governor David Paterson. Mr. Carter has also served as Chairman of that Board. Mr. Frederick J. Carter, Sr. was first nominated as a non-voting member of the Authority by the Honorable Speaker of the Assembly Sheldon Silver, and appointed by Governor Pataki on November 4, 2004.

Margaret L. Murray, Vice Chair. (Jefferson County appointee; term expires December 31, 2019) Ms. Murray was appointed as a member of the Authority Board by the Jefferson County Board of Legislators, Watertown, New York on November 16, 2012. Ms. Murray is a partner in Murcrest Farms LLC, a three generation family-owned dairy farm located in the Town of Champion. She also is the farm business educator for Cornell Cooperative Extension of Lewis County, a position she has held for the past 14 years. Ms. Murray is a graduate of Jefferson Community College and LEAD New York (The Empire State Food and Agricultural Leadership Institute). Ms. Murray currently serves on the American Dairy Association and Dairy Council Board of Directors, the Jefferson County Agricultural Development Council committee, the Copenhagen Alumni Association, and volunteers at the Copenhagen Food Pantry. Ms. Murray has served as a member of the Authority Board since November 16, 2012.

Thomas H. Hefferon, Treasurer. (City of Watertown appointee; term expires September 17, 2020) Mr. Hefferon served as Chairman of the Authority from March 2007 until March 2011. He was reappointed as a member of the Authority by the Watertown City Council on July 18, 2016. Mr. Hefferon is a Watertown based entrepreneur with investments and operating

interests in manufacturing and real estate. He is currently participating in the manufacturing of combat protective products for the United States military. He was the President of Hefferon Real Estate, Real Estate Management Company and Manufactured Housing Company. Prior to establishing his own companies, he served as a national marketing and sales coordinator for Cadbury Schweppes Corporation, as well as held Regional and Territory Manager positions for Chesbrough Ford Corporation and Kraft General Foods Corporation. Mr. Hefferon is a graduate of Niagara University with a B.S. in Economics, and is a licensed real estate broker with extensive real estate and appraisal certifications. He served in the US Army Reserve. Always active in the community, Mr. Hefferon has served as Vice Chairman, Executive Board, Blue Cross/Blue Shield Utica/Watertown, past President of the Jefferson/Lewis Board of Realtors, Seaway Valley Boy Scouts of America and Northern New York Heart Association. He is presently serving on the Board of the Family Counseling Service, is a member of the Fort Drum Regional Liaison Organization and the Watertown Sportsman Club. Mr. Hefferon has served as a member of the Development Authority Board since February 19, 2002

Dennis Mastascusa, Secretary. (Lewis County appointee; term expires February 9, 2020) Mr. Mastascusa is a resident and small business owner in Lowville, New York since 1983 and is President/Owner of National Abstract, a real estate title and title insurance company serving Central and Northern New York. Mr. Mastascusa is a member of New York State Land Title Association, Member of American Land Title Association, and is a New York State Licensed Title Insurance Agent. Mr. Mastascusa holds a Bachelor of Science in Organizational Behavior and was a Lowville Academy Central School District Board of Education Member for 17 years. Mr. Mastascusa served on the Lewis County Board of Legislators from 2000 through 2003, serving as Board Chairman from 2001 to 2003. Mr. Mastascusa is a current member of Snow Belt Housing Inc. Board of Directors; a member of the Lowville Lions Club. Mr. Mastascusa was awarded a Melvin Jones Fellow for dedicated service, and was also awarded the Lewis County Business Person of the Year for 2015. Current term start date is February 10, 2016 with an expiration date of February 9, 2020.

Alfred E. Calligaris. (Jefferson County appointee; term expires December 31, 2019) Mr. Calligaris served as Chairman from March 2011 until March 2015. Mr. Calligaris was appointed as a member of the Authority Board by Jefferson County Board of Legislators, Watertown, New York on January 9, 2008. Mr. Calligaris is President and Chairman of the Board of The Stebbins Engineering and Manufacturing Company in Watertown, New York. Prior to his position at Stebbins, he was a manager with the accounting firm, Touche Ross & Co., presently Deloitte & Touche. Mr. Calligaris is a member of the Board of Directors of the Utica Mutual Insurance Company, serving on the Finance and Audit Committee. Mr. Calligaris serves his community in a variety of capacities. He is a member of the Board of Directors of the Family Counseling Services of Northern New York. He is a former member of the Board of Directors and Executive Committee, along with Vice President for the Greater Watertown – North Country Chamber of Commerce. He has held positions as Director and Treasurer of the Jefferson County Job Development Corporation, and Director and Vice President of Finance of the Seaway Valley Council of the Boy Scouts of America. He also served on the Board of Directors of Blue Cross of Watertown, Blue Cross Blue Shield of Utica and Ives Hill Country Club, Watertown. Mr. Calligaris holds a Bachelor's of Science in Economics, and majored in accounting at Villanova University, Pennsylvania. He is a member of the American Institute of CPAs, New Jersey Institute of CPAs and New York Society of CPAs. Mr. Calligaris has served as a member of the Development Authority since January 9, 2008.

Mary Reidy Doheny (Non-voting Gubernatorial appointee; term expires October 17, 2017) Ms. Doheny is serving as a member of the Authority Board by appointment of Governor Andrew Cuomo, on May 16, 2014. Mrs. Doheny is Special Counsel, with the Financial Restructuring Group of Milbank, Tweed, Hadley and McCloy LLP. Previously, she served as legal counsel for a global investment firm. She brings over fifteen years of legal and business experience to the Authority. Mrs. Doheny holds a Bachelor of Arts, magna cum laude, from Boston College, and a Juris Doctor from the University of Pennsylvania Law School. She has been admitted to practice law in New York and Massachusetts, and the U.S. District Court for the Southern District of New York and the U.S. Court of Appeals for the Third Circuit.

James C. Hollenbeck. (Non-voting Gubernatorial appointee; term expires October 17, 2015) Mr. Hollenbeck was appointed as a member of the Authority Board by Governor Andrew M. Cuomo on July 22, 2015. Mr. Hollenbeck is employed by the Teamsters Local Union No. 687 as an organizer. He has been a member of the Local in good standing since 1982. He has been elected to the Executive Board of the Local since 2007 serving as a Trustee, and since 2010 as the Recording Secretary. He also serves as the Insurance Trust Administrator. Mr. Hollenbeck was previously employed full time for 41 years with the Town of Hopkinton Highway Department. During his tenure, he was appointed by the Town Board to serve as interim Highway Superintendent in 1994, and again in 2013. He is currently a delegate to the St. Lawrence, Lewis, and Jefferson Counties Central Trades and Labor Council AFL-CIO; a delegate to the Central and Northern New York Trades and Labor Council; and he served as a Fire Commissioner of the Hopkinton Fire District from 2010-2014.

Stephen Hunt (Non-voting Gubernatorial appointee; term expires October 17, 2019) Mr. Hunt is employed by Empire State Development as North Country Regional Director of Economic Development. In this role, Mr. Hunt is responsible for managing the daily operations of the North Country offices in Plattsburgh and Watertown, and promoting economic development practices that both retain and attract businesses and create jobs in the region. In addition, Mr. Hunt is the Executive Director of the North Country Regional Economic Development Council where he assists in coordinating the Council's activities and implementing the region's Strategic Plan. Previously, Mr. Hunt served as Deputy Chief of Staff/District Director for Congressman William Owens, where he was responsible for the direct operations of four congressional offices, and constituent casework services. Prior to serving as Deputy Chief of Staff, Mr. Hunt served as Governor David Paterson's North Country Regional Director. Current term start date is December 29, 2015 with an expiration date of October 17, 2019.

John B. Johnson, Jr. (City of Watertown appointee; term expires June 5, 2021) Mr. Johnson was appointed as a voting member of the Authority on August 20, 2009 by the Watertown City Council. Mr. Johnson is the Chairman of the Board and has previously served and Chief Executive Officer of the Johnson Newspaper Corporation, which publishes the Watertown Daily Times, Batavia Daily News, Malone Evening Telegram, Catskill Daily Mail, Hudson Register Star, Ogdensburg Journal, Massena-Potsdam Courier Observer, seven weekly newspapers and four shopping newspapers. Mr. Johnson is Vice Chairman and Member of the Dormitory Authority of New York State, Trustee of Clarkson University, a member of the Fort Drum Regional Liaison Executive Committee, and a member of the Metropolitan Development Association and President of the Bugbee Housing Development Corporation. He has been a member of the American Society of Newspaper Editors since 1978, and was a Pulitzer Prize juror in 1978, 1979, 2001, and 2002. Mr. Johnson was an original founding member of the Authority appointed as a non-voting member by Governor Mario Cuomo in November 1, 1985, and subsequently reappointed by Governor Pataki in September 28, 2006.

Alex A. MacKinnon. (St. Lawrence County appointee; term expires February 5, 2022) Mr. MacKinnon was appointed as a member of the Authority Board by the St. Lawrence County Legislature on February 5, 2018. Mr. MacKinnon is a graduate of the College of New Jersey and is originally from Washington Crossing New Jersey. He moved to the Fowler area in 1972 and operated a dairy farm with family, retiring in 2007. Mr. MacKinnon currently works with Lacy Realty in Gouverneur. Mr. MacKinnon served 20 years on the Gouverneur Board of Education before being elected to the St. Lawrence County Legislature in 1993. During his tenure with the St. Lawrence County Legislature, Mr. MacKinnon has chaired most of the standing committees, many ad hoc committees, and served as Board Vice Chairman and Chairman. Mr. MacKinnon has served as a member of the Authority Board since November 14, 2011.

Brian McGrath. (Non-voting, Gubernatorial appointee; term expires October 17, 2015) Mr. McGrath is serving as a member of the Development Authority of the North Country by appointment of Governor Andrew Cuomo, on July 21, 2014. Mr. McGrath is an Attorney at McGlinchey Stafford. Mr. McGrath focuses on advising clients on commercial litigation matters with a particular focus on real estate and lender liability matters. Mr. McGrath brings to the Authority over fourteen years of extensive experience in complex litigation in a wide variety of fields, including antitrust, intellectual property, financial services, white collar criminal investigations and sports labor law. Mr. McGrath also previously served as a Special Assistant District Attorney in the Kings County District Attorney's Office. Mr. McGrath currently serves as a member of the State University of New York, College at Oswego College Council. Mr. McGrath holds a Bachelor of Arts from the State University of New York, College at Geneseo and a Juris Doctor, magna cum laude, from the University at Buffalo, School of Law. He is admitted to practice law in New York and the U.S. District Court for the Southern District of New York, the U.S. District Court for the Eastern District of New York and the U.S. Court of Appeals for the Second Circuit.

Gary Turck. (Lewis County appointee; term expires August 5, 2021) Mr. Turck served as Chairman of the Authority from March 2015 to March 2019. He was reappointed by the Lewis County Board of Legislators on August 6, 2017. Mr. Turck is a Lowville based, small business owner and operator, with a diversified group of commercial and retail businesses including national franchises. Prior to establishing his own business, he was employed by a regional sales and distribution firm. Mr. Turck is a graduate of Rochester Institute of Technology, with a Bachelors of Science degree. A native of Lowville, Mr. Turck has actively served his community as a Village Trustee from 2003-2007. He is presently a member of the Lewis County General Hospital Board of Managers. A past Trustee of the Lowville Elks, he was recognized as Elk of the Year. Appointed by the Lewis County Board of Legislators, Mr. Turck has served as a member of the Authority Board since September 5, 2006.

Staffing

The Authority employs a total of 92 personnel, and is organized in six major areas, including: Water Quality Management (17 employees); Administrative and Support Staff, including Executive Management, Human Resources, Information Technology, and Financial Management (14 employees); Regional Development (5 employees); Telecommunications Facilities (14 employees); Engineering and Environmental Management (15 employees); and Solid Waste Management (27 employees). The following individuals are intimately involved in the overall operation and fiscal management of the Landfill:

James W. Wright, Executive Director:

Carl E. Farone Jr., Comptroller

Patricia M. Pastella, General Manager – Solid Waste Management Facility

Stephen C. McElwain, Landfill Superintendent

Other Authority Projects

The Authority is also authorized under the Act to undertake water and sewer projects within the Jefferson, Lewis and St. Lawrence Counties region and to contract with all governmental agencies, including Fort Drum, to provide water and sewerage facilities. The Authority contracted with Fort Drum in 1987 to provide sewerage facilities and in 1991 to provide water facilities.

The Authority has completed construction of an approximately 14-mile sewer line from Fort Drum to the City of Watertown sewage facility. The Authority has also completed construction of an approximately 11-mile water line from the Watertown water treatment facility to Fort Drum. The sewer line was funded in 1987 by the Authority's \$15,550,000 Taxable Sewer Facility Bonds and the water line was financed in 1991 by the Authority's \$11,500,000 Taxable Notes. In 2007, the Authority commenced a \$3,250,000 capital project to repair and upgrade the sewer line supporting Fort Drum and neighboring communities. The loan supporting such capital improvement was paid in full in FYE 2017. The Authority has also developed a 20-mile Regional Water Line running from the Village of Cape Vincent water treatment plant easterly to serve the Towns of Cape Vincent, Lyme, and Brownville, and the Villages of Chaumont, Dexter, Brownville and Glen Park. The Authority owes \$1,065,888 for the construction of this line to the U.S. Department of Agriculture Rural Utilities Service and \$629,238 to the Town of Cape Vincent to enhance water production for the Regional Water Line. Each Village served has entered into a water service agreement with the Authority through which debt service and operating maintenance costs are paid.

The Authority has completed construction of a 1,500-mile fiber optics network throughout Jefferson, Lewis, St. Lawrence, Clinton, Essex and Franklin Counties, with connections to Syracuse and Albany. The Authority's telecommunications network plays a vital role in supporting rural businesses. Prior to constructing the carrier-class telecommunications network, many communities in the North Country were severely underserved by high-speed internet and other advanced telecommunications services. Today, the Authority supports telecom providers, healthcare and educational institutions, government and industry in the region with state-of-the art telecommunications technology. As of June 30, 2019, there was no debt on the Open Access Telecom Network.

The Authority also administers a \$41 million housing revolving loan fund which supports the housing needs of its Service Area and a \$23 million loan portfolio which supports job creation and job retention within its Service Area.

Fort Drum

Fort Drum is the largest Army installation in the northeast and is a major training center for reserve components of the armed services. The post covers 107,000 acres in Jefferson County and extends into northwestern Lewis County. More than 35,000 soldiers and related personnel live on Fort Drum and within the Municipalities. In addition, the installation at Fort Drum has been a factor in the growth of services and commercial businesses within the region. To the Authority's knowledge, there are no plans to cease operations at Fort Drum. In the event that Fort Drum were to cease operations in the future, it is probable that there would be a decrease in the region's population and an adverse impact on the region's economy, which may have a significant adverse impact on the waste flows to the System and the ability of the Municipalities to pay for waste disposal.

OVERVIEW OF THE MUNICIPALITIES

Pursuant to the Solid Waste Management Agreement, the Municipalities are required to deliver or cause to be delivered to the System all Solid Waste generated within the Municipalities and the Authority is required to accept and process all Solid Waste at the System. In addition to payment of tipping fees, under the Solid Waste Management Agreement, the Municipalities are obligated to pay to the Authority Annual Charges for the Authority's net costs (after deduction of revenues earned in the operation of the facilities) for the facilities and services provided by the Authority; however, as of the date hereof, the fees collected by the Authority have been sufficient to fund the operation of the System and any reserves, and no Annual Charges have been assessed to the Municipalities by the Authority.

The Authority makes no representation concerning the creditworthiness of any particular Municipality or its ability to make payments to the Authority under the Solid Waste Management Agreement.

The County of Lewis

Lewis County is situated in the northeastern portion of New York State, east of Jefferson County, west of Utica, one hour from the St. Lawrence River and Canada to the north and one hour from the New York State Thruway to the south. The City of Watertown, in Jefferson County, is 30 miles to the west and the City of Utica is approximately 50 miles to the south. The County's estimated population for 2018 was 26,447. (Source: U.S. Census Bureau).

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

The County of Lewis has filed its unaudited financial statements for the fiscal year ended December 31, 2018 (the "County of Lewis Financial Statements") with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access System ("EMMA"). The County of Lewis Audited Financial Statements are hereby incorporated by reference into this Official Statement as part of Appendix D. Copies of the County of Lewis Audited Financial Statements may be accessed online at emma.msrb.org. Copies of the County of Lewis Audited Financial Statements are also available by contacting the Authority at 317 Washington Street, Watertown, New York 13601, telephone (315) 661-3200.

The County of St. Lawrence

St. Lawrence County is located in the northern portion of New York State, bounded by Jefferson County to the west, Franklin County to the east, and Lewis and Hamilton Counties to the south. Its northern boundary is adjacent to the St. Lawrence River, which separates the County from the Province of Ontario, Canada. The Cities of Syracuse and Watertown are 130 miles and 60 miles, respectively, southwest from the Village of Canton, the County Seat. The Cities of Ottawa (the national capital of Canada) and Montreal lie 70 miles to the north and northeast, respectively. The County's land area is 2,678 square miles and its estimated population for 2018 was 108,047. (Source: U.S. Census Bureau).

Preparation and final adoption of the County budget is governed by Article 7 of the New York State County Law. Budget forms are sent to appropriate department heads in July. Department heads must submit their departmental budget to the budget officer in September. Budget hearings are then held by the County Legislature with the jurisdictional committees of the County Legislature. Hearing dates are set and published inviting the public to attend as non-participating guests. The County Legislature reviews the tentative budget, revisions (if any) are made and a public hearing is scheduled before final adoption. The tentative budget as changed, altered or revised, then is adopted by resolution of the County Legislature not later than December 20. The budget is not subject to referendum.

The County of St. Lawrence has filed unaudited financial statements for the fiscal year ended December 31, 2018 (the “County of St. Lawrence Financial Statements”) with the Municipal Securities Rulemaking Board through EMMA. The County of St. Lawrence Financial Statements are hereby incorporated by reference into this Official Statement as part of Appendix D. Copies of the County of St. Lawrence Financial Statements may be accessed online at emma.msrb.org. Copies of the County of St. Lawrence Financial Statements are also available by contacting the Authority at 317 Washington Street, Watertown, New York 13601, telephone (315) 661-3200.

The County of Jefferson

Jefferson County is located in the northeastern portion of New York State, east of Lake Ontario, south of the St. Lawrence River and St. Lawrence County, west of Lewis County, and north of Oswego County. The City of Watertown is the county seat and is located in the center of the County. The City of Syracuse is 60 miles to the south and the City of Ogdensburg is 45 miles to the north. The County's total land area is approximately 1,273 square miles and its estimated population for 2018 was 111,755. (Source: U.S. Census Bureau)

The County Administrator, as budget officer, is responsible for the preparation of a proposed annual County budget and its submission to the Finance Committee of the County Legislature prior to November 15th. Within fifteen days of receipt of the proposed budget, the Finance Committee reviews said budget and recommends such alterations as it deems appropriate to the County Legislature. Following a public hearing on the proposed budget, including the alterations as recommended by the Finance Committee, the question of the proposed budget is placed before the County Legislature for their consideration. The County Legislature is required to adopt a budget no later than December 20th. Expenditures during the fiscal year may only be made pursuant to appropriations from the General Fund or other special purpose funds established by the County Legislature. However, during the fiscal year, the County Legislature, by resolution, may make additional appropriations from any unencumbered balance in appropriations, contingent funds or unanticipated revenues.

The County of Jefferson has filed its unaudited financial statements for the fiscal year ended December 31, 2018 (the “County of Jefferson Financial Statements”) with the Municipal Securities Rulemaking Board through EMMA. The County of Jefferson Audited Financial Statements are hereby incorporated by reference into this Official Statement as part of Appendix D. Copies of the County of Jefferson Financial Statements may be accessed online at emma.msrb.org. Copies of the County of Jefferson Audited Financial Statements are also available by contacting the Authority at 317 Washington Street, Watertown, New York 13601, telephone (315) 661-3200.

The City of Watertown

The City of Watertown is the county seat of Jefferson County. It is located in the northern part of New York State on the Black River, eleven miles east of Lake Ontario and twenty-two miles south of the St. Lawrence River. The city's total land area is approximately nine square miles and its estimated population for 2018 was 25,290. (Source: U.S. Census Bureau)

Under the City Charter, the City Manager prepares the annual proposed budget. It is presented to the City Council and the public about mid-April of each year, approximately six weeks before the budget must be adopted. A public hearing on the budget must be held by the City Council before the adoption of the budget. Through its adopted budget, the City Council establishes the kind and level of services and projects for the following fiscal year, July 1 through June 30. The Council sets the real property tax rate. Throughout the year, the City Manager exercises administrative budgetary controls. Money can be spent only for services, materials, and projects established in the budget. Unexpended appropriations are closed to the appropriate fund balance at the end of the fiscal year and are then used in estimating the anticipated surplus items in the budget for the following year.

The City of Watertown has filed its audited financial statements for the fiscal year ended June 30, 2018 (the “City of Watertown Audited Financial Statements”) with the Municipal Securities Rulemaking Board through EMMA. The City of Watertown Audited Financial Statements are hereby incorporated by reference into this Official Statement as part of Appendix D. Copies of the City of Watertown Audited Financial Statements may be accessed online at emma.msrb.org. Copies of the City of Watertown Audited Financial Statements are also available by contacting the Authority at 317 Washington Street, Watertown, New York 13601, telephone (315) 661-3200.

THE SYSTEM

State Requirements

The Environmental Conservation Law of the State permits each municipality to undertake and complete a long-range Solid Waste management plan for the municipality. The Solid Waste management plan must take into account the objectives of the State's Solid Waste management policy and provide for or take into account management of all Solid Waste within the municipality. The State's Solid Waste management policies as set forth in the Environmental Conservation Law, are, in the following order of priority, first, to reduce the amount of Solid Waste generated, second, to reuse material for the purpose for which it was originally intended or to recycle material that cannot be reused, third, to recover, in an environmentally acceptable manner, energy from Solid Waste that cannot be economically and technically reused or recycled, and fourth, to dispose of Solid Waste that is not being reused, recycled or from which energy is not being recovered, by land burial or other methods approved by the New York State Department of Environmental Conservation ("NYSDEC"). NYSDEC has reviewed the Solid Waste management plans submitted by St. Lawrence County, Jefferson County and Lewis County and has approved each plan with respect to the elements considered therein. Further, a Regional Solid Waste Management Plan has been approved by NYSDEC for the tri-county region (Jefferson, Lewis & St. Lawrence Counties).

Existing Solid Waste Collection

Currently within the Municipalities, residential, commercial, and industrial waste collection services are primarily provided by the private sector. In most municipalities, private haulers contract directly with individuals and businesses rather than with the municipalities.

The Authority's Landfill is the only landfill operating within the Municipalities. Solid Waste within each Municipality is either collected at transfer stations within the Municipality and transported by the Municipality to the Landfill or directly hauled to the Landfill by permitted haulers. The three counties, collectively, operate seven transfer stations, accept waste from twenty-four town transfer stations, and deliver waste to the Authority pursuant to the Solid Waste Management Agreement.

The following table sets forth the total tonnage of Solid Waste delivered by the Municipalities to the System during fiscal years 2014-15 through 2018-19:

Fiscal Year Ending 3/31	Jefferson	Lewis	St. Lawrence	Other	Total
2015	107,368	21,726	70,212	14,784	214,090
2016	118,842	20,823	76,551	6,409	222,625
2017	163,078	29,356	80,027	6,787	279,248
2018	120,530	20,792	76,040	5,708	223,070
2019	138,490	24,833	100,715	12,734	276,772

Charges and Revenues of the Authority

The Authority derives its revenues related to the System from fees received, including tipping fees paid directly by permitted haulers for disposal of Solid Waste at the Landfill. Additionally, under the Solid Waste Management Agreement, the Municipalities are obligated to pay to the Authority Annual Charges for the Authority's net costs (after deduction of revenues earned in the operation of the facilities) for the facilities and services provided by the Authority; however, as of the date hereof, the fees collected by the Authority have been sufficient to fund the operation of the facilities and any reserves, and no Annual Charges have been assessed to the Municipalities by the Authority. For a further description see "SUMMARY OF THE SOLID WASTE MANAGEMENT AGREEMENT."

The Authority's ability to receive revenues is dependent on it providing the service of accepting and processing or disposing of Solid Waste. The Authority may only accept Solid Waste generated within the boundaries of its Service Area, and also in accordance with its Service Rules and operating permits.

The following table sets forth the total revenue received by the Authority by County, including revenue from waste hauled by private haulers, at the System during fiscal years 2014-15 through 2018-19:

Fiscal Year Ending 3/31	Jefferson	Lewis	St. Lawrence	Other	Total
2015	\$4,466,068	\$885,622	\$2,903,666	\$345,925	\$8,601,281
2016	4,829,870	842,497	3,067,124	239,489	8,978,980
2017	5,559,683	1,138,311	3,075,313	231,638	10,004,945
2018	4,921,964	845,632	3,101,514	213,185	9,082,293
2019	5,042,347	1,002,039	3,479,384	319,899	9,843,669

The per ton tipping fees currently being charged by the Authority for the Fiscal Year Ending March 31, 2020 are as follows:

<u>Material</u>	<u>Price Per Ton</u>
Municipal Solid Waste	\$46.00
Construction & Demolition Debris (“C&D”)	\$46.00
Beneficial Use Sludge	\$17.50
Non-Beneficial Use Sludge	\$36.00
Sewage Sludge	\$36.00
Industrial Waste	\$36.00
Non-hazardous petroleum contaminated soil	\$18.00
Ash	\$46.00
Friable Asbestos (one ton minimum)	\$200.00
Bulk Asbestos (Friable Asbestos Contaminated Construction Debris)	\$80.00
<u>Additional Landfill Fees</u>	
Permit Application Fee (includes credit application fee)	\$100.00
Permitted Truck Registration Fee	\$10.00/vehicle
Permit Renewal Fee	\$50.00/year
Credit Application Processing Fee	\$75.00
Dig out/Unloading Assistance	\$25.00/event

The Landfill

The Landfill is located on a 1,543-acre site, in the Town of Rodman, Jefferson County, New York. The entrance to the site is located on New York State Route 177 approximately 6 miles east of Interstate 81, Exit 42. The Landfill is located in a stable seismic region as determined through an examination of the location by the Authority and its consulting engineers. The Landfill site was selected from 101 potential sites that were carefully evaluated and ranked according to factors such as hydrogeological examination, seasonal groundwater data, depth to bedrock, and the presence of tight, glacial till soils in abundance. The facility operates 5 days a week from 7:00AM to 3:30PM. Waste is accepted from 7:15AM to 3:00PM. Construction activities and other special projects require different working hours at times.

The original landfill footprint of 78 acres has been fully built out for operational purposes. The original landfill construction was planned for 12 cells of various lengths and widths. Cells 1 through 5 are at capacity and have been permanently capped and closed. Cell 12 was consolidated into Cell 11 due to the small size of Cell 12. Cells 10 and 11 were constructed together for construction efficiencies and cost savings. Waste is currently being placed in Cells 10 and 11.

The Landfill incorporates the use of 1,543 acres of land, of which approximately 300 acres will be ultimately developed. The remaining 1,243 acres are being utilized as buffer and for public recreation and an integrated natural resources management program. Clearing, grubbing and excavation of Landfill cells are conducted in a progressive manner based on waste stream volumes and projected cell life.

The current operating permit dated January 26, 2018 and approved by the NYSDEC expires on January 25, 2023. The permit also allows 250,000 tons per year of municipal Solid Waste to be received at the Landfill. This is based on 260 operating days per year and an average daily tonnage received of approximately 960 tons. This permit is to construct/operate a 154-acre landfill which includes a Phase II (Southern Expansion) of 76 acres.

The total remaining cell life of the original footprint of 78 acres is approximately 4 years, which is based on the anticipated receipt of approximately 238,000 tons per year. However, the Authority is in the process of constructing the Southern Expansion to expand its existing Landfill as authorized by NYSDEC Permit ID 6-2252-00007/00006 issued January 26, 2018. Such NYSDEC Permit provides for the construction and operation of a 154-acre landfill (78 acre Phase I and 76-acre Phase II) and associated berms, roadways, leachate handling facilities, storm water drainage systems and landfill support facilities. The Southern Expansion will provide approximately 12,600,000 cubic yards of additional disposal capacity. The airspace in the Southern Expansion should increase the total Landfill life to approximately 45 years beyond the life of the previously permitted footprint. The Authority has obtained the appropriate permits and approvals for construction and operation of the Southern Expansion. Due to its overall size, the Southern Expansion is being constructed over multiple years; commencing in 2018 and becoming operational in 2020.

Recycling, compaction density and total annual waste volume all affect the actual remaining Landfill life. For all non-municipal Solid Waste, the generator must provide certified analytical test data to demonstrate that waste may be considered non-hazardous. Additionally, landfill staff conduct random testing on waste to ensure compliance with standards. To date, no non-compliant waste has been accepted.

The primary components of the Landfill design are:

- Individual, double composite lined cells incorporating primary and secondary liner systems.
- A leachate collection and removal system (“LCRS”) with 3 above ground 1.1-million-gallon storage tanks.
- Landfill gas control systems.
- Buildings including an Operations and Maintenance Facility, Access Control Facility, Leachate Loading and Storage Facility, a heated equipment storage facility, sand storage facility, and five non-heated equipment material storage facilities.
- Roads including main access road, tare by-pass road, perimeter road, site access roads, contractor access and Landfill customer access roads.

Deliveries to the Landfill are being made from two transfer stations located in Lewis County, a single transfer station located in Jefferson County and four designated transfer stations located in St. Lawrence County, which accept solid waste from multiple municipal transfer stations. Direct deliveries are also made to the Landfill from large industrial operations and permitted haulers in all three Counties, including municipalities. The Authority derives its revenues related to the System from fees received including tipping fees paid directly by permitted haulers, including municipalities, for disposal of Solid Waste at the Landfill Site. Leachate generated from the operation of the Landfill is disposed of in accordance with the Leachate Treatment Agreement between the Authority and the City of Watertown.

Only wastes that are authorized in the operating permit are allowed to be landfilled at the facility. This includes Solid Waste generated by households, commercial establishments, local industries and public institutions. Properly processed, regulated medical waste (“RMW”) is accepted. Sludges from paper mills (a beneficial use material or beneficial use determination (“BUD”)) and public owned treatment works (“POTW”) are also accepted. Non-hazardous petroleum contaminated soil and ash which are also BUD materials are also accepted. Prohibited waste include: hazardous materials, whole tires, liquid wastes, junk automobiles, unprocessed medical waste, large batteries and containers.

Equipment

A wide variety of equipment is owned by the Authority for operating the Landfill. This equipment includes: Three 120,000 lb. landfill compactors, a waste handling dozer, a low ground pressure waste handling dozer, a small dozer, two hydraulic excavators, a mini excavator, two articulated haulers, a rubber tired backhoe loader, a smooth drum/sheepsfoot vibratory roller, a 4,000 gallon water truck, a combination Vacuum/Hydroflusher truck, a street sweeper, an all-wheel drive articulated road grader with snow plow and wing, an articulated wheel loader, a tandem axle dump truck with snow plow, wing and sander, three over the road tractors, four 8,000 to 9,000 gallon aluminum leachate hauling trailers, service truck w/ crane, fuel truck, and miscellaneous equipment, including: groundskeeping equipment, snowmobiles, all-terrain vehicles, pick-up trucks, and passenger vehicles.

Operation

The Authority places a high level of importance on managing air space within the landfill cells. Surveys of the cell area are performed on a regular basis. The data from those surveys is entered into the AutoCAD and GIS computer program and the consumed and remaining air space for each cell is calculated. This information is combined with waste tonnage data from the scale to determine landfill compaction efficiency. Compaction is closely monitored to insure maximum airspace utilization and efficiency.

Since beginning operation in 1992 the Authority has continually evaluated many different cover materials to determine which are efficient and cost effective. The Authority strives to utilize cover materials that are revenue generating or low cost and also consume little or no airspace. The primary daily cover materials currently in use at the landfill include: a tarp system in limited situations, approved BUD paper mill sludge, approved BUD non-hazardous petroleum contaminated soils and only as a last resort, mined site soils. The cover material evaluation program is ongoing as cover material and alternate cover material technologies are constantly changing.

The Authority has implemented operating efficiency improvements, including (i) extensive use of GIS to improve its competitive tipping fees and increase Landfill life, and (ii) extensive use of BUD material to conserve airspace.

Environmental Monitoring

Operations and Maintenance (“O&M”) Manual.

The O&M Manual has an entire section dedicated to monitoring and inspection. A wide variety of daily, weekly, monthly, quarterly, and annual inspections of site facilities, equipment and systems are performed by Authority staff.

Environmental Monitoring Plan.

The Authority has an Environmental Monitoring Plan (“EMP”) that has been approved by the NYSDEC. This plan also includes a Site Analytical Plan (“SAP”).

Groundwater Monitoring.

Thirty-Three active monitoring wells are installed on the site and sampled three times per year by an outside contractor. The samples are sent to a certified laboratory for analysis and a data validation consultant monitors the results. Monitoring wells are located around the landfill area both up gradient and down gradient from the cell area. Data from the groundwater monitoring program is evaluated by a hydrogeological consultant and forwarded to the Authority. The Authority provides the data to the NYSDEC and host community. To date, all readings have been within established water quality thresholds with no evidence of landfill leachate impact on the groundwater at the facility.

Stormwater Pollution Prevention Plan.

A Stormwater Pollution Prevention Plan is in effect at the facility to minimize erosion and sediment in surface water discharges from the site. Exposed soils are stabilized as soon as possible to minimize sediment in the surface water. The stormwater flows through a series of swales and culverts to three fore bays, the first two of which are vegetated before flowing into main pond for final settling before discharge to the receiving waters.

Deer Management.

The Authority has a NYSDEC required deer management program in effect at the facility. The program consists primarily of monitoring and reporting.

Other Disposal Options

There are presently no operating landfills within the Municipalities other than the Authority's Landfill. There are limited opportunities for the disposal of the Municipalities' Solid Waste outside the Municipalities. Lewis and St. Lawrence Counties have flow control laws in place that preclude Solid Waste from leaving the region for disposal. Although Jefferson County has not enacted a flow control law, the hauling distances to alternative locations and the tipping fees at such locations do not typically provide cost-effective alternatives.

Competition

The Authority monitors its pricing to ensure that the cost of waste disposal is competitive to that of neighboring Solid Waste management facilities. Flow control legislation requires that the Solid Waste from St. Lawrence and Lewis County is disposed of at the Authority's Landfill. Jefferson County has not enacted flow control; however, the Authority's current price per ton for municipal Solid Waste disposal of \$46 is substantially lower than that of its neighboring landfills. Reported prices for commercial waste disposal at nearby landfills as of August 2, 2019 include:

<u>Facility</u>	<u>Municipal Solid Waste Tip Fee</u>
Franklin County	\$90.00
Oneida/Herkimer County	\$62.00
Oswego County	\$75.00
Madison County	\$75.00

Among publicly-owned disposal facilities monitored, there are none known to have a lower tip fee than the Authority. In all other cases, public landfill pricing is either at or above Authority disposal fees. Given this pricing, the Authority's natural hauling cost advantage within its own watershed, and the considerable distance between competing facilities, existing public disposal facilities do not represent substantial competition to the Authority at present.

Among private sector disposal facilities, Seneca Meadows Landfill, located between Syracuse and Rochester, New York, is the primary competitor. However, the Authority's natural hauling cost advantage within its own watershed, the considerable distance to the competing facility, and the \$70 per ton tipping fee at that facility gives the Authority a competitive advantage over its competition.

Financial Performance

The strong financial record of the Authority's Landfill operation demonstrates the sound financial principals utilized in managing such operations. As shown in the historical financial results below, the Authority's historical debt coverage ratio has exceeded the debt service coverage ratio requirement of 1.15, as required by the Indenture.

STATEMENT OF NET POSITION - SOLID WASTE MANAGEMENT

The following is the Statement of Net Position for the Authority's Solid Waste Management System for the fiscal years ending 2018 & 2019, as shown in the Authority's audited financial statements.

	<u>FYE 3/31/2018</u>	<u>FYE 3/31/2019</u>
ASSETS		
Cash and Cash Equivalents	\$ -	\$ -
Accounts Receivable	986,692	909,698
Interest Receivable	61,672	54,856
Inventory	13,133	15,725
Investments	22,715,353	22,760,476
Funds Held In Trust	1,265,049	1,270,962
Restricted Assets	25,243,310	26,445,257
Due From Administration	10,310,846	9,566,877
Bond Issue Costs	-	-
Capital Assets, net	31,340,721	31,755,361
Total Assets	\$91,936,776	\$92,779,212
LIABILITIES		
Accounts Payable	121,415	95,815
Community Benefits Payable	140,485	162,073
Interest Payable	100,681	96,151
Accrued Expenses	53,415	62,454
Landfill Closure & Post Closure	16,603,174	17,641,095
Long-term Liabilities	8,746,287	8,129,387
Total Liabilities	25,765,457	26,186,975
NET POSITION		
Invested in Capital Assets, Net	22,594,435	23,625,974
Restricted for:		
Reserve for Replacement	6,603,974	6,568,802
Reserve for Wetland Mitigation	2,090,538	2,128,429
Total Restricted	8,694,512	8,697,231
Board Designated for:		
Supplemental Insurance Reserve	7,000,000	7,000,000
Capital Reserve	16,776,970	16,704,701
Tip Fee Stabilization	3,541,717	4,218,723
Recycling Rebate	-	-
Carbon Credit Reserve	503,392	-
Landfill Gas Reserve	2,050,090	1,122,089
Total Board Designated	29,872,169	29,045,513
Undesignated	5,010,203	5,223,519
Total Net Position	66,171,319	66,592,237
Total Liabilities & Net Position	\$91,936,776	\$92,779,212

SCHEDULE OF REVENUE, EXPENSES AND CHANGE IN NET POSITION SOLID WASTE MANAGEMENT

The following represents the Statement of Revenue, Expenses and Change in Net Position of the Authority's Landfill since the fiscal year ending March 31, 2015, as shown in the Authority's audited financial statements.

	<u>FYE</u> <u>3/31/2015</u>	<u>FYE</u> <u>3/31/2016</u>	<u>FYE</u> <u>3/31/2017</u>	<u>FYE</u> <u>3/31/2018</u>	<u>FYE</u> <u>3/31/2019</u>
OPERATING REVENUE:					
Customer Billings	\$8,601,281	\$8,978,980	\$10,004,945	\$9,082,293	\$9,843,669
Grant Revenue	247,648	654,115	22,728	295,747	73,019
Other Revenue	1,071,411	1,050,814	798,956	776,810	600,932
Total operating revenues	9,920,340	10,683,909	10,826,629	10,154,850	10,517,620
OPERATING EXPENSES:					
Depreciation and amortization	\$4,869,912	\$4,921,899	\$5,142,510	\$5,616,792	4,263,466
Salaries	1,490,089	1,544,029	1,605,803	1,671,034	1,441,253
Fringe Benefits	822,490	791,277	862,198	881,277	721,008
Operation and maintenance	770,600	722,300	804,957	1,252,293	981,724
Wastewater treatment	271,908	232,390	283,333	391,619	339,155
Community Benefits	717,018	712,176	884,300	745,121	928,648
Closure and post-closure costs	699,100	744,729	846,790	640,861	1,037,920
Office and administrative	145,201	127,316	120,298	72,445	67,214
Insurance	124,004	150,617	142,572	149,906	153,520
Bad Debt	0	0	0	0	12,112
Automobile	11,419	15,219	20,286	28,350	31,744
Utilities	72,036	52,862	57,602	63,900	59,890
Materials and supplies	172,573	206,452	196,176	237,040	260,726
Professional fees	27,204	15,882	21,735	20,394	18,129
Computer	6,205	13,495	20,971	10,916	16,817
NYS administrative assessment	49,262	51,201	48,537	50,876	49,605
Repairs and maintenance	16,115	20,940	16,315	20,033	23,629
Engineering allocation	22,445	32,477	27,749	26,709	31,395
Administrative allocation	107,336	113,376	112,277	145,982	702,057
Total operating expenses	10,394,917	10,468,637	11,214,409	12,025,548	11,140,012
Total operating income	(474,577)	215,272	(387,780)	(1,870,698)	(622,392)
NON-OPERATING REVENUE (EXPENSE):					
Interest Income	\$1,318,716	\$747,254	\$80,946	\$517,956	1,259,917
Gain on sale of capital assets, net	17,900	54,926	44,461	6,100	41,710
Bond Issuance Cost	-	(173,545)	-	-	-
Interest Expense	(145,156)	(160,337)	(267,665)	(269,081)	(258,320)
Total non-operating revenue (expense)	1,191,460	468,298	(142,258)	254,975	1,043,307
CHANGE IN NET POSITION	\$716,883	\$683,570	(\$530,038)	(\$1,615,723)	\$420,915

HISTORICAL RATE COVENANT ANALYSIS - SOLID WASTE MANAGEMENT

The Authority has prepared a historical rate covenant analysis for the Solid Waste System for fiscal years 2015 through 2019 that are set forth below. The historical rate covenant analysis was calculated by management based on the actual audited Financial Statements of the Authority.

	<u>FYE</u> <u>3/31/2015</u>	<u>FYE</u> <u>3/31/2016</u>	<u>FYE</u> <u>3/31/2017</u>	<u>FYE</u> <u>3/31/2018</u>	<u>FYE</u> <u>3/31/2019</u>
REVENUE:					
Customer Billings	\$8,601,281	\$8,978,980	\$10,004,945	\$9,082,293	\$9,843,669
Grant Revenue	247,648	654,115	22,728	295,747	73,019
Other Revenue	1,071,411	1,050,814	798,956	776,810	600,932
Interest Income	1,318,716	747,254	80,946	\$517,956	1,259,917
Gain on sale of capital assets, net	17,900	54,926	44,461	6,100	41,710
Total operating revenues	11,256,956	11,486,089	\$10,952,036	\$10,678,906	11,819,247
CASH EXPENDITURES:					
Salaries	1,490,089	1,544,029	\$1,605,803	\$1,671,034	1,441,253
Fringe Benefits	822,490	791,277	862,198	881,277	721,008
Operation and maintenance	770,600	722,300	804,957	1,252,293	981,724
Wastewater treatment	271,908	232,390	283,333	391,619	339,155
Community Benefits	717,018	712,176	884,300	745,121	928,648
Closure and post-closure costs	699,100	744,729	846,790	640,861	1,037,920
Office and administrative	145,201	127,316	120,298	72,445	67,214
Insurance	124,004	150,617	142,572	149,906	153,520
Bad Debt	0	0	0	0	12,112
Automobile	11,419	15,219	20,286	28,350	31,744
Utilities	72,036	52,862	57,602	63,900	59,890
Materials and supplies	172,573	206,452	196,176	237,040	260,726
Professional fees	27,204	15,882	21,735	20,394	18,129
Computer	6,205	13,495	20,971	10,916	16,817
NYS administrative assessment	49,262	51,201	48,537	50,876	49,605
Repairs and maintenance	16,115	20,940	16,315	20,033	23,629
Engineering allocation	22,445	32,477	27,749	26,709	31,395
Administrative allocation	107,336	113,376	112,277	145,982	702,057
Total cash expenditures	5,525,005	5,546,738	6,071,899	6,408,756	6,876,546
NET REVENUES BEFORE DEBT SERVICE	5,731,951	5,939,351	4,880,137	4,270,150	4,942,701
DEBT SERVICE					
Principal	2,750,000	2,765,000	575,000	605,000	655,000
Interest Expense	145,156	160,337	267,665	269,081	258,320
Bond Issuance Cost	0	173,545	0	0	0
Total debt service	2,895,156	3,098,882	842,665	874,081	913,320
NET REVENUES	\$2,836,795	\$2,840,469	\$4,037,472	\$3,396,069	\$4,029,381
DEBT SERVICE COVERAGE	1.98	1.92	5.79	4.89	5.41

RATE COVENANT ANALYSIS – PROJECTIONS - SOLID WASTE MANAGEMENT

The Authority has prepared projections of its operations through fiscal 2020 that are set forth below. The projections are based on certain assumptions with respect to future events. While the Authority believes such assumptions to be reasonable, they are dependent upon future events and actual conditions may differ from those assumed. The projections reflect the Authority’s analysis through the date of this Official Statement and will not be updated prior to the delivery of the 2019 Bonds. Please note that the projections have not been audited by the Authority’s independent accountant and have not been prepared in accordance with generally accepted accounting principles. Rather, the projections have been prepared by the Authority on a cash basis and do not reflect accruals.

BUDGET	Projection FYE <u>3/31/2020</u>	Projection FYE <u>3/31/2021</u>	Projection FYE <u>3/31/2022</u>	Projection FYE <u>3/31/2023</u>	Projection FYE <u>3/31/2024</u>
REVENUE:					
Customer Billings	\$9,300,876	\$9,300,876	\$9,300,876	\$9,300,876	\$9,300,876
Grant Revenue	120,000	120,000	120,000	120,000	120,000
Other Revenue	612,330	612,330	612,330	612,330	612,330
Interest Income	759,424	759,424	759,424	759,424	759,424
Total operating revenues	10,792,630	10,792,630	10,792,630	10,792,630	10,792,630
CASH EXPENDITURES:					
Salaries	1,639,748	1,688,940	1,739,609	1,791,797	1,845,551
Fringe Benefits	883,380	909,881	937,178	965,293	994,252
Operation and maintenance	829,600	854,488	880,123	906,526	933,722
Recycling Transfer Station	396,048	407,929	420,167	432,772	445,756
Waste Diversion	1,097,755	512,688	528,068	543,910	560,228
Wastewater treatment	398,443	410,396	422,708	435,389	448,451
Community Benefits	823,373	848,074	873,516	899,722	926,714
Closure and post-closure costs	807,956	832,195	857,161	882,875	909,362
Office and administrative	100,390	103,402	106,504	109,699	112,990
Utilities	65,000	66,950	68,959	71,027	73,158
Materials and supplies	277,000	285,310	293,869	302,685	311,766
Professional fees	27,034	27,845	28,680	29,541	30,427
Repairs and maintenance	25,000	25,750	26,523	27,318	28,138
Automobile	23,400	24,102	24,825	25,570	26,337
Computer	13,300	13,699	14,110	14,533	14,969
Insurance	146,000	150,380	154,891	159,538	164,324
Administrative allocation	769,515	792,600	816,378	840,870	866,096
Engineering allocation	32,073	33,035	34,026	35,047	36,098
NYS administrative assessment	51,703	53,254	54,852	56,497	58,192
Total cash expenditures	8,406,718	8,040,920	8,282,147	8,530,612	8,786,530
NET REVENUES BEFORE DEBT SERVICE	\$2,385,912	\$2,751,710	\$2,510,483	\$2,262,018	\$2,006,100

BUDGET	Projection FYE 3/31/2020	Projection FYE 3/31/2021	Projection FYE 3/31/2022	Projection FYE 3/31/2023	Projection FYE 3/31/2024
DEBT SERVICE:					
Principal					
Series 2015 revenue bonds	\$260,000	\$265,000	\$270,000	\$275,000	\$285,000
Series 1998 / 2010C revenue refunding bonds	395,000	-	-	-	-
NEW DEBT – 2019 Bonds (estimated)	0	264,132	274,697	285,685	297,112
Total principal paid	655,000	529,132	544,697	560,685	582,112
Interest					
Series 2015 revenue bonds	242,538	237,288	231,413	224,438	217,481
Series 1998 / 2010C revenue refunding bonds	4,608	-	-	-	-
NEW DEBT – 2019 Bonds (estimated)	0	440,000	429,435	418,447	407,019
Total interest expense	247,146	677,288	660,848	642,885	624,500
Total debt service	902,146	1,206,420	1,205,545	1,203,570	1,206,612
NET REVENUES	\$1,483,767	\$1,545,291	\$1,304,938	\$1,058,449	\$799,488
DEBT SERVICE COVERAGE	2.64	2.28	2.08	1.88	1.66

Assumptions:

1. Customer Billings will remain consistent over the next 5 Years. The Authority does not anticipate a significant change in tonnage or an increase in tip fee.
2. Other Revenue represents revenue received pursuant to a lease agreement with a company for the operation of a landfill gas-to-energy facility (“LFGTE Facility”) at the Authority’s Solid Waste management facility. The Authority receives 50% of the revenues derived from the energy created and sold for a period of 20 years ending in October 2028. The Agreement also allows for two five-year extensions.
3. Interest Income is projected based on earnings of 1% on investments under two years and 2% on investments with maturities in excess of two years.
4. Fiscal year ending 2020 Waste Diversion Cost include a one time cost of \$600,000 for Recycling Incentives to the Municipalities
5. Closure and Post-Closure Costs represent the dollar amount deposited into the Closure and Post-Closure Reserves.
6. All expenses are assumed to increase 3.0% annually through 2024.

Reserves

From inception, the Authority has ensured that all landfill life cycle costs are fully funded from tipping fee reserves. The Authority has the long-term objective of structuring the cost of debt service and reserve requirements to provide funds for future cell expansion, and closure/post-closure care, in a manner which requires a stable contribution from tipping fees. This structure is intended to match the cost of the Landfill to its useful life and to place the burden of these costs on the then current users of the facility. To meet the above objectives, the Authority projects equipment costs, landfill extensions, and closure requirements, utilizing various assumptions which it deems reasonable and appropriate. Using these projections, the Authority

makes annual contributions to a variety of reserves, as set forth below, to ensure that sufficient funds are available to provide for relevant expenses as they occur.

A. Closure Reserve

- Balance at 03/31/19: \$9,395,987
- State and federal laws and regulations require that the Authority place a final cover on its Landfill Site when it stops accepting waste. Therefore, the Authority established a Closure Reserve for such capital expenditures. The Authority has submitted annual Financial Assurance documentation to the NYSDEC for the fiscal year ending March 31, 2019 which documented that the Closure Reserve is in compliance with State requirements.
- Additions to the Closure Reserve, currently \$2.00 per ton, are based on a financial model which is updated annually.
- Withdrawals from the Reserve are based on budgeted capital expenditures.

B. Post Closure Reserve

- Balance at 03/31/19: \$8,245,107
- State and federal laws and regulations require that the Authority perform certain maintenance and monitoring functions at the Landfill Site for 30 years after closure. The Authority has established a Post Closure Reserve for such post closure costs. The Authority has submitted annual Financial Assurance documentation to NYSDEC for the fiscal year ending March 31, 2019 which documented that the Post Closure Reserve is in compliance with State requirements.
- No additions are currently made to the Post Closure Reserve as interest earnings are suffice to fully fund post closure costs. A financial model of the reserve is completed annually.
- Withdrawals from the Reserve will commence upon closure of the landfill.

C. Replacement Reserve

- Balance at 03/31/19: \$6,568,802
- The Replacement Reserve contains monies for new or replacement fleet and building improvements.
- Additions to the Replacement Reserve, currently \$2.25 per ton, are based on annual review of equipment and expected replacement thereof.
- Withdrawals from the Reserve are based upon budgeted capital expenditures.

D. Tip Fee Stabilization Reserve

- Balance at 03/31/19: \$4,218,723
- The Tip Fee Stabilization Reserve was established in FYE 2009. The intent of the Reserve is to provide for Tip Fee Stabilization in a period of increasing operating expenses.
- Additions to the Tip Fee Stabilization Reserve, currently \$0.00 per ton, are made annually at the Board of Directors discretion.

E. Capital Reserve

- Balance at 03/31/19: \$16,704,702
- The Capital Reserve was established in 2006, after review by the Authority's Fiscal Advisor and Bond Counsel, and was intended to offset the costs of developing the Southern Expansion, Phase II, of the Landfill. The Authority will utilize approximately \$10,300,000 in reserve funds (\$9,300,000 from the Capital Reserve and \$1,000,000 from the Wetlands Mitigation Reserve) to fund 50% of the Southern Expansion Costs of \$20,600,000.
- Additions to the Capital Reserve, currently \$2.00 per ton, are made annually at the Board of Directors discretion.
- Withdrawals from the Capital Reserve are based on budgeted capital expenditures.

F. Landfill Gas Reserve

- Balance at 03/31/19: \$1,122,089
- The Landfill Gas Reserve was established to create a funding source for future Landfill Gas System upgrades which may be required for operation and maintenance.

- Additions to the Landfill Gas Reserve, currently \$2.00 per ton, are made annually at the Board of Directors discretion.

G. Wetlands Mitigation Reserve

- Balance at 03/31/19: \$2,128,429
- The Wetlands Mitigation Reserve was established pursuant to federal requirements to offset the impact of the Southern Expansion on the wetlands surrounding the Landfill. The Authority will utilize approximately \$10,300,000 in reserve funds (\$9,300,000 from the Capital Reserve and \$1,000,000 from the Wetlands Mitigation Reserve) to fund 50% of the Southern Expansion Costs of \$20,600,000.

Tipping Fee History

The following table sets forth the tipping fee for Municipal Solid Waste delivered to the System during fiscal years 2009-10 through 2019-20:

<u>Fiscal Year Ending 3/31</u>	<u>Tipping Fee</u>
2010	41
2011	41
2012	41
4/1/12-12/31/12	41
1/1/13-3/31/13	46
2014	46
2015	46
2016	46
2017	46
2018	46
2019	46
2020	46

The Authority’s tipping fees allow it to compete effectively in an industry dominated by the private sector.

Marketing and Waste Diversion

The Authority has made a commitment to provide long-term environmentally sustainable disposal for the tri-county area. As a result, the Authority does not actively market any available airspace. The Authority has adopted a waste diversion program to increase recycling and enhance utilization of Landfill airspace. The proactive waste diversion program involves education, awareness, and coordination throughout the tri-county Service Area. The Authority supports its partners through coordination, communication, public awareness efforts, and compliance, as well as targeted resource support for specific waste diversion actions, as appropriate.

Control of Solid Waste Disposal

Lewis County and St. Lawrence County have enacted flow control laws that require that all Solid Waste generated within their respective boundaries be delivered to certain designated municipal or Authority facilities.

In 1994, in C&A Carbone, Inc. v. Town of Clarkstown, the United States Supreme Court issued an opinion that treated flow control laws and ordinances as being impermissible violations of the Commerce Clause of the United States Constitution, and consequently as being invalid, where such laws required waste to be delivered to a particular facility or facilities that were owned and operated by private companies. However, in 2007, the United States Supreme Court clarified in United Haulers Association, Inc. v. Oneida-Herkimer Solid Waste Management Authority (“United Haulers”) that flow control laws that direct waste only to government-owned and operated facilities, to the exclusion of all privately-owned facilities, were valid and did not violate the United States Constitution. According to the Court, the distinction between directing waste to privately-owned facilities versus publicly-owned facilities was “constitutionally significant.”

Recently, in C&A Carbone, Inc. v. County of Rockland, the United States District Court for the Southern District of New York held that flow control laws that directed waste to designated facilities that were owned by a public entity but operated by private companies did not violate the Commerce Clause. The Court held that Second Circuit jurisprudence, namely the first hearing of the United Haulers matter before the United States Court of Appeals for the Second Circuit, dictates “that public ownership alone [i]s sufficient to render a flow control ordinance nondiscriminatory,” against interstate commerce, and thus the Court held that the flow control law was valid under a Commerce Clause analysis, even if the facility was operated by a private entity.

St. Lawrence County has enacted a flow control law that requires Solid Waste and construction and demolition debris other than designated recyclables or recyclables separated at the point of generation to one of seven designated County, Town, or Authority facilities. Additionally, the law prohibits Solid Waste generated outside of the County from being accepted at County facilities except pursuant to approval by the County Board of Legislators. Lewis County has also enacted a flow control law that requires all commercial waste, industrial waste, construction and demolition debris, and residential waste generating within the County, other than designated recyclables or recyclables separated at the point of generation, to be disposed at a County facility or the Authority’s Landfill. The flow control laws in St. Lawrence and Lewis Counties also provide for administrative sanctions, including civil penalties and suspension or revocation of commercial waste permits, for any violation of the laws.

SUMMARY OF THE CONCLUSIONS OF THE CONSULTING ENGINEER

The Authority has engaged Barton & Loguidice D.P.C. to review the Authority’s existing facilities. The conclusions of the Consulting Engineer in its letter dated July 10, 2019 (a copy of which is attached hereto as Appendix A) are as follows:

- A. The Authority's existing landfill (i) is in substantial compliance with applicable provisions of 6 NYCRR Part 360 and applicable NYSDEC permit provisions, and (ii) has been subjected to periodic groundwater monitoring in substantial compliance with applicable provisions of 6 NYCRR Part 360 and applicable permits issued by the NYSDEC, and such groundwater monitoring to date has not indicated a need for future landfill repair, reconstruction, mitigation or remediation measures beyond ordinary landfill maintenance activities.
- B. The Authority has in place a maintenance and component replacement program which, if funded at levels contemplated by the projected cash flows, is adequate to provide for the continued operation of the system at current levels through the term of the 2019 Bonds.
- C. The assumptions provided as part of and used in the preparation of the projected cash flows are reasonable, and projected cash flows appear to incorporate such assumptions into the underlying calculations. The estimate of Operating Expenses, as shown in the projected cash flows, is reasonable.
- D. The proceeds of the Authority Bonds, after payment of issuance expenses as shown in the Official Statement under “SOURCES AND USES”, will provide sufficient funding to construct the proposed support facility improvements.
- E. The Authority's projected funding for closure and post closure costs relating to cells 1-20, if funded at levels contemplated by the projected cash flows, will provide sufficient funds for closure and post closure for cells 1-20 as required by current New York State environmental regulations;
- F. The Authority's Solid Waste management facility is currently being operated in substantial compliance with NYSDEC requirements currently in effect;
- G. The Authority has a facility, personnel and procedures which make it capable of providing continued Solid Waste disposal services in satisfaction of its obligation thereunder to provide such services to Jefferson, Lewis, and St. Lawrence Counties and the City of Watertown, and we foresee no service failure by the Authority;

- H. Assuming continued operation of the existing system by the Authority as in the recent past, we are not aware of reasons why (i) the Authority's future operating permits and operating authorizations will not be granted and renewed in accordance with NYSDEC's current permitting practices for a term or cumulative terms of at least the proposed 25-year term of the 2019 Bonds.
- I. The Proposed Southern Expansion, comprised of Cells 12-20, will provide future Solid Waste disposal capacity for approximately a 45-year period, estimating an annual usage rate of 250,000 tons of Solid Waste per year.

SUMMARY OF THE SOLID WASTE MANAGEMENT AGREEMENT

On October 1, 1986, the Authority, the Counties of Jefferson and Lewis, and the City of Watertown entered into the Solid Waste Management Agreement, which was amended on April 1, 1987 to only permit the Authority to accept waste generated within its Service Area. On August 26, 1993, the Solid Waste Management Agreement was further amended by the Solid Waste Management Participation Agreement to include the County of St. Lawrence. The following summarizes certain provisions of the Solid Waste Management Agreement. Such summary is in all respects subject to and qualified in its entirety by reference to the document itself, copies of which are available from the Authority.

Provision of the System

The Authority is obligated to provide a Solid Waste management System for the Municipalities' use. The Municipalities and not the Authority are responsible for the collection of Solid Waste, recycling processes, transfer facilities, and transportation to the point of delivery at the System. The Authority may only accept Solid Waste generated within the boundaries of its Service Area, and also in accordance with its Service Rules and operating permits.

Obligation of the Municipalities to Deliver and the Authority to Accept Solid Waste

The Municipalities are required to deliver or cause to be delivered to the System all Solid Waste generated within the Municipalities. The Authority is required to accept and process all Solid Waste at the System.

Annual Charges

In consideration for providing the service of accepting and processing or disposing of Solid Waste delivered by or on behalf of the Municipalities under the Solid Waste Management Agreement, and the services being rendered by or on behalf of the Authority to the Municipalities in connection therewith, the Authority shall have the right to charge the Municipalities, and the Municipalities shall have the obligation to pay to the Authority, Annual Charges calculated as follows: the Authority's capital costs for such fiscal year, plus the operation, maintenance and overhead costs, minus the payments by Fort Drum for capital, operation and maintenance and overhead costs, if any, subject to the annual audit adjustments and payable annually upon submission to the Municipalities of proper invoices for annual service. The Annual Charges are net of revenues earned by the Authority in the operation of the System from sources other than the Municipalities under the Solid Waste Management Agreement. Under rules adopted by the Authority, the Annual Charges are payable in monthly installments based on the number of tons of Solid Waste delivered by the Municipalities to the System in each month. Revenues earned in operation of the System in each year of the Authority's existence have been sufficient to cover all System operating costs, and thus, no Annual Charges have been assessed to the Municipalities as of the date hereof.

Municipalities Share and Adjustment

The Authority is required to submit to each Municipality on or before August 15 of each year, a certification of the total weight of Solid Waste delivered to the Authority by each Municipality during the previous twelve-month period ending July 31. Each Municipality's share of the total weight received by the Authority during such period shall be that Municipality's share of the Annual Cost for the next fiscal year, if revenues from other sources are insufficient to cover operating expenses.

Annual Estimate

The Authority is required to submit to the Municipalities annual estimates of the total Annual Charges for the next fiscal year on or by August 15 of each fiscal year for budgeting purposes.

Annual Adjustment

On or before January 15 of each fiscal year, the Authority is required to submit to the Municipalities its certificate stating the actual capital, operating, maintenance and overhead costs and revenues of the Authority for the previous fiscal year as shown on the current accounts of the Authority. Any deficit between the actual costs so certified and payments made by the Municipalities during the previous fiscal year shall be added as an adjustment charge to each Municipality's current fiscal year invoice at the previous fiscal year's percentage share. Any excess of Municipalities' payments over actual costs so certified shall be credited by the Authority as an adjustment credit to each Municipality's current Fiscal Year invoice at the previous Fiscal Year's percentage share.

Term

The term of the Solid Waste Management Agreement terminates on the later of December 31, 2008 or the date upon which the obligations of the Authority with respect to the System have been fully paid and discharged. Because obligations are still Outstanding, the Solid Waste Management Agreement remains in effect.

Claims and Subordination

Any adjudicated claims by any Municipality against the Authority may be satisfied only out of the income and reserves related to, or assets held or constructed by the Authority pursuant to, the Solid Waste Management Agreement. The rights of the Municipalities to recover against the Authority under any judgment are subordinate to the rights of the holders of bonds or other Authority obligations issued by the Authority in connection with the facilities and operation under the Solid Waste Management Agreement.

Effect of Breach

Failure on the part of the Authority or the Municipalities in any instance or under any circumstances to observe or fully perform any obligation under the Solid Waste Management Agreement or by law will not relieve the Municipalities from making any and all payments to the Authority or fully performing any other obligation required of it; provided however, that a breach of the Authority's obligation to accept Solid Waste delivered by the Municipalities shall not exceed a period of thirty days without the consent of the Municipalities.

Host Community Agreement

The Authority has entered into an agreement with the Town of Rodham, New York, (the "Host Community Agreement") under which the Authority has agreed to pay a fee to the Town (the "Annual Host Community Fee") based on the number of tons of Solid Waste received at the Landfill. The Annual Host Community Fee was \$2.05 per ton for the period of April 1, 1996 to March 31, 1997 and is adjusted annually by the CPI-W for the Buffalo Region. Currently, the Annual Host Community Fee is \$3.38 per ton. For any municipal Solid Waste generated outside of the Municipalities that is accepted at the Landfill, the Authority must pay the Town a surcharge of 25% of the Annual Host Community Fee for each such ton. The Annual Host Community Fee must be at least \$50,000.

The Host Community Agreement also provides for a Town tipping fee discount of 75% for municipal Solid Waste generated within and collected by the Town of Rodman. Additionally, as long as the Authority's LFGTE Facility remains tax-exempt property, the Authority must share a portion of its net energy sales revenue received from the sale of electricity generated from the LFGTE Facility. The portion of shared revenue is calculated as follows: 50% of the net annual energy revenue received, up to the first \$100,000, plus 25% of the net annual energy sales received between \$100,000 and \$200,000, plus 10% of the net annual energy revenue received in excess of \$200,000.

The total host community benefits expenses paid by the Authority to the Town of Rodham were \$905,059 in 2017, \$765,880 in 2018, and \$987,945 in 2019.

The Host Community Agreement also requires that the Authority provide a temporary supply of drinkable water if municipal or residential water is contaminated by the Landfill, and in the event of a fire at the Landfill Site, which exceeds twenty-four continuous hours of response, the Authority must reimburse the responding volunteer fire departments amounts equal to the lost wages resulting from lost employment thereafter, provided the fire service mutual aid plan is utilized.

The Host Community Agreement also provides for a Citizens Advisory Committee that may make recommendations concerning the Landfill, which must be considered by the Authority. The term of the Host Community Agreement is the operating life of the Landfill through the period of closure and until such time as monitoring of the site is deemed unnecessary.

SUMMARY OF THE INDENTURE

The Indenture is a contract between the Authority, the Trustee and the holders of all Bonds issued thereunder, including the Revenue Bonds, and its provisions are for the equal benefit, protection and security of the holders of all the Bonds and the Credit Facility Providers, each of which is to be of equal rank without preference, priority or distinction except as provided in the Indenture. The following summarizes certain provisions of the Indenture. Such summary is in all respects subject to and qualified in its entirety by reference to the document itself, copies of which are available from the Authority.

Creation, Application and Investment of Funds

Pursuant to the Indenture, the Authority has created and established the following trust Funds and Accounts within such Funds to be held, maintained and administered by the Trustee on behalf of the Authority in accordance with the Indenture:

- (1) the Project Fund;
 - (a) the Project Account;
 - (b) the Capitalized Interest Account;
- (2) the Revenue Fund;
 - (a) the Operating Account;
 - (b) the Operating Reserve Account;
- (3) the Debt Service and Sinking Fund;
- (4) the Debt Service Reserve Fund;
- (5) the Repair and Improvement Fund; and
- (6) the Rebate Fund.

Moneys to Be Held in Trust. All moneys deposited with the Trustee for the account of the Authority shall be held by the Trustee in trust for the benefit of the holders of the Bonds and shall be subject to the Lien of the Indenture; subject, however, in each case to the use and application thereof as provided in the Indenture and provided, however, that any moneys which have been deposited with, paid to or received by the Trustee for the redemption of a portion of the Bonds, notice of the redemption of which has been given, shall be held in trust for and subject to a Lien in favor of only the holders of such Bonds so called for redemption or so due and payable.

Project Fund. There shall be deposited in the Project Account of the Project Fund any and all amounts of proceeds of the Bonds required to be deposited therein as specified in the Indenture and all other amounts as required in the Indenture. The Trustee shall apply the amounts in the Project Account to pay the Costs of the System and to pay certain other costs.

After the date on which the System was substantially complete and eligible to receive Solid Waste, the balance in the Project Account in excess of the amount retained for the payment of any incurred and unpaid items of the Cost of the System was transferred by the Trustee to the Debt Service and Sinking Fund and applied to redeem Bonds.

In the event unpaid principal amount of the Bonds shall be accelerated upon the occurrence of an Event of Default, the balance in the Project Account shall be transferred from the Project Account to the Debt Service and Sinking Fund and shall be used as soon as possible to pay the principal of, premium, if any, and interest on the Bonds which have been accelerated.

There shall be deposited into the Capitalized Interest Account of the Project Fund any and all amounts of proceeds of the Bonds required to be deposited therein as specified in the applicable Series Indenture. The Trustee shall transfer automatically on the first Business Day of each month from the Capitalized Interest Account to the Debt Service and Sinking Fund an amount equal to the interest component that has accrued through the last day of the immediately preceding month for which there has been a deposit of interest in the Capitalized Interest Account.

Revenue Fund. The Authority shall deposit in the Operating Reserve Account from the proceeds of the sale of the Bonds the amount specified in the applicable Series Indenture. Amounts on deposit in the Operating Reserve Account are intended to constitute an operating reserve and shall be used to pay Operating Expenses if Operating Revenues are insufficient for such purpose.

The Authority shall deposit or cause to be deposited in the Operating Account promptly after receipt (and in no event less frequently than monthly) all Revenues. The Trustee shall apply the amounts in the Operating Account for the purposes of making the deposits required to be made to the following Funds or accounts in the following order of priority:

- (1) the Debt Service and Sinking Fund, an amount equal to the aggregate Accrued Debt Service;
- (2) the Debt Service Reserve Fund, an amount which shall cause the amount in such fund to be equal to the Debt Service Reserve Requirement;
- (3) the Repair and Improvement Fund, an amount which shall cause the amount in such fund to be equal to the Repair and Improvement Requirement;
- (4) such accounts as the Authority shall establish for the payment of Debt Service Requirements on Subordinated Indebtedness, if any, to the extent not otherwise established under the Indenture, provided, however that no transfer of funds shall be made to an account established for the payment of Debt Service Requirements on Subordinated Indebtedness while the balance on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement;and
- (5) such other funds or accounts as created pursuant to the Indenture, amounts specified therein.

Amounts from the Operating Account shall be withdrawn for the benefit of the Authority free and clear of the Lien of the Indenture if on the last Business Day of any calendar month (i) the balance on deposit in the Debt Service Reserve Fund equals the Debt Service Reserve Fund Requirement, (ii) there does not then exist and be continuing an Event of Default, (iii) the balance on deposit in the Repair and Improvement Fund equals the Repair and Improvement Requirement, and (iv) the Trustee has transferred to other funds or accounts established under the Indenture any amounts required by the Indenture to be transferred thereto from the Operating Account as of such Business Day.

Such amounts shall be withdrawn as follows: the Trustee shall notify the bank or trust company in which the Operating Account is maintained and instruct such bank or trust company to withdraw all amounts then on deposit in the Operating Account that are in excess of the total of (i) the amount to be transferred from the Operating Account to the Debt Service and Sinking Fund on the next ensuing Business Day, (ii) the amount to be transferred from the Operating Account to the Repair and Improvement Fund during the next ensuing calendar month, and (iii) any amounts required by the Indenture to be transferred to other funds or accounts from the Operating Account during the next ensuing calendar month.

Debt Service and Sinking Fund. The Trustee shall promptly deposit the following amounts in the Debt Service and Sinking Fund:

- (1) Any amounts required pursuant to the Indenture to be deposited therein from the proceeds of the Bonds.
- (2) Excess amounts in the Project Account of the Project Fund after the System Completion Date required to be deposited in the Debt Service and Sinking Fund pursuant to the Indenture which shall be applied to redeem Bonds.
- (3) All amounts required to be transferred to the Debt Service and Sinking Fund from the Capitalized Interest Account of the Project Fund.
- (4) An amount equal to the aggregate Accrued Debt Service for all Bonds from the Operating Account of the Revenue Fund pursuant to the Indenture.
- (5) All amounts required to make good any deficiency in the Debt Service and Sinking Fund from the Debt Service Reserve Fund, without instruction or further direction from the Authority.
- (6) Any other amounts required to be paid to the Debt Service and Sinking Fund pursuant to the Indenture for payment of principal and interest due on the Bonds.

Except as otherwise expressly provided in the Indenture, moneys in the Debt Service and Sinking Fund shall be used solely for the payment, when due, of Debt Service Requirements on the Bonds or for the payment of amounts to the Credit System Provider equal to the amount paid under a Credit Facility as reimbursement as provided in the Indenture.

Debt Service Reserve Fund. The Trustee shall be authorized, without further direction from the Authority, to apply the money in the Debt Service Reserve Fund toward the payment of the Debt Service Requirements from time to time becoming due and payable upon the Bonds, to the extent that the Debt Service and Sinking Fund shall at any time be insufficient with respect to such Bonds.

In the event of any deficiency in the Debt Service Reserve Fund, the Trustee shall thereafter make monthly transfers from the Operating Account of the Revenue Fund, to the extent that money shall be available therein after making provision for other required payments and deposits, until the amount in the Debt Service Reserve Fund in cash or investments shall equal the Debt Service Reserve Requirement. Amounts held in the Debt Service Reserve Fund shall be restored to the Debt Service Reserve Requirement within twelve (12) months after the occurrence of any deficiency therein. The investments of each account of the Debt Service Reserve Fund shall, for the purpose of determining the amount from time to time in the Debt Service Reserve Fund, be valued annually by the Trustee at fair market value.

Except to the extent that a Series Indenture shall provide otherwise, when all Outstanding Bonds shall have been paid, purchased or redeemed, or provision for their payment or redemption duly made, the amount then held in the Debt Service Reserve Fund in respect of such Bonds (except for amounts payable to the Rebate Fund) shall, upon the written instructions of an Authorized Representative of the Authority, be transferred from the Debt Service Reserve Fund and deposited in the Repair and improvement Fund or applied by the Trustee pursuant to such instructions to the prompt purchase or redemption of Bonds.

Reserve Fund Credit Facility. The Authority may elect to satisfy in whole or in part the Debt Service Reserve Requirement by means of a Reserve Fund Credit Facility, subject to the following requirements:

- i. The Reserve Fund Credit Facility Provider must have a credit rating issued by a Rating Agency in one of the two highest rating categories of such rating agency;
- ii. The Authority shall not secure any obligation to the Reserve Fund Credit Facility Provider by a Lien on the Trust Estate equal or superior to the Lien on the Trust Estate granted to the Bondholders;

- iii. Each Reserve Fund Credit Facility shall have a term of a least one (1) year (or, if less, the remaining term of the Bonds) and shall entitle the Trustee to draw upon or demand payment at such times and for such purposes as the Trustee would be entitled to claim the funds and investments that would be on deposit in the Debt Service Reserve Fund were there no such Reserve Fund Credit Facility and receive the amount so requested in immediately available funds not later than five (5) Business Days after such draw or demand;
- iv. The Reserve Fund Credit Facility shall permit a drawing by the Trustee for the full Stated Amount in the event (1) the Reserve Fund Credit Facility expires or terminates for any reason prior to the final maturity of the Bonds, and (2) the Authority fails to satisfy the Debt Service Reserve Requirement by the delivery to the Trustee of cash, obligations, a substitute Reserve Fund Credit Facility, or any combination thereof, for deposit in the related account in the Debt Service Reserve Fund on or before the date of such expiration or termination;
- v. The Reserve Fund Credit Facility shall permit a drawing by the Trustee for the full Stated Amount in the event (1) the rating issued by the Rating Agencies to the Reserve Fund Credit Facility Provider is withdrawn or reduced below the minimum rating permitted in clause (i) above, and (2) the Authority has not provided a substitute Reserve Fund Credit Facility within sixty (60) days after said rating change;
- vi. If the rating issued by the Rating Agencies to the Reserve Fund Credit Facility Provider is withdrawn or reduced below the minimum rating permitted in clause (i), the Authority shall provide a substitute Reserve Fund Credit Facility within sixty (60) days after said rating change, and, if no substitute Reserve Fund Credit Facility is delivered to the Trustee by such date, shall immediately fund the Debt Service Reserve Requirement; provided, however, that if the related Series of Bonds are enhanced by a Credit Facility, the Credit Facility Provider may waive this requirement if (a) such Credit Facility Provider did not issue the Reserve Fund Credit Facility and (b) the withdrawal or reduction of the rating issued with respect to the Reserve Fund Credit Facility will not impair the rating of the Bonds; and
- vii. If the Reserve Fund Credit Facility Provider commences any insolvency proceedings or is determined to be insolvent or fails to make payments when due on its obligations, the Authority shall provide a substitute Reserve Fund Credit Facility within sixty (60) days thereafter, and, if no substitute Reserve Fund Credit Facility is delivered to the Trustee by such date, shall fund the Debt Service Reserve Requirement in not more than twenty-four (24) equal monthly payments commencing not later than the first day of the month immediately succeeding the date representing the end of said sixty (60) day period.

If the events described in either (vi) or (vii) above occur, the Trustee shall not relinquish the Reserve Fund Credit Facility at issue until after the Debt Service Reserve Requirement is fully satisfied by the provision of cash, obligations, or a substitute Reserve Fund Credit Facility or any combination thereof. In the event a Reserve Fund Credit Facility is delivered to the Trustee, the Trustee shall transfer the money and securities held in the related account of the Debt Service Reserve Fund, to the extent not needed to comply with the Debt Service Reserve Requirement, to the Repair and Improvement Fund. The Trustee is authorized by the Indenture and directed to draw upon or demand payment from any such Reserve Fund Credit Facility in accordance with its terms in the event funds are needed from the Debt Service Reserve Fund. Any amount received from the Reserve Fund Credit Facility shall be deposited directly into the Debt Service and Sinking Fund and such deposit shall constitute the application of amounts in the Debt Service Reserve Fund. If amounts held in an account of the Debt Service Reserve Fund containing a Reserve Fund Credit Facility are less than the related Debt Service Reserve Requirement because the Reserve Fund Credit Facility has been drawn upon and has not been reinstated, the Authority shall transfer from the Revenue Fund amounts sufficient to reinstate said Reserve Fund Credit Facility, and the Trustee shall pay such amounts to the Reserve Fund Credit Facility Provider. Upon the reinstatement of the Reserve Fund Credit Facility, said payment shall constitute the replenishment of said account.

Repair and Improvement Fund. On or before the first Business Day of each calendar month, commencing on the first Business Day of the month immediately following the month in which the Completion Date occurs, the Trustee shall transfer from the Operating Account of the Revenue Fund for deposit in the Repair and Improvement Fund an amount equal to the Repair and Improvement Requirement.

The Authority shall also deposit in the Repair and Improvement Fund the Net Proceeds from the sale of any Authority property hereof and insurance and Condemnation proceeds received as a result of damage, destruction or Condemnation of all or a portion of the System. Any such sale, insurance or Condemnation proceeds shall be applied solely for the purposes described in paragraphs (i), (ii), (iii) or (v) below, except that the Net Proceeds of any business interruption insurance shall be applied solely for the purposes described in paragraph (iv) below.

Notwithstanding the foregoing, if the Net Proceeds of any insurance settlement or Condemnation award, together with any funds of the Authority, are sufficient in the Authority's sole judgment to repair, restore, rebuild or replace the System, they shall be so applied, and if they are insufficient for such purpose, they shall be used to redeem the Bonds.

Whenever there shall be a deficiency in the Debt Service and Sinking Fund or Debt Service Reserve Fund, the Trustee shall make good such deficiency from the Repair and Improvement Fund.

The money on deposit in the Repair and Improvement Fund may, upon written direction of an Authorized Representative of the Authority, be used for any one or more of the following purposes:

- i. to pay all or any part of the cost of constructing, acquiring, completing or restoring the System;
- ii. to pay the cost of expanding and developing additional landfill cells and renewals to or replacements of the System or to pay the cost of extraordinary maintenance and repairs thereto;
- iii. to repay temporary loans incurred for the purpose of acquiring or constructing the System, renewals or replacements or undertaking extraordinary maintenance and repairs;
- iv. to pay other debts and liabilities of the Authority incurred in connection with the Processing of Solid Waste not otherwise provided for; or
- v. to purchase or redeem any Bonds of any Series at the permitted Redemption Price as specified in the applicable Series Indenture.

Rebate Fund. The Authority covenants to determine the Rebate Amount or cause the same to be determined in the manner provided in the Indenture and to transfer or cause to be transferred to the Trustee such determination for purposes set forth in the Indenture.

The Trustee shall deposit in the Rebate Fund the Rebate Amount which may be from deposits by the Authority or from available investment earnings on amounts held in the Project Fund, the Debt Service Reserve Fund or the Repair and Improvement Fund, as directed in writing by the Authority. If the Authority fails to make any payment to the Trustee, the Trustee may, but shall not be required to, transfer money without requisition first from the Project Fund, then from the Repair and Improvement Fund, or finally from the Debt Service Reserve Fund, to the Rebate Fund so that such payment can be made. The Rebate Amount withdrawn from the Rebate Fund shall be paid to the United States by the Trustee on behalf of the Authority in installments as provided in the Indenture.

Non-Presentation of Bonds

In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or at the date fixed for redemption thereof or otherwise, if moneys sufficient to pay such Bond shall have been deposited with the Trustee for the benefit of the Registered Owner thereof, all liability of the Authority to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged; and thereupon it shall be the duty of the Trustee to hold such fund for a period of sixty months, without liability for interest thereon, for the benefit of the Registered Owner of such Bond who shall thereafter be restricted exclusively to such fund for any claim of whatever nature on his part under the Indenture or with respect to such Bond. Upon expiration of the foregoing sixty month period, the Trustee shall remit such fund to the Authority for the benefit of the Registered Owner of such Bond.

Investment of Funds and Accounts

Investment of Funds and Accounts by the Trustee. Amounts held in any Fund created pursuant to the Indenture and any Account thereof, shall, if and to the extent then permitted by law, be continuously invested and reinvested, from time to time, by the Trustee in Authorized Investments. The Trustee may make any and all such investments from or through its own bond department. All investments shall be made by the Trustee at the oral or written request of the Authority, but if oral shall promptly be confirmed in writing and on which direction the Trustee may rely without further inquiry except that the Trustee may at any time sell or otherwise reduce to cash a sufficient amount of such investments whenever the cash balance in any such Fund or Account is insufficient for the purposes thereof. Such investments of amounts in any Fund shall be invested so that (1) all investments shall mature or be subject to mandatory redemption by the holder of such investments, and all deposits in time accounts shall be subject to withdrawal, without penalty, within ninety (90) days of the date when such amounts will foreseeably be needed for purposes of the Indenture, and (2) investments of moneys on deposit in the Debt Service and Sinking Fund shall mature or be subject to mandatory redemption by the holder (at not less than the principal amount thereof) within ninety (90) days of the date of acquisition thereof or the date when such amounts will foreseeably be needed to pay Debt Service Requirements. The Trustee is directed to sell and reduce to cash a sufficient amount of such investments whenever the cash balance in said Fund shall be insufficient to cover a proper disbursement from said Fund.

Any investment authorized in the Indenture is subject to the condition that no use of the proceeds of any Bonds or any other moneys shall be made which, if such use had been reasonably expected on the date of issue of such Bonds, would have caused such Bonds to be “arbitrage bonds” within the meaning of such term in the Code; provided, however, that the Authority, except as otherwise provided in the Indenture, shall be solely responsible for the selection of any investment under the Indenture, and the Trustee shall be entitled to rely on any investment direction given to it by the Authority without liability to the Authority, any Registered Owner of the Bonds or any other Person, in the event that any such investment shall cause all or any of the Bonds to be or become “arbitrage bonds” within the meaning of the Code.

Earnings and Losses. Except as may be otherwise expressly provided in the Indenture, interest earned, profits realized and losses suffered by reason of any investment of amounts held in any Fund or Account under the Indenture shall be credited or charged, as the case may be, to such Fund or Account for which such investment shall have been made; provided, however, that (i) earnings on amounts deposited in the Project Fund may be transferred to the Rebate Fund and the Debt Service and Sinking Fund, (ii) earnings on amounts deposited in the Debt Service Reserve Fund may be transferred to the Rebate Fund and the Debt Service and Sinking Fund, (iii) earnings on amounts deposited in the Repair and Improvement Fund may be transferred to the Rebate Fund, the Debt Service and Sinking Fund and the Operating Account of the Reserve Fund, and (iv) earnings on amounts deposited in the Operating Reserve Account of the Revenue Fund may be transferred to the Operating Account of the Revenue Fund.

Reports by Trustee. Within thirty (30) days after the end of each Bond Year, the Trustee shall furnish to the Authority a report on the status of each of the Funds and Accounts established under the Indenture showing at least the balance in such Account as of the last day of the preceding statement, the total deposits in (including interest on investments) and the total of disbursements from such Account or Fund, the dates of such deposits and disbursements and the balance in such Account or Fund on the statement month.

Liability for Investment Losses. The Trustee shall not be liable for any loss arising from, or any depreciation in the value of, any obligations in which moneys of the Funds and Accounts shall be invested in accordance with the Indenture.

Final Disposition of Moneys. In the event there are no Bonds Outstanding, and subject to any applicable law to the contrary, any amounts remaining in any Account or Fund established pursuant to the Indenture, after payment of all fees, charges and expenses of the Authority and the Trustee and all other amounts required to be paid under the Indenture, and after payment of any amounts required to be rebated to the United States under the Indenture and under the Tax Agreement or any provision of the Code, shall be transferred to the Authority.

Certain Covenants

Authority of the Authority; Validity of Indenture and Bonds. The Authority covenants and represents that it is duly authorized under the laws of the State, including, without limitation, the Act, to issue the Bonds authorized by the Indenture, to execute and deliver the Indenture, to convey the interests described herein and conveyed hereby and to pledge the Revenues in the manner and to the extent set forth in the Indenture; that all action on its part for the issuance of the Bonds authorized by the Indenture and the execution and delivery of the Indenture and other Financing Documents to which it is a party have been duly and effectively taken; and that such Bonds in the hands of the Registered Owners thereof are and will be valid and enforceable special obligations of the Authority according to the import thereof.

Payment of Principal, Premium, if any, and Interest. The Authority covenants that it will promptly pay the principal of, premium, if any, and interest on every Bond issued under the Indenture, at the place, on the dates and in the manner provided in the Indenture and in said Bonds.

Performance of Covenants. The Authority covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in the Indenture, in any and every Bond executed, authenticated and delivered under the Indenture and in all proceedings pertaining thereto.

Further Assurances. The Authority covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indentures supplemental to the Indenture and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Trustee all and singular its interest in all Property purported to be made subject to the Lien and the Granting Clauses of the Indenture and in the Trust Estate described and pledged for the payment of the principal of, premium, if any, and interest on the Bonds. Any and all interest in the Trust Estate or any other Property hereafter acquired which is of any kind or nature herein provided to be and become subject to the Lien hereof shall, without any further conveyance, assignment or act on the part of the Authority or the Trustee, become and be subject to the Lien of the Indenture as fully and completely as though specifically described therein. The Authority covenants and agrees that, except as otherwise provided in the Indenture, it has not and will not sell, convey, mortgage, encumber or otherwise dispose of all or any part of its interest in the Trust Estate.

Priority of Lien of Indenture. The Authority represents, warrants and covenants that the Indenture is and will be a first Lien upon the Trust Estate and the Authority agrees not to create or suffer to be created any Lien having priority or performance over the Lien of the Indenture upon the Trust Estate or any part thereof, except and as otherwise specifically provided in the Indenture.

Inspection of Project Books. The Authority covenants and agrees that all books and documents in its possession relating to the System shall at all times be open to inspection by such accountants or other agents as the Trustee may from time to time reasonably designate.

No Modification of Security; Limitation on Liens. The Authority covenants that it will not, except as permitted in the Indenture, without the written consent of the Trustee alter, modify or cancel, or agree to alter, modify or cancel, the Solid Waste Management Agreement or any other agreement to which the Authority is a party, or which has been assigned to the Trustee, and which relates to or affects the security for the Bonds.

Operation and Maintenance of the System. The Authority covenants that it will at all times maintain, operate and make all necessary and proper repairs, renewals and replacements, or undertake its best efforts to cause to be maintained, operated or repaired, renewed and replaced every portion of the System, which efforts shall be limited to seeking enforcement of legal rights in circumstances where the Authority does not operate the System, or any portion thereof.

Rate Covenant. The Authority covenants that it will fix, charge and collect tipping fees and user charges, including user surcharges and Annual Charges, for the Processing of Solid Waste by the Authority so long as any Bonds shall remain Outstanding, which shall produce Operating Revenues which, together with amounts capitalized from proceeds of Bonds or otherwise made available and reserved and not already taken into account under the Indenture by reduction of the obligation which Operating Revenues must cover, shall be sufficient in each Fiscal Year to provide for: (i) the Operating Expenses of the Authority as set forth in the Annual Budget for such Fiscal Year; (ii) an amount equal to one hundred fifteen percent (115%) of the Debt Service Requirements for all Indebtedness in such Fiscal Year; (iii) any amount necessary to restore each account

in the Debt Service Reserve Fund to the respective Debt Service Reserve Requirement as provided in the Indenture; and (iv) the payment of the Repair and Improvement Requirement.

The Authority shall, not less frequently than once each year, review and adjust its tipping fees, including any surcharges, and user charges so as to produce Operating Revenues which, together with amounts capitalized from proceeds of Bonds or otherwise made available and reserved and not already taken into account under the Indenture by reduction of the obligation which Operating Revenues must cover, shall be sufficient to comply with this provision. The Authority covenants that it will impose additional charges on the Municipalities as and to the extent provided in the Solid Waste Management Agreement. In the event the tipping fees, including any surcharges, and user charges in effect shall be inadequate to comply with the above paragraph, from time to time and as often as shall appear necessary, the Authority covenants that it will adjust its tipping fees, surcharges and user charges so as to produce Operating Revenues which, together with amounts capitalized from proceeds of Bonds or otherwise made available and reserved and not already taken into account under the Indenture by reduction of the obligation which Operating Revenues must cover, shall be sufficient to comply with this paragraph. Notwithstanding the foregoing, the Authority need not establish tipping fees, surcharges and user charges at each separate portion of the System if the Authority satisfies the Rate Covenant by reason of the tipping fees, including any surcharges, and user charges which it does establish.

For the purposes of complying with the Rate Covenant, “amounts capitalized from proceeds of Bonds or otherwise made available and reserved and not already taken into account under the Indenture by reduction of the obligation which Operating Revenues must cover” shall mean money of the Authority held in a fund or account that is included within the Trust Estate and which the Trustee has been irrevocably instructed to apply to the payment of Operating Expenses, Debt Service Requirements or the restoration of the Debt Service Reserve Fund within the Fiscal Year for which credit is given.

Disposition of Assets. The Authority covenants that, so long as any Bonds are Outstanding, it will not dissolve or liquidate or otherwise dispose of any of its assets or property used in connection with the System unless such sale is at fair market value and the asset or property to be disposed of is determined not to be necessary or desirable for the operation of the System.

Accounts and Audits. The Authority shall keep proper books of record and account (separate from all other records and accounts) in which complete and correct entries shall be made of its transactions relating to the System, and which, together with all other books and papers of the Trustee in connection with the System, shall at all reasonable times upon reasonable notice be subject to the inspection of the Trustee and the holder or holders of not less than five percent (5%) in the aggregate principal amount of the Bonds then Outstanding or their representatives duly authorized in writing. The Authority shall cause its books and accounts with respect to the System to be audited annually, and, within 90 days thereafter, copies of the reports of such audits shall be made available for inspection by the Trustee and any Registered Owner of the Bonds or their representatives duly authorized in writing as well as any Credit Facility Provider or any Reserve Fund Credit Facility Provider, including statements in reasonable detail, accompanied by a certificate of a certified public accountant employed by the Authority with respect thereto, of financial condition, of Revenues and Operating Expenses, and of all funds held by or for the Authority with respect to its obligations under the Solid Waste Management Agreement.

Federal Tax Covenants. The Authority covenants not to take or omit to take any action so as to cause interest on any Tax-Exempt Bonds to be no longer excluded from gross income for the purposes of federal income taxation and to otherwise comply with the requirements of Section 103 and Sections 141 through 150 of the Code, and all applicable regulations promulgated with respect thereto, throughout the term of such Tax-Exempt Bonds. The Authority further covenants that it will make no investments or other use of the proceeds of any Tax-Exempt Bonds which would cause such Tax-Exempt Bonds to be “arbitrage bonds” as defined in Section 148 of the Code. The Authority further covenants (i) to comply with the rebate requirements (including the prohibited payment provisions) contained in Section 148(f) of the Code and any regulations promulgated thereunder, to the extent applicable, and to pay any interest or penalty imposed by the United States for failure to comply with said rebate requirements, to the extent applicable, and (ii) at all times do and perform all acts necessary or desirable and within its reasonable control in order to ensure that interest on any Tax-Exempt Bond shall be excludable from gross income for purposes of federal income taxation.

Maintenance of Solid Waste Management Agreement. The Authority covenants and agrees to take all steps legally within its power to maintain in full force and effect the Solid Waste Management Agreement.

Annual Budget. The Authority covenants to prepare and submit to the Trustee on or before April 1 of each year in which Bonds are Outstanding an estimate of the total weight of Solid Waste to be delivered to the Authority by the Municipalities during the ensuing twelve-month period beginning April 1. The budget shall be based on the Authority's actual experience.

Insurance. The Authority covenants that it shall maintain with responsible insurance companies insurance on its properties in such amounts and against such risks as is customarily maintained by similar operations, provided such insurance can be obtained on commercially reasonable terms. If such insurance cannot be obtained on commercially reasonable terms, the Authority covenants to set aside funds, to the extent available, to self-insure its properties against loss or damage.

Subordinated Indebtedness. The Authority covenants that Subordinated Indebtedness incurred for working capital purposes shall not exceed 20% of the Authority's Revenues for a particular year and shall by its terms be payable within the year incurred.

Additional Bonds. The Authority hereby represents, warrants and covenants that it will not issue any Additional Bonds, except as provided in the Indenture.

Non-Municipality Waste. The Authority covenants that it will not accept at the System Solid Waste from outside the Municipalities to the extent that acceptance of such Solid Waste will cause the useful life of the System (as such useful life may be extended through the Authority's capital program) to be less than 120% of the remaining term of the Outstanding Bonds. Prior to accepting Solid Waste from outside the Municipalities in any year the Authority shall specify the maximum number of tons of such Solid Waste proposed to be accepted in such year and deliver to the Trustee a certificate of an Engineer to the effect that (1) the acceptance of such Solid Waste is consistent with the prudent landfill operating practices, (2) acceptance of such Solid Waste will not impair the ability of the Authority to fulfill its obligations under the Solid Waste Management Agreement, and (3) acceptance of such Solid Waste, continued through the term of the Outstanding Bonds, will not cause the useful life of the System (as such useful life may be extended through the Authority's capital program) to be less than 120% of the remaining term of the Outstanding Bonds.

Repair and Improvement Fund. In each year's Annual Budget, the Authority shall include its capital program and budget for the following five years. Such capital program shall include a plan of maintaining available landfill space on a continuous basis, construction of new cells, purchase of replacement equipment, closure of cells and other capital costs reasonable or necessary to keep the system operating on a continuous basis. The capital budget shall include an estimate of monthly amounts to be deposited in the Repair and Improvement Fund such that there will be on deposit in the Repair and Improvement Fund, as and when necessary, amounts required to implement the capital program. The capital program and budget shall, prior to inclusion in the Authority's Annual Budget, be certified as to reasonableness with respect to the long term objective of continuous operation of the landfill and as to the adequacy of the monthly deposits to be made therewith to pay for such capital program by an Engineer.

Events of Default; Remedies of Bondholders

Events of Default. Each of the following events is defined by the Indenture as and shall constitute, for the purposes of the Indenture, an "Event of Default" or "Default" under the Indenture:

(a) Failure by the Authority to make due and punctual performance of any interest on, principal of or premium on any Bond, whether at Stated Maturity, upon proceedings for redemption or purchase thereof or upon the maturity thereof by declaration of acceleration; or

(b) Failure of the Authority to perform or observe any other of the covenants in the Bonds, in the Indenture or in the applicable Series Indenture, and the continuance thereof for a period of thirty (30) days after written notice of default given by the Trustee to the Authority requiring the same to be remedied; provided that if any such failure cannot be remedied within thirty (30) days, the period shall be extended for such period as is reasonable to cure the same with due diligence if the Authority commences the cure within thirty (30) days and proceeds diligently.

Acceleration of Bonds. Upon the happening and continuance of an Event of Default the Trustee may, and upon the written request of the Registered Owners of not less than twenty-five percent (25%) in principal amount of the Bonds Outstanding shall (but only after giving three (3) Business Days notice in writing to the Authority if the Event of Default is described in (a) above), declare the principal of all the Bonds then Outstanding (if not then due and payable) and the interest accrued thereon to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Indenture or in any of the Bonds to the contrary notwithstanding; provided, however, that if at any time after such declaration and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or the completion of the enforcement of any other remedy under the Indenture, money shall have accumulated in the Debt Service and Sinking Fund sufficient to pay the principal of all Bonds which have matured and which should have been called for redemption from money in the Debt Service and Sinking Fund and all matured Bonds, if any, and all arrears of interest, if any, upon all the Bonds Outstanding as provided in the Indenture and all other charges, compensation, expenses, disbursements, advances and liabilities under the Indenture shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee, and any other default known to the Trustee shall have been remedied to the satisfaction of the Trustee, then the Trustee may, and upon the written request of the Registered Owners of not less than twenty-five percent (25%) of the Outstanding Bonds shall, rescind and annul such declaration, but no such rescission or annulment will extend to or affect any subsequent default or impair any right consequent thereon.

Foreclosure and Enforcement of Remedies. Upon the happening and continuance of any Event of Default, then and in every case the Trustee may, and upon the written request of the Registered Owners of not less than twenty-five percent (25%) in principal amount of the then Outstanding Bonds, shall proceed, to protect and enforce its rights and the rights of the Registered Owners of Bonds under the Act, the Bonds, the Solid Waste Management Agreement and the Indenture forthwith by such suits, actions or special proceedings in equity or at law, whether for the specific performance of any covenant or agreement contained in any of the foregoing agreements or in aid of the execution of any power granted therein or in the Act or for the enforcement of any legal or equitable rights or remedies to protect and enforce such rights or to perform any of its duties under the Indenture. In the enforcement of any right or remedy under the Indenture, the Solid Waste Management Agreement or the Act, the Trustee shall be entitled to sue for, enforce payment on and receive any or all amounts then or during any Event of Default becoming, and any time remaining, due from the Authority, the Municipalities, the Credit Facility Provider, or the Bank for the Debt Service Requirements of the Bonds under any of the provisions of the Indenture, the Bonds or any of the other agreements hereinabove set forth, without prejudice to any other right or remedy of the Trustee. The Trustee shall file proof of claim and other papers or documents as may be necessary or advisable in order to have the claims of such Trustee and the Registered Owners of the Bonds allowed in any judicial proceedings relative to the Authority, the Municipalities, the Credit Facility Provider, or the Bank or their creditors or Property.

Priority of Payments After Default. In the event that the funds held by the Trustee shall be insufficient for the payment of interest and principal then due on the Bonds, such funds (other than funds held for the payment or redemption of particular Bonds or installments of interest which have theretofore become due at maturity or otherwise) and any other money received or collected by the Trustee, after making provision for the payment of any expenses necessary in its opinion to preserve the continuity of the Revenues or to provide for the continued Processing of Solid Waste or otherwise to protect the interests of the Registered Owners of the Bonds, and for the payment of the charges, expenses and liabilities incurred and advances made by the Trustee in the performance of its duties under the Indenture, shall be applied as follows:

- (i) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto all installments of interest then due on Bonds (with interest on overdue installments of interest then due on such Bonds, to the extent permitted by law, at the rate per annum borne by such Bonds) in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference, except as to the difference if any, in the respective rates of interest specified in the Bonds; and

Second: To the payment to the persons entitled thereto of the unpaid principal 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 the Bonds due on any date, together with such interest, then to the payment ratably, according to the amounts of principal and interest due on such dates, to the persons entitled thereto, without any discrimination or preference except as to the difference, if any, in the respective rates of interest on the Bonds; and

Third: To the payment of Debt Service Requirements on any Subordinated Bonds in accordance with the provisions of the Supplemental Indenture authorizing the issuance of such Subordinated Bonds; and

(ii) If the principal of all the Bonds shall have become or have been declared due and payable,

First: To the payment of the principal and interest then due and unpaid upon the Bonds with interest on overdue interest and principal as provided above, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due, respectively, for any principal and interest, to the persons entitled thereto without any discrimination or preference, except as to the difference, if any, in the respective rates of interest specified in the Bonds; and

Second: To the payments of Debt Service Requirements on any Subordinated Bonds in accordance with the provisions of the Supplemental Indenture authorizing the issuance of such Subordinated Bonds.

Control, of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Registered Owners of not less than twenty-five percent (25%) in principal amount of Bonds then Outstanding shall have the right by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken by the Trustee provided, that such direction shall not be otherwise than in accordance with law or the provisions of the Indenture.

Restriction on Bondholders' Action. No Registered Owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Indenture or for any remedy under the Indenture, unless (i) any Registered Owner shall have previously given to the Trustee written notice of the happening of an Event of Default, (ii) the Registered Owners of at least twenty-five (25%) in principal amount of Bonds then Outstanding shall have made a written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to exercise the powers granted in the Indenture or to institute such action, suit or proceeding in its or their name, (iii) such Registered Owners shall have offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and (iv) the Trustee shall have refused or neglected to comply with such request within a reasonable time. It being understood and intended that no Registered Owners of any Bond shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security created by the Indenture for the benefit of the Bonds, or to enforce any right under the Indenture for the benefit of the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any provision of the Indenture for the benefit of the Bonds, shall be instituted, had and maintained in the manner provided in the Indenture and any recovery shall be for the benefit of the Registered Owners of the Bonds.

Appointment of Receiver. Upon the happening and continuance of any Event of Default, the Trustee, whether or not the Bonds represented by such Trustee have been declared due and payable, shall be entitled as of right to the appointment of a receiver of any part or parts of the Revenues which are pledged for the security of the Bonds of such issue and, subject to any pledge or agreement with Bondholders, shall take possession of all money and such Revenues and proceed with any construction or acquisition of any property, real or personal, in connection therewith which the Authority is under obligation to do, and to operate, maintain and reconstruct such part or parts of the properties and collect and receive all Revenues thereafter arising therefrom subject to any pledge thereof or agreement with Bondholders relating thereto and perform the public duties and carry out the agreements and obligations of the Authority under the direction of the court. In any suit, action or proceeding by the Trustee the fees, counsel fees and expenses of the Trustee and of the receiver, if any, shall constitute disbursements and all costs and disbursements allowed by the court shall be a first charge on any Revenues from the properties.

Modifications With Respect to Credit Facilities Pursuant to Supplemental Indentures. If so specified in the Supplemental Indenture relating to Bonds, any action that may be taken by and any consent that must be received from the Registered Owners of all or some lesser percentage of the Bonds Outstanding of such Bonds under the Indenture shall instead and in lieu thereof be taken by or received from the Credit Facility Provider of a Credit Facility under which Debt Service Requirements for Bonds are payable if and when there does not exist a Credit Facility Default with respect to such Credit Facility.

If any such action or consent requires a vote by the Registered Owners of the Bonds, the Supplemental Indenture may also specify that the Credit Facility Provider shall have the right to vote pursuant to the Indenture in lieu of the Registered Owner of all of the Bonds unless there shall then exist a Credit Facility Default with respect to the Credit Facility; provided, however, that nothing contained herein shall permit or be construed as permitting (i) (a) a reduction in the rate, or extension of the time

of payment of interest on any Bonds, (b) a reduction of the premium payable on the redemption of any Bonds, or an extension of time for such payment, or (c) a reduction in the principal amount payable on any Bonds or an extension of time in which the principal amount of any Bonds is payable whether at the stated or declared maturity or redemption thereof, (ii) the creation of any Lien prior to or on a parity with the Lien of the Indenture, (iii) a reduction in the aforesaid aggregate principal amount of the Bonds, the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all the Bonds at the time Outstanding which would be affected by the action to be taken, (iv) the modification of the rights, duties or immunities of the Trustee, without the prior written consent of the Trustee, or (v) a privilege or priority of any Bond or Bonds over any other Bond or Bonds.

Termination of Proceedings. In case the Trustee shall have undertaken any proceedings to enforce any right under the Indenture or any other Financing Document and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then, and in every such case, the Authority and the Trustee shall be restored to their former positions and rights under the Indenture with respect to the Trust Revenues, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Amendments of Indenture

Limitation on Modifications. The Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of the Indenture.

Amendments to the Indenture Without Bondholders' Consent. The Authority and the Trustee may, from time to time and at any time, execute and deliver Supplemental Indentures with the Trustee without the consent of or notice to the Registered Owners of the Bonds as follows:

- (i) To add to the covenants and agreements of the Authority under the Indenture or to surrender any right or power therein reserved or conferred upon the Authority which shall not adversely affect the interests of the Owners of the Bonds;
- (ii) To cure any formal defect, omission or ambiguity in the Indenture or in any description of Property subject to the lien of the Indenture, if such action is not adverse to the interests of the Bondholders;
- (iii) To subject, describe or redescribe any property subjected or to be subjected to the lien of the Indenture;
- (iv) To provide for the issuance of Additional Indebtedness or the issuance of a Credit Facility;
- (v) To modify, amend or supplement the Indenture in such manner as to permit the qualification or the addition thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect; provided, however, that no such modification shall adversely affect or impair the rights of the Bondholders or permit the creation of any lien prior to or on a parity with the lien of the Indenture (except as therein expressly permitted) or deprive the Bondholders of the lien created by the Indenture;
- (vi) To modify, amend or supplement the Indenture in such manner as may be necessary to obtain or maintain from the Rating Agencies a securities rating on the Bonds provided that a confirmation of the rating on the other Outstanding Bonds is obtained from the Rating Agencies;
- (vii) To modify any of the provisions of the Indenture in any respect whatsoever, provided that (1) such modification shall be, and be expressed to be, effective only after all Bonds Outstanding at the date of the adoption of such Indenture shall cease to be Outstanding and (2) such Indenture shall be specifically referred to in the text of all Bonds authenticated and delivered after the date of the adoption of such Indenture and of Bonds issued in exchange therefor or in place thereof; or
- (viii) To make any change to the provisions of the Indenture or a previously adopted Supplemental Indenture which in the judgment of the Trustee will not adversely affect the interests of the Bondholders.

The Trustee may rely upon an opinion of Independent Counsel as conclusive evidence that the execution and delivery of any amendment to the Indenture has been effected in compliance with the provisions of the Indenture. The Trustee may, but shall not be obligated to, enter into any amendment to the Indenture which affects the Trustee's own rights, duties or immunities under the Indenture or otherwise.

Amendments to Indenture Requiring Consent of Bondholders. The holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding of all Series to be affected by an amendment to the Indenture shall have the right, from time to time, to consent to and approve the execution by the Authority and the Trustee of any amendment to the Indenture as shall be deemed necessary and desirable by the Authority or the Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture; provided, however, that nothing contained herein shall permit or be construed as permitting (1) (a) a reduction in the rate, or extension of the time of payment, of interest on any Bonds, (b) a reduction of any premium payable on the redemption of any Bonds, or an extension of time for such payment, or (c) a reduction in the principal amount payable on any Bonds or an extension of time in which the principal amount of any Bonds is payable whether at the stated or declared maturity or redemption thereof, (2) the creation of any Lien prior to or on a parity with the Lien of the Indenture, (3) a reduction in the aforesaid aggregate principal amount of Bonds the holders of which are required to consent to any such supplemental indenture, without the consent of the holders of all the Bonds at the time Outstanding which would be affected by the action to be taken, (4) the modification of the rights, duties or immunities of the Trustee, without the written consent of the Trustee, or (5) a privilege or priority of any Bond or Bonds over any other Bond or Bonds.

If at any time the Authority and the Trustee propose to enter into any such amendment or supplemental indenture for any of the purposes specified herein, the Trustee shall, upon being satisfactorily indemnified with respect to ordinary and extraordinary fees, costs and expenses, including, but not limited to, reasonable attorneys' fees, cause notice of the proposed execution of such amendment or supplemental indenture to be mailed to each affected Bondholder. Such notice shall briefly set forth the nature of the proposed amendment or supplemental indenture and shall state that copies thereof are on file at the principal office of the Trustee for inspection by all affected Bondholders. If, within sixty (60) days or such longer period as shall be prescribed by the Trustee following the mailing of such notice, the holders of not less than a majority in aggregate principal amount of the affected Bonds Outstanding at the time of the execution of any such amendment or supplemental indenture shall have consented to and approved the execution thereof as herein provided, and such amendment or supplemental indenture shall be in compliance with the foregoing paragraph, no holder of any affected Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Authority from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such amendment or supplemental indenture permitted and provided herein, the Indenture shall be and be deemed to be modified and amended in accordance therewith. The Trustee may rely upon an opinion of Independent Counsel as conclusive evidence that the execution and delivery of an amendment or supplemental indenture has been effected in compliance with the provisions of the Indenture and an opinion of Bond Counsel that the exclusion of the interest on the Bonds from gross income for federal income tax purposes has not been adversely affected.

Amendments to the Solid Waste Management Agreement

Amendments to the Solid Waste Management Agreement Not Requiring Consent. In general, the Authority and the Trustee may, without the consent of or notice to the Registered Owners of the Bonds, consent to any amendment, change or modification to the Solid Waste Management Agreement as may be required (i) by the provisions of the Solid Waste Management Agreement or the Indenture, (ii) for the purpose of curing any formal defect, omission or ambiguity therein, (iii) so as to identify more precisely the System described in the Indenture, (iv) in connection with any amendment to the Indenture entered into pursuant thereto, or (v) which in the judgment of the Trustee does not prejudice the Trustee or the Registered Owners of the Bonds.

Amendments of the Solid Waste Management Agreement Requiring Consent of the Registered Owners of the Bonds. In general, except as provided in the preceding paragraph, the Authority and the Trustee shall not consent to any amendment, change or modification of the Solid Waste Management Agreement without mailing of notice and obtaining the written approval or consent of the Registered Owners of not less than the majority in aggregate principal amount of the Bonds at the time Outstanding given and procured as provided in the Indenture.

In connection with any proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change or modification to be published or mailed to the Registered Owners of the Bonds in the same manner as provided in the Indenture with respect to amendments to the Indenture. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Office of the Trustee for inspection by all Registered Owners of the Bonds.

Reliance on Opinions. The Trustee may rely upon an opinion of Independent Counsel as conclusive evidence that the execution and delivery of any amendment or supplement to the Solid Waste Management Agreement has been effected in compliance with the Indenture.

Defeasance; Discharge of Lien

If the Authority shall pay or cause to be paid to the Registered Owners of any Bonds or of all Outstanding Bonds the principal, redemption premium, if any, and interest thereon, at the times and in the manner stipulated therein and in the Indenture, then the Lien of the Indenture for the benefit of the Registered Owners shall be discharged and satisfied with respect to such Bond. In such event, except as otherwise specifically provided in the Indenture, the Trustee shall pay or deliver first to each Credit Facility Provider to the extent of any unreimbursed Payment Obligations, and then to the Authority, all moneys or securities held by it pursuant to the Indenture which are not required for the payment of such Bonds.

Notwithstanding the release and discharge of the Lien of the Indenture as provided in the preceding paragraph, those provisions of the Indenture and any applicable Supplemental Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, the holding of moneys in trust, and the duties of the Trustee in connection with all of the foregoing, remain in effect and shall be binding upon the Trustee, the Authority and the Registered Owners of the Bonds.

Any Bond for the payment or redemption of which funds shall have been set aside and shall be held in trust by the Trustee (through deposit of funds for such payment or redemption or otherwise) whether at or prior to the maturity or redemption date thereof shall be deemed to have been paid within the meaning and with the effect expressed in the first sentence of this provision regarding defeasance. Subject to the provisions of a Supplemental Indenture that may modify this provision regarding defeasance, any Outstanding Bond 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 first sentence of this section if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Authority shall have given to the Trustee in form satisfactory to it irrevocable instructions to give notice of redemption of such Bonds on said date as provided herein, (ii) there shall have been deposited with the Trustee either money in an amount which shall be sufficient, or noncallable securities of the type listed in subparagraph (iii) of the definition of Authorized Investments, the principal of and the interest on which when due will provide money which, together with the money, if any, deposited with the Trustee at the same time, shall be sufficient to pay when due the principal, premium, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be, and (iii) if said Bonds are not by their terms subject to redemption within the next succeeding sixty (60) days and such Bonds are to be redeemed the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to give notice to the Owners of such Bonds that the deposit required by (ii) above has been made in accordance with this provision and stating such maturity or redemption date upon which money is to be available for the payment of the principal and premium, if applicable, on said Bonds. Neither Authorized Investments or money deposited with the Trustee pursuant to this paragraph, nor principal or interest payable on any such Authorized Investments, shall be withdrawn or used for any purpose other than, and shall be held in trust for the payment of, the principal or premium, if applicable, and interest on said Bonds; provided that any cash received from such principal or interest payments on such Authorized Investments deposited with the Trustee, if not then needed for such purpose, shall, at the written direction of the Authority and to the extent practicable, be reinvested in Authorized Investments of the type hereinbefore described in this paragraph maturing at times and in amounts sufficient, together with other money available for the purpose, to pay when due the principal, premium, if applicable, and interest to become due on said Bonds on and prior to the 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, provided, further, that any Investment Securities may be sold, transferred, redeemed or otherwise disposed of, and the proceeds thereof applied to the purchase of other Authorized Investments of the type permitted for this purpose, the principal of and interest on which, when due, together with money and other Authorized Investments then held by the Trustee for such purpose shall be sufficient to pay when due the principal, premium, if applicable, and interest due and to become due on said Bonds on or prior to the redemption date or maturity date thereof, as the case may be.

Anything in the Indenture to the contrary notwithstanding and except as the escheat laws of the State may otherwise provide, any money held by the Trustee in trust for the payment and discharge of any of the Bonds which remains unclaimed for four years after the date when all of the Bonds have become due and payable, either at their Stated Maturity dates or by call for earlier redemption, if such money were held by the Trustee at such date, or for four years after the date of deposit of such money if deposited with the Trustee after the said date when all of the Bonds become due and payable, shall, at the written request of the Authority, be repaid by the Trustee to the Authority, as its or their absolute property and free from trust, and the Trustee shall thereupon be released and discharged; provided, however, that before being required to make any such payment, the Trustee shall, at the expense of the Authority, cause to be published once in an Authorized Newspaper, notice that said money remains unclaimed and that, after a date named in said notice, which date shall be not less than ten (10) nor more than twenty (20) days after the date of first publication of such notice, the balance of such money then unclaimed will be returned to the Authority as provided above.

Concerning the Trustee

The Bank of New York Mellon, as successor trustee to Key Trust Company, is appointed Trustee under the Indenture. The Trustee, prior to the occurrence of an Event of Default under the Indenture, is obligated only to perform such duties and only such duties as are specifically set forth in the Indenture. After the occurrence of an Event of Default, the Trustee is obligated to exercise such rights and powers vested in it under the Indenture and use the same degree of care and skill in their exercise as a prudent man would exercise under the circumstances in the conduct of his own affairs.

In any judicial proceeding to which the Authority is a party and which in the opinion of the Trustee has a substantial bearing on the interest of the Beneficial Owners of the Bonds, the Trustee shall intervene on behalf of the Beneficial Owners of the Bonds or take any steps in the enforcement as set forth in the Indenture of any rights and powers under the Indenture, provided security and indemnity reasonably satisfactory to it has been deposited with the Trustee.

Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, merger, consolidation, sale or transfer to which it is a party, shall be and become successor Trustee under the Indenture and vested with all of the title to the Trust Estates and all of the trusts, powers, directions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of any of the parties to the Indenture, anything in the Indenture to the contrary notwithstanding.

The Trustee may be removed at any time without cause by delivery of instruments by the Authority or the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding as set forth in the Indenture. In the event the Trustee is removed at the direction of the Authority, the Authority shall appoint a successor Trustee. No removal of the Trustee will be effective until a successor Trustee has been appointed and has accepted the terms and conditions imposed by the Indenture.

The Series Indenture

In addition to certain information contained under the captions “DESCRIPTION OF THE 2019 BONDS” and “SECURITY AND SOURCES OF PAYMENT FOR THE 2019 BONDS” in the forepart of this Official Statement the following is a summary of certain provisions of the Series Indenture. Such summary is only a brief description of limited provisions of such document and is qualified in its entirety by reference to the full text of the Series Indenture.

The Series Indenture sets forth the terms of the 2019 Bonds, most of which terms are described in the forepart of this Official Statement under “DESCRIPTION OF THE 2019 BONDS”

The Series 2019 Bonds are being issued for the sole purpose of providing funds for (1) making certain improvements to the Authority’s Landfill located in the Town of Rodman, New York, including the expansion to its landfill consisting of the construction of an additional 76 acre sanitary landfill on the Land including: (A) the expanded landfill’s design, (B) necessary earthwork (i.e. clearing acreage, and building roads and stormwater ponds), (C) construction of the landfill, the leachate pump station, a side riser building, and the initial liner system within the Authority’s facilities (including its system commissioning and certification) and (D) the creation of wetlands outside the Authority’s facilities, and (2) paying costs incidental to the

financing of the foregoing, (3) paying capitalized interest on the 2019 Bond, and (4) funding necessary debt service and other repair and operating reserves.

The Series 2019 Bonds are not general obligations of the Authority and do not constitute an indebtedness of or a charge against the general credit of the Authority. The liability of the Authority under the 2019 Bonds is enforceable only to the extent provided in the Indenture, and are payable solely from and secured by the revenues and other securities pledged therefor under the Indenture, including gross Revenues to be derived by the Authority from operation of the Landfill. Such Revenues will consist primarily of tipping fees to be charged by the Authority for disposal of waste at the Landfill, and, if necessary, payments to be made by the Municipalities pursuant to the Solid Waste Management Agreement among the Municipalities and the Authority.

Pursuant to the Series Indenture, the Trustee will establish within the Project Account and Capitalized Interest Account of the Project Fund, the Debt Service Reserve Fund and the Debt Service and Sinking Fund, created by the Indenture the following sub-accounts: (i) the Series 2019 Project Account and the Series 2019 Capitalized Interest Account, (ii) the Series 2019 Debt Service Reserve Account, and (iii) the Series 2019 Debt Service and Sinking Account.

TAX MATTERS

In the opinion of Mackenzie Hughes LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2019 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the the 2019 Bonds is not a specific preference item for purposes of the individual alternative minimum tax. Bond Counsel is also of the opinion that interest on the 2019 Bonds is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). The 2019 Bonds will NOT be designated as “qualified tax exempt obligations” for purposes of 265 (b)(3) of the Code. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix E hereto.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (“Premium Securities”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of Premium Securities, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Security, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. A Beneficial Owner in certain circumstances may realize a taxable gain upon a Premium Security even though the Premium Security is sold for an amount less than or equal to the Beneficial Owner’s original cost. Beneficial Owners of Premium Securities should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2019 Bonds. The Authority has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2019 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2019 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2019 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the 2019 Bonds may adversely affect the value of, or the tax status of interest on, the 2019 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2019 Bonds is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York), the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2019 Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the 2019 Bonds. Prospective purchasers of the 2019 Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2019 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The Authority has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2019 Bonds ends with the issuance of these, and, unless separately engaged, Bond Counsel is not obligated to defend the Authority or the Beneficial Owners regarding the tax-exempt status of the 2019 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the Authority and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the Authority legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 2019 Bonds for audit, or the course or result of such audit, or an audit of 2019 Bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2019 Bonds, and may cause the Authority or the Beneficial Owners to incur significant expense.

UNDERWRITING

The Underwriter, Roosevelt & Cross Incorporated, has agreed to purchase the 2019 Bonds subject to certain conditions, and to pay therefor a price of \$12,137,083.65 (representing the principal amount of the 2019 Bonds, plus a net original issue premium of \$1,459,427.65, less an underwriting discount of \$42,344.00). The Underwriter will be obligated to purchase all the 2019 Bonds, if any 2019 Bonds are purchased.

The prices and other terms respecting the offering and sale of the 2019 Bonds may be changed from time to time by the Underwriter after the 2019 Bonds are released for sale, and the 2019 Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the 2019 Bonds into investment accounts. In connection with the offering of the 2019 Bonds, the Underwriter may over-allot or effect transactions which stabilize or maintain the market price of the 2019 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

ABSENCE OF BOND LITIGATION

There is not now pending any litigation restraining or enjoining the issuance or delivery of the 2019 Bonds or questioning or affecting the validity of the 2019 Bonds or the proceedings and authority under which such 2019 Bonds are to be issued, or the pledge or application of any moneys or the security provided for the payment of the 2019 Bonds. Neither the creation, organization or existence of the Authority, nor the title of the present directors or other officials of the Authority to their respective offices, is being contested, nor is the Authority currently involved in any pending litigation.

LEGAL INVESTMENTS

Under the Act, the 2019 Bonds are securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations, and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons whatsoever who are now or who may hereafter be authorized to invest in bonds or other obligations of the State, may properly and legally invest funds, including capital in their control or belonging to them. The 2019 Bonds are also, under the Act, securities which may be deposited with and may be received by all public officers and bodies of the State and all municipalities and municipal subdivisions for any purpose for which the deposit of bonds of the State is now or may hereafter be authorized.

CONTINUING DISCLOSURE

Continuing Disclosure Obligations with Respect to the 2019 Bonds

In order to assist the Underwriters in compliance with Rule 15(c)2-12 (the “Rule”), promulgated by the Securities and Exchange Commission, under the Securities Exchange Act of 1934, as amended, the Authority and each obligated person with respect to the 2019 Bonds issued pursuant to the Indenture shall enter into a Continuing Disclosure Certificate with respect to the 2019 Bonds, for the benefit of the Beneficial Owners of the 2019 Bonds, substantially in the forms included in Appendices F-1 and F-2 to this Official Statement. Pursuant to the Continuing Disclosure Certificate to be executed by the Authority (the “Authority Continuing Disclosure Certificate”), the Authority shall agree to provide or cause to be provided, in accordance with the requirements of the Rule (i) certain annual financial information and operating data, (ii) timely notice not in excess of ten (10) Business Days after the occurrence thereof of certain events with respect to the 2019 Bonds, and (iii) timely notice of the failure by the Authority or any obligated person with respect to the 2019 Bonds to provide as required, annual financial information, operating data and certain other events required by the Rule on or before the date specified in the Authority Continuing Disclosure Certificate.

For purposes of the Authority’s undertaking, an obligated person is any entity who is obligated by contract or otherwise to pay all or part of the outstanding debt service on Outstanding Bonds of the Authority issued under the Indenture, including the Municipalities.

Each obligated person shall enter into a separate Continuing Disclosure Certificate with respect to the 2019 Bonds issued pursuant to the Indenture, for the benefit of the Beneficial Owners of the 2019 Bonds (a “Municipality Continuing Disclosure Certificate”), pursuant to which each of the obligated person will agree to provide or cause to provide, directly or through the Authority, in accordance with the requirements of the Rule and the provisions of the Municipality Continuing Disclosure Certificate (i) audited financial statements, and (ii) timely notice in accordance with the Rule of the failure by such obligated person to provide the required audited financial statements on or before the date specified in the Municipality Continuing Disclosure Certificate for such obligated person. As of the date of issuance of the 2019 Bonds, there will be no entity obligated by contract or otherwise to pay all or part of the outstanding debt service on Outstanding Bonds of the Authority issued under the Indenture other than the Municipalities.

Historical Continuing Disclosure Compliance

Pursuant to the Rule, the Authority entered into a continuing disclosure agreement in connection with its \$11,125,000 Solid Waste Management System Revenue Refunding Bonds, Series 1997 and \$8,520,000 Solid Waste Management System Revenue Refunding Bonds, Series 2015 (the “Prior Continuing Disclosure Agreements”). Under the Prior Continuing Disclosure Agreements, the Authority undertook to provide to certain information repositories on an annual basis on or before 180 days after the end of the Authority’s and the Municipalities’ respective fiscal years, certain information, including (i) updates of the financial and operating data of the Authority and the Municipalities (“Annual Information”) and (ii) annual financial statements of the Authority and Municipalities (“Financial Statements”) including audited Financial Statements, if then available; unless such annual audited Financial Statements were not then available, in which case unaudited annual Financial Statements were required to be provided, with audited Financial Statements required to be so delivered when available. The Prior Continuing Disclosure Agreements also required the Authority to file notice upon the occurrence of certain events in a timely manner, and also within ten (10 business days for events occurring on or after October 22, 2015).

The Authority has complied with Prior Continuing Disclosure Agreements in all material respects pursuant to the Rule within the past five years.

Under the Prior Continuing Disclosure Agreements, the Municipalities were required to provide audited Financial Statements, if not provided as part of the Annual Information, when and if they became available. The table below sets forth the dates when audited Financial Statements were signed by the auditor and then filed with the Municipal Securities Rulemaking Board through the EMMA. A summary of the filing dates of the Municipalities is outlined below:

Issuer	FYE	Signed	Filed
Jefferson County	12/31/2014	6/25/15	7/30/15
	12/31/2015	7/11/16	8/5/16
	12/31/2016	7/24/17	8/30/17
	12/31/2017	7/23/18	9/14/18
	12/31/2018	Not complete ⁽¹⁾	
Lewis County	12/31/2014	7/13/15	7/27/15
	12/31/2015	9/6/16	9/20/16
	12/31/2016	7/25/17	11/6/17
	12/31/2017	6/11/18	8/28/18
	12/31/2018	Not complete ⁽¹⁾	
St. Lawrence County	12/31/2014	10/1/15	10/22/15
	12/31/2015	1/25/17	2/21/17
	12/31/2016	9/25/17	9/26/17
	12/31/2017	8/27/18	10/2/18
	12/31/2018	Not complete ⁽¹⁾	
City of Watertown	6/30/15	12/21/15	1/25/16
	6/30/16	1/5/17	1/13/17
	6/30/17	1/4/18	1/18/18
	6/30/18	1/10/19	1/31/19
	6/30/19	Not complete	

⁽¹⁾ Unaudited annual financial statements for the respective fiscal year of the municipality are available as of the date of this Official Statement and have been filed to EMMA.

The Municipalities’ record of performance under the Prior Continuing Disclosure Agreements in the previous five years reveals the following deficiencies:

- St. Lawrence County’s 2015 audited financial statement was not completed by December 31, 2016. The County’s 2015 audit was not completed until January 25, 2017 and was filed to EMMA on February 21, 2017 (25 days late). A notice of the County’s failure to file its 2015 audited in a timely manner was posted to EMMA on January 10, 2017.

BOND RATING

The Uninsured Bonds are rated “AA-/Stable” by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). The Insured Bonds are expected to be rated “AA/Stable” by S&P, and “AA+/Stable” by Kroll Bond Ratings, Inc. ("KBRA") with the understanding that, upon delivery of the 2019 Bonds, the Policy covering the Insured Bonds will be issued by the Insurer. In addition, S&P has assigned the 2019 Bonds an underlying rating of “AA-/Stable”.

No representation is made as to the appropriateness of any such rating. The rating reflects only the view of S&P at the time such rating is issued and an explanation of the significance of such rating may be obtained from Standard & Poor's Credit Market Services, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (877) 772-5436. There is no assurance that any such rating will continue for any given period of time or will not be revised downward or withdrawn entirely by such rating agency, if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal may have an adverse effect on the market price of the 2019 Bonds. Neither the Authority nor the Underwriter has undertaken or will undertake any responsibility to bring to the attention of the Registered Owners of the 2019 Bonds any proposed change or withdrawal of any such rating or to oppose any such proposed revision.

CERTAIN LEGAL MATTERS

Legal matters in connection with the authorization, issuance and sale of the 2019 Bonds are subject to the approving legal opinion of Mackenzie Hughes LLP, Syracuse, New York, Bond Counsel to the Authority. Copies of the approving legal opinion of Bond Counsel in substantially the form included herein as Appendix E will be available at the time of delivery of the 2019 Bonds. In addition, Bond Counsel will opine as to the authorization and validity of the Solid Waste Management Agreement. Certain legal matters will be passed on for the Authority by The Waladis Law Firm, PC, East Syracuse, New York, General Counsel to the Authority. Certain legal matters will be passed upon for the Underwriter by its counsel, Roemer Wallens Gold & Mineaux LLP, Albany, New York.

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the “Municipal Advisor”) is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the Authority on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the 2019 Bonds. The advice on the plan of financing and the structuring of the 2019 Bonds was based on materials provided by the Authority and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the Authority or the information set forth in this Official Statement or any other information available to the Authority warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the Authority to Fiscal Advisors are partially contingent on the successful closing of the 2019 Bonds.

ADDITIONAL INFORMATION

Information concerning the Authority has been furnished by the Authority. Information concerning the Municipalities has been furnished by the Municipalities. Neither the Authority nor the Underwriter makes any representation as to the accuracy or completeness of such information.

The summaries or descriptions of provisions in the Indenture, the Solid Waste Management Agreement, and other agreements and documents described herein are only brief outlines of certain provisions thereof and do not constitute complete statements of such provisions and do not summarize all pertinent provisions of such agreements and documents. All references herein to the Indenture, the Solid Waste Management Agreement and other agreements and documents referenced to in this Official Statement are qualified in their entirety by reference to such agreements and documents, and references herein to the 2019 Bonds are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto included in the aforesaid documents. For further information, reference should be made to the complete documents, copies of which will be on file at the corporate trust office of the Trustee in Pittsburgh, Pennsylvania. All agreements and documents are further qualified in their entirety by reference to bankruptcy laws and laws relating to or affecting generally the enforceability of creditors' rights.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly stated, are set forth as such, and not as representations of facts. No representation is made that any of the opinions or estimates will be realized. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the 2019 Bonds.

DEVELOPMENT AUTHORITY OF THE
NORTH COUNTRY

By: _____
Executive Director

Dated: August 15, 2019

APPENDIX A

LETTER OF CONSULTING ENGINEER BARTON & LOGUIDICE D.P.C.

August 7, 2019

James W. Wright
Executive Director
Development Authority of the North Country
Materials Management Facility
23400 NYS Route 177
Rodman, New York 13682

Re: Review of the Authority's Solid Waste Management Facilities and System Operations
File: 394.107.001

Dear Mr. Wright:

We have prepared this letter at the request of the Development Authority of the North Country (the "Authority") in connection with the issuance of its 2019 Bonds.

Project Summary

Proceeds of the 2019 Bonds will be applied to make certain improvements to the Authority's facilities located in the Town of Rodman, New York, including construction of the initial two cells of the Southern Landfill Expansion. The improvements will include the initial earthwork, the liner system construction of Cells 12 and 13 and leachate collection transfer and storage improvements. The following sets forth the estimated uses of funds in connection with the project:

Proceeds of the Bonds	\$12,000,000
Authority Cash	<u>\$12,000,000</u>
Total Project Construction Cost	\$24,000,000

Project Review

In order to develop information required for this letter, we have:

- (a) interviewed employees of the Authority;
- (b) reviewed the plans (to the extent currently available) for the construction of the improvements to be financed with the proceeds of the Bonds;
- (c) reviewed the Service Agreement between the Authority and the Counties of Jefferson, Lewis, and St. Lawrence and the City of Watertown (the "Service Agreements"); and
- (d) reviewed such other facilities, documents, permits, reports and materials, as we deemed necessary, including, without limitation, the following:



- (1) the physical condition of, the remaining capacity of, the environmental compliance monitoring reports with respect to, and the New York State Department of Environmental Conservation (“NYSDEC”) and other governmental permits and authorizations relating to the Authority’s existing eleven-cell landfill facility located on Authority property in the Town of Rodman, in Jefferson County (the “Site”);
- (2) the physical condition of all support and ancillary facilities at the Authority’s landfill, such as the maintenance shop, offices, truck scale, pump stations, leachate piping and tanks, landfill gas collection and control system, litter control fence, and on-site access roads;
- (3) the capabilities and capacities of the Authority's equipment and staff as related to the Services Agreement;
- (4) the overall organization, purpose and management of the Authority's reserve accounts for closure, post closure, future capital construction, debt repayment, and equipment reserves;
- (5) the Authority’s compliance status with regard to all operating permits and authorizations currently in effect for the landfill and related and ancillary facilities;
- (6) the construction documents for Initial Earthwork and Cells 12 and 13 Liner System;
- (7) the Draft and Final Environmental Impact Statements for the Development Authority of the North Country’s Proposed Southern Expansion, which provide a detailed description and environmental analysis of the proposed landfill expansion project;
- (8) the 6 NYCRR Part 360 and Title V Air Permit Application Documents for the Proposed Southern Expansion, which consist of multiple engineering reports and drawings, all of which were submitted for NYSDEC review as part of the above referenced Draft and Final Environmental Impact Statements and approved on January 26, 2018;

Need for Project

The existing landfill facility became operational in 1992. Since the start of operations additional cells have been constructed in a phased manner and currently 11 cells have been constructed. To continue operation additional disposal cells are required.

Continued Operation of Landfill

As of January 1, 2019, the remaining operational site life available at the MMF was estimated at approximately 2 years at the current waste and elevation projections. The Proposed Southern Expansion, involving the sequential construction of Cells 12 through 20, will create a total additional lined area of approximately 76 acres that will provide future solid waste disposal capacity for approximately 45 years based on an estimated annual usage rate of approximately 250,000 tons per year of solid waste landfilled at an in-place waste density of 1,781 pounds per cubic yard, which is consistent with the Authority’s recent operating experience.

The Authority obtained the appropriate permits and approvals for construction and operation of the Proposed Southern Expansion on January 26, 2018. The environmental review of the Proposed Southern Expansion included the completion of a Final EIS, in accordance with the requirements of the New York



State Environmental Quality Review Act (SEQRA), that examined potential environmental impacts associated with the maximum proposed buildout of an expanded multi-cell lined landfill adjoining the Authority's existing eleven-cell landfill. The maximum proposed lined landfill footprint of the Proposed Southern Expansion is anticipated to be 76 acres. The Authority's SEQRA environmental review process was completed on August 27, 2015 upon final acceptance of the SEQRA Findings Statement. Draft versions of the 6 NYCRR Part 360 and Title V Permit Application Packages were prepared in support of the SEQRA review and finalized packages will be submitted for review by the NYSDEC in the near future. Due to its overall size, the landfill expansion will be constructed in phases. Once construction of the Cells 12 and 13 liner system is certified as complete to NYSDEC by the Authority's Engineer of Record, in accordance with 6 NYCRR Part 360 regulations, NYSDEC will review the construction certification report and, if it is accepted by NYSDEC, NYSDEC will give the Authority permission to commence disposing of solid waste in Cell 12. Solid waste disposal operations in Cell 12 are expected to commence during 2020.

Project Approvals

All construction documents related to the infrastructure relocation projects require approval from the NYSDEC prior to construction. Approval of the initial earthwork construction documents was received on August 20, 2018. Construction documents for the Cells 12 and 13 Liner System were submitted to the NYSDEC on July 8, 2019.

Compliance and Environmental Monitoring

The existing landfill facility operates in compliance with their 6 NYCRR Part 360 landfill operating permit and their NYSDEC approved Operations and Maintenance Manual and Contingency Plan. These plans include a number of monitoring procedures including waste screening, liner system performance, and leachate generation rates. In addition, the facility contains an extensive network of groundwater and surface water monitoring locations in accordance with the landfill regulations. The results of these monitoring efforts are submitted to the NYSDEC for review on a quarterly basis. As of this time, the existing facility is fully compliant with 6 NYCRR Part 360 regulations. The facility has over 25 years of compliant groundwater and surface water monitoring records.

Closure and Post Closure Planning

The Authority is required, per their operating permit, to provide financial assurance documentation to the NYSDEC on an annual basis. This includes estimates of all closure and post closure care costs for the landfill facility. Adequate closure and post closure funds are maintained by the Authority for all constructed landfill facilities. These are updated annually as necessary based on the financial assurance cost estimates. Once complete, the costs of closure and post closure care associated with the proposed support facilities will be included in these estimates. This is also true of all future expansion of the landfill disposal area associated with the Proposed Southern Expansion.



Project Costs

We have estimated the cost of construction of the infrastructure required for the operation of Cells 12 and 13, including the permitting, final engineering design, public bidding and construction observation, at approximately \$24,000,000.

Opinions

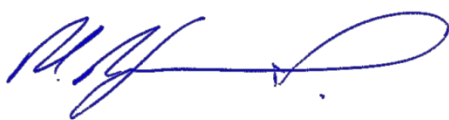
Based on (a) our experience with the operations of the Authority and familiarity with its facilities and properties, including the Site, as a result of being the Authority's landfill engineering services firm for over 25 years, (b) our familiarity with and observations of the performance of the Authority's staff, (c) our interviews with Authority staff and our reviews of facilities, documents, permits, reports and materials referred to above, (d) our familiarity with the plans for the construction and operation of the proposed landfill expansion and costs associated therewith, and (e) our familiarity with the operations and associated costs of solid waste management facilities in Upstate New York, we offer the opinions listed below.

- A. The Authority's existing landfill (i) is in substantial compliance with applicable provisions of 6 NYCRR Part 360 and applicable NYSDEC permit provisions, and (ii) has been subjected to periodic groundwater monitoring in substantial compliance with applicable provisions of 6 NYCRR Part 360 and applicable permits issued by the NYSDEC, and such groundwater monitoring to date has not indicated a need for future landfill repair, reconstruction, mitigation or remediation measures beyond ordinary landfill maintenance activities.
- B. The Authority has in place a maintenance and component replacement program which, if funded at levels contemplated by the projected cash flows, is adequate to provide for the continued operation of the system at current levels through the term of the Authority Bonds.
- C. The assumptions provided as part of and used in the preparation of the projected cash flows are reasonable, and projected cash flows appear to incorporate such assumptions into the underlying calculations. The estimate of Operating Expenses, as shown in the projected cash flows, is reasonable.
- D. The proceeds of the Authority Bonds, after payment of issuance expenses as shown in the Official Statement under "ESTIMATED SOURCES AND USES OF FUNDS", will provide sufficient funding to construct the proposed support facility improvements.
- E. The Authority's projected funding for closure and post closure costs relating to cells 1-20, if funded at levels contemplated by the projected cash flows, will provide sufficient funds for closure and post closure for cells 1-20 as required by current New York State environmental regulations;
- F. The Authority's MMF is currently being operated in substantial compliance with NYSDEC requirements currently in effect;
- G. The Authority has a facility, personnel and procedures which make it capable of providing continued solid waste disposal services in satisfaction of its obligation thereunder to provide such services to Jefferson, Lewis, and St. Lawrence Counties and the City of Watertown, and we foresee no service failure by the Authority;

- H. Assuming continued operation of the existing system by the Authority as in the recent past, we are not aware of reasons why the Authority's future operating permits and operating authorizations will not be granted and renewed in accordance with NYSDEC's current permitting practices for a term or cumulative terms of at least the proposed term of the Authority Bonds.
- I. The Proposed Southern Expansion, comprised of Cells 12-20, will provide future solid waste disposal capacity for approximately a 45-year period, estimating an annual usage rate of 250,000 tons of solid waste per year.

Respectfully submitted,

BARTON & LOGUIDICE, D.P.C.

A handwritten signature in blue ink, appearing to read 'P. Czerwinski', with a large, stylized flourish at the end.

Paul R. Czerwinski, P.E.
Principal

A handwritten signature in blue ink, appearing to read 'Chad W. Hutton', with a large, stylized flourish at the end.

Chad W. Hutton, P.E.
Associate

CWH/jms

APPENDIX B

DEFINITIONS OF CERTAIN TERMS USED IN THIS OFFICIAL STATEMENT

Summarized below are definitions of certain words and terms appearing in this Official Statement. Any documents referred to in the following definitions include any modifications, amendments or supplements thereto from time to time made in accordance with the provisions of such documents.

“2019 Bonds” shall mean all of the Authority's Solid Waste Management Systems Revenue Bonds, Series 2019 authenticated and delivered under the Indenture.

“Account” shall mean an account in a Fund which is established by the Trustee pursuant to the terms of the Indenture or any Series Indenture.

“Accreted Value” shall mean at any particular time, the value of any current interest bonds used for the purpose of determining any required principal amount for Bondholders' consents or approvals, the amount of 2019 Bonds Outstanding, the redemption price of such Indebtedness or the priority of any claim for payment of interest or principal upon the occurrence of an Event of Default, all as provided in the Supplemental Indenture authorizing issuance of any such current interest bonds.

“Accrued Debt Service” shall mean for any calendar month, the sum of Accrued Interest and Accrued Principal for that month for all Outstanding Bonds.

“Accrued Interest” shall mean for any calendar month, the interest component of Debt Service Requirements which has accrued or will accrue on any particular Series of Outstanding Bonds during that month less (i) any interest component which accrues during such period, which is to be paid from money or Authorized Investments or the earnings thereon, which money or Authorized Investments are on deposit in a separate fund or account such as a capitalized interest subaccount or otherwise segregated for such purpose, and (ii) any interest which has accrued but is not due and payable within the twelve (12) month period immediately following such accrual. For purposes of this definition, Accrued Interest shall not include any portion of the Accreted Value of current interest bonds. For purposes of this definition the interest component which has accrued but is not due and payable within the twelve (12) month period immediately following such accrual shall be included as Accrued Interest in twelve (12) equal consecutive monthly installments commencing on the twelfth month preceding the payment date. A Supplemental Indenture authorizing the issuance of Bonds with the consent of each Credit Facility Provider may modify or amend this definition of Accrued Interest for such Bonds.

“Accrued Principal” shall mean for any calendar month, the principal component of Debt Service Requirements which has “accrued” or will “accrue” on a particular Series of Outstanding Bonds during that month less any principal component which accrues during such period but is to be paid from money or Authorized Investments or the earnings thereon which money or Authorized Investments are on deposit in a separate fund or account or are otherwise segregated for such purpose. For purposes of this definition, (a) Accreted Value of current interest bonds (including the portion constituting interest) will be treated as the principal component and (b) it shall be assumed that the principal component of all Bonds accrues in twelve (12) equal monthly installments commencing on the twelfth month preceding the date on which payment is due, except that (i) with respect to the principal component of a Series of Bonds which is payable more frequently than annually, the principal component shall accrue in equal monthly installments from one payment date to the next, (ii) if the first principal payment date on a Series of Bonds is less than twelve (12) months after the issuance of such Series of Bonds, the principal component due on such first payment date shall accrue in equal monthly installments from the date of issuance to the first payment date. In all events, principal shall be determined to accrue in monthly amounts sufficient to assure the full amount due on any principal payment date and to be paid from the Debt Service and Sinking Fund will be on deposit in the Debt Service and Sinking Fund on the payment date. If an Event of Default occurs and Bonds have been declared to be due and payable as provided in the Indenture, then, in each calendar month, the entire unpaid principal of all Bonds which have been accelerated shall be deemed to have been accrued in that calendar month. A Supplemental Indenture authorizing the issuance of Additional Bonds, with the consent of each Credit Facility Provider, may modify or amend this definition of Accrued Principal with respect to such Series of Bonds.

“Act” shall mean Title 29 of Article 8 of the Public Authorities Law of the State, as amended from time to time, together with Chapter 670 of the Laws of 1985 of the State.

“Additional Bonds” shall mean any Indebtedness incurred by the Authority and issued under the Indenture subsequent to the issuance of the applicable Series of Bonds. Additional Indebtedness may constitute additional parity indebtedness, Subordinated Indebtedness or any combination thereof.

“Annual Budget” shall mean the budget of the Authority for a Fiscal Year, including estimated revenues and expenditures thereof.

“Annual Charges” shall mean the charges assessed to the Municipalities under the Solid Waste Management Agreement as further described in “THE PROJECT – Annual Charges” and “SUMMARY OF THE SOLID WASTE MANAGEMENT AGREEMENT – Annual Charges” of this Official Statement.

“Authority” shall mean (A) the Development Authority of the North Country and its successors and assigns, and (B) any public benefit corporation or political subdivision resulting from or surviving any consolidation or merger to which the Developmental Authority of the North Country or its successors or assigns may be a party.

“Authorized Investments” shall mean (i) money, (ii) any bond, debenture, note or other similar obligation of any corporation incorporated in the United States, which security is rated at least as high as the greater of (x) the then current rating on the Bonds by Moody's and by S&P and (y) “A”, (iii) direct obligations of or obligations the principal of and interest on which are guaranteed by the United States Government, or (iv) certificates of deposit issued by the Trustee or any of its affiliates or by any state or national bank which has combined capital, surplus and undivided profits of not less than \$25,000,000, or any savings and loan institution having combined capital, surplus and retained earnings of not less than \$25,000,000, which certificates of deposit are fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, or (v) short-term obligations of entities whose short-term unsecured debt obligations are assigned a rating of A-1 + by S & P and MIG-1 by Moody's, or (vi) an investment agreement (x) with an institution whose long-term debt is rated at least as high as the greater of (i) the then current rating on the Bonds by Moody's and S&P and (ii) “A”, or (y) which would not have the effect of reducing the rating on the Bonds.

“Authorized Newspaper” shall mean a newspaper selected by the Trustee printed in the English language and customarily published at least five (5) days each week and generally circulated within the Borough of Manhattan, City and State of New York, and when successive publications in an Authorized Newspaper are required, they may be made in the same or different Authorized Newspapers.

“Authorized Representative” shall mean the Person or Persons at the time designated to act in behalf of the Authority by written certificate furnished to the Trustee containing the specimen signature of each such Person and signed on behalf of the Authority by its Chairman or Vice Chairman.

“Beneficial Owner” shall mean the ownership interest of each actual purchaser of the 2019 Bonds.

“Bond Counsel” shall mean Mackenzie Hughes LLP, Syracuse, New York, or any other attorney or firm of attorneys whose experience in matters relating to the issuance of obligations by states and their political subdivisions is nationally recognized and who is acceptable to the Authority.

“Bond Payment Date” shall mean each Interest Payment Date and each date on which the principal, premium, if any, and interest shall be payable on the Bonds according to their terms, the Indenture and the applicable Series Indenture, so long as any Bonds shall be Outstanding.

“Bond Year” shall mean the one year period beginning on September 1 and ending on August 31 of the next calendar year.

“Bondholder” shall mean the registered owner of any Bond as indicated on the bond register.

“Bonds” shall mean all of the Authority's Solid Waste Management System Revenue Bonds authenticated and delivered under the Indenture and the Series Indentures, excluding Subordinated Indebtedness.

“Business Day” shall mean a day on which banks located in the city in which the office of the Trustee is located are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

“Closing Date” shall mean, with respect to any Bond, the date on which such Bond is authenticated and delivered to the purchaser thereof and payment is received therefor by the Trustee.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and the applicable regulations of the United States Treasury Department thereunder.

“Condemnation” shall mean the taking of title to, or the use of, Property under the exercise of the power of eminent domain by any Governmental Authority.

“Cost of the System” shall mean all the costs and items of expense of the System as defined in the Act.

“Costs of Issuance” shall mean any cost relating to the issuance of Bonds of any Series of Bonds including, without limitation, underwriting placement fees, expenses and discounts, attorneys' fees and expenses, printing and advertising expenses and expenses of consultants and governmental and administrative fees and expenses.

“Credit Agreement” shall mean any agreement pursuant to which a Credit Facility is issued or provided for.

“Credit Facility” or “Credit Facilities” shall mean any guaranty, letter of credit, insurance policy, surety bond, standby bond purchase agreement or other credit facility or liquidity facility, and any extension or renewal thereof which is delivered to the Trustee as security or liquidity for the payment of the principal of or interest on any series of Bonds or any portion thereof, and includes any Reserve Fund Credit Facility.

“Credit Facility Agreement” shall mean any reimbursement or letter of credit agreements or other credit facility agreements entered into in connection with the Credit Facility.

“Credit Facility Default” shall mean any default under a Credit Facility Agreement.

“Credit Facility Provider” or “Credit Facility Providers” shall mean the provider of any Credit Facility, and includes any Reserve Fund Credit Facility Provider.

“Debt Service and Sinking Fund” shall mean the fund so designated which is established pursuant to the Indenture.

“Debt Service Requirements” shall mean, with reference to a particular Series of Indebtedness for any specified period, the amounts required to be paid by the Authority to the Trustee or the holders of such Indebtedness (or any trustee or paying agent for such holders) in respect of the principal of such Indebtedness (including mandatory redemption or prepayments) and the interest thereon, provided that, for the purposes of the foregoing: (i) the amount deemed payable by the Authority in respect of interest on any Indebtedness shall not include interest funded from the proceeds thereof or, upon initial issuance, any accrued interest; and (ii) the amount deemed payable by the Authority in respect of the principal of and interest on any current interest bonds or Variable Rate Indebtedness shall be calculated and, to the extent required, recalculated as provided in the Indenture.

“Debt Service Reserve Fund” shall mean the fund so designated which is established pursuant to the Indenture.

“Debt Service Reserve Requirement” shall mean with respect to a particular Series of Bonds as of a particular date one-half of the maximum annual Debt Service Requirements with respect to the Outstanding Bonds of such Series in the then current and all future Fiscal Years (for the purposes of which calculation any Variable Rate Indebtedness shall be assumed to have the fixed interest rate which in the opinion of the Remarketing Agent therefor would be the rate of interest of such Indebtedness had it originally been issued as fixed rate debt). The Debt Service Reserve Requirement may be satisfied in whole or in part by a Reserve Fund Credit Facility. For purposes of calculating the Debt Service Reserve Requirement, the cost of any applicable Credit Facility shall be included as if it were interest on the Bond of the related Series.

“DTC” shall mean The Depository Trust Company, New York, New York.

“Engineer” shall mean such engineer or firm of engineers registered in the State as shall be at the time employed by the Authority for the purpose of performing the function and duties of an engineer under the Indenture or the Act and not

unsatisfactory to the Trustee or any Credit Facility Provider. Except as otherwise expressly provided in the Indenture, the Engineer shall be independent of the Authority.

“Event of Default” shall mean any of the events of default specified in the Indenture.

“Financing Documents” shall mean the Bonds, the Indenture, the applicable Series Indenture, the Solid Waste Management Agreement, the Leachate Treatment Agreement, the Tax Agreement and any other document now or hereafter executed by the Authority or the Trustee in favor of the holders of the 2019 Bonds which secures any sum due under the Bonds, or any other Financing Document.

“Fiscal Year” shall mean any twelve-month period adopted by the Authority as its fiscal year for accounting purposes.

“Fund” shall mean each fund created by the Trustee pursuant to the terms of the Indenture or any Series Indenture.

“GAAP” shall mean those accounting principles applicable in the preparation of financial statements of municipalities, authorities, or corporations as appropriate, as promulgated by the Financial Accounting Standards Board or such other body recognized as authoritative by the American Institute of Certified Public Accountants or any successor body.

“Governmental Authority” shall mean the United States, the State, any other state and any political subdivision thereof, and any agency, department, commission, board, bureau or instrumentality of any of them.

“Gross Proceeds” shall mean one hundred percent (100%) of the proceeds of transactions in question, including, but not limited to, the settlement of any insurance claim or condemnation award.

“Indebtedness” shall mean, as to the Authority, at a particular time, all items under the Indenture and which would, in conformity with GAAP, be classified as liabilities on a balance sheet of the Authority at such time.

“Indenture” shall mean the Trust Indenture dated as of July 1, 1992 by and between the Authority and the Trustee, as the same may be supplemented or amended from time to time.

“Independent Counsel” shall mean an individual attorney or firm of attorneys duly admitted to practice law before the highest court of any state or the District of Columbia and not a full-time employee of the Authority or the Trustee.

“Interest Payment Date” shall mean, with respect to any Bond, the day on which interest on such 2019 Bond is payable as provided in the applicable Series Indenture.

“Landfill” shall mean the Authority’s sanitary landfill located on the Landfill Site.

“Landfill Site” shall mean the 1,543 acre parcel of land in the Town of Rodman, New York on which a Landfill has been constructed.

“Leachate Treatment Agreement” shall mean the Leachate Treatment Agreement between the Authority and the City of Watertown, as the same may be supplemented or amended from time to time.

“LFGTE Facility” shall mean the Authority’s landfill gas-to-energy facility located at the Landfill Site.

“Lien” shall mean any interest in Property securing an obligation owed to a Person, whether such interest is based on the common law, statute or contract, and including but not limited to a security interest arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term “Lien” includes reservations, exceptions, encroachments, projections, easements, rights of way, covenants, conditions, restrictions, leases and other similar title exceptions and encumbrances, including but not limited to, mechanics’, materialmen’s, warehousemen’s, carriers’ Liens and other similar encumbrances, affecting real Property. For the purposes of the Indenture, a Person shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes.

“Maturity Date” shall mean, with respect to any Bond, the final Stated Maturity of the principal of such Bond.

“Moody’s” shall mean Moody’s Investors Service, Inc., its successors and assigns.

“Municipalities” shall mean collectively the County of Jefferson, the County of Lewis, the County of St. Lawrence and the City of Watertown.

“Net Operating Revenues” shall mean Operating Revenues less Operating Expenses. For purposes of this definition, Operating Expenses shall not include amounts required to be deposited in the Repair and Improvement Fund.

“Net Proceeds” shall mean so much of the Gross Proceeds, with respect to which that term is used, as remain after payment of all fees, expenses, costs and taxes (including attorneys’ fees) incurred in obtaining such Gross Proceeds.

“NYSDEC” shall mean the New York State Department of Environmental Conservation.

“Office of the Trustee” shall mean the office of the Trustee located at 525 William Penn Place, Pittsburgh, PA 15259, or such other office as may be designated by the Trustee in accordance with the Indenture.

“Operating Account” shall mean the account so designated within the Revenue Fund as described in the Indenture.

“Operating Expenses” shall mean the operating expenses reasonably incurred or to be incurred by the Authority in connection with the Processing of Solid Waste including, without limitation, all reasonable costs of operating, maintaining, insuring or repairing the System as may be necessary or proper to maintain adequate service, all fees paid by the Authority to other parties in connection with the Processing of Solid Waste, all taxes imposed upon the Authority or its assets or properties, auditing fees, legal fees, engineering fees, office expenses, general administrative and management expenses, compensation and expenses of the Trustee and any remarketing fees and expenses with respect to any Bonds; provided, however, that Operating Expenses shall not include depreciation on any properties or the System or any other non-cash charge, interest or principal on Indebtedness or Payment Obligations. Without limiting the foregoing, Operating Expenses shall also include the costs of any Credit Facility.

“Operating Fund” shall mean the fund established by the Authority so designated and held separate and apart from the other funds and accounts of the Authority. The Authority shall deposit or cause to be deposited into the Operating Fund, as soon as possible after receipt, but in no event less frequently than monthly, all of its Revenues and any payments it may receive under the Solid Waste Management Agreement. Amounts held in the Operating Fund shall be invested solely in Authorized Investments, subject to limitations imposed thereon by the Act. The money from time to time in the Operating Fund shall be applied by the Authority to pay the Operating Expenses, the Cost of Issuance, the cost of any Credit Facility and to make the deposits required to be made to certain Funds and Accounts established hereunder in accordance with Article IV of the Indenture.

“Operating Reserve Account” shall mean the account so designated within the Revenue Fund as described in the Indenture.

“Operating Revenues” shall mean for any period the Revenues of the Authority, excluding any extraordinary gain or loss resulting from the extinguishment of Indebtedness, the sale of capital assets, the proceeds of insurance claims and settlements other than those relating to business interruption insurance and of condemnation awards or payments in lieu thereof, and the proceeds of any Indebtedness, all determined in accordance with GAAP.

“Outstanding” shall mean, when used with reference to the Bonds as of any date, all Bonds which have been duly authenticated and delivered by the Trustee under the Indenture, except:

(A) Bonds theretofore cancelled or deemed cancelled by the Trustee or theretofore delivered to the Trustee for cancellation;

(B) Bonds for the payment or redemption of which moneys or obligations described in paragraph (iii) of the definition of Authorized Investments shall have been theretofore deposited with the Trustee (whether upon or prior to the maturity or redemption date of any such Bonds); provided that if such Bonds are to be redeemed prior to the maturity

thereof, notice of such redemption shall have been given or arrangements satisfactory to the Trustee shall have been made therefor, or waiver of such notice satisfactory in form to the Trustee shall have been filed with the Trustee; and

(C) Bonds in lieu of or in substitution for which other Bonds have been authenticated and delivered under the Indenture.

If the Indenture shall be discharged pursuant to Article X of the Indenture, no Bonds shall be deemed to be Outstanding within the meaning of this provision.

“Paying Agent” shall mean the Trustee and any other bank, trust company or national banking association appointed to act as paying agent for the Bonds, and its successor or successors and any other corporation which may at any time be substituted in its place pursuant to the provisions of the applicable Series Indenture.

“Payment Obligations” shall mean all amounts due and owing to a Credit Facility Provider under a Credit Agreement.

“Person” shall mean an individual, partnership, corporation, trust, unincorporated organization or a Governmental Authority.

“Principal Amount” or “principal amount” shall mean, with respect to any Bonds, at any date of calculation, 100% of the Principal Amount of such Bond.

“Process” or “Processing” shall mean the collection, transportation, storage, transfer, processing, recycling or disposal of any or all Solid Waste, or any fraction, residue or derivative thereof, including the operation of the System.

“Property” shall mean any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

“Rate Covenant” shall mean the rate covenant of the Authority set forth in the Indenture.

“Rating Agencies” shall mean S&P, Moody's or any other nationally recognized credit rating agency, to the extent that such entity then maintains a credit rating with respect to the relevant security.

“Rebate Amount” shall mean all interest income and profits earned on the investment of the proceeds of Tax-Exempt bonds which is required to be paid to the United States under Section 148(f) of the Code, calculated and determined in accordance with the regulations in effect from time to time under that Section.

“Rebate Fund” shall mean the separate fund created under the Indenture.

“Redemption Price” shall mean, when used with respect to a Bond, the principal amount thereof plus the applicable premium, if any, payable upon the redemption thereof prior to the Stated Maturity thereof pursuant to the Indenture and the Series Indenture pursuant to which such Bond was issued.

“Registered Owner” shall mean the Person or Persons in whose names particular Bonds are registered on the registration books of the Authority kept for that purpose by the Trustee, as Registrar.

“Registrar” shall mean the Trustee.

“Remarketing Agent” shall mean the person or entity appointed as such under any Supplemental Indenture with respect to the Series of Bonds authorized thereunder.

“Repair and Improvement Fund” shall mean the fund so designated which is established pursuant to the Indenture.

“Repair and Improvement Requirement” shall mean, for any month, the amount set forth in the capital budget to be deposited in the Repair and Improvement Fund for such month, as certified by an Authorized Representative of the Authority. In lieu of any amount set forth in the preceding sentence, the Authority may deliver a certificate to the Trustee covenanting to

fund such amount through the issuance of Bonds or Subordinated Indebtedness, together with evidence satisfactory to the Trustee that all action required to be taken by the board of directors to authorize the issuance of such Bonds or Subordinated Indebtedness has been taken. Any covenant referred to in the preceding sentence shall be for all purposes a covenant under the Indenture subject to all rights and remedies of the Trustee set forth therein.

“Reserve Fund Credit Facility” shall mean the letter of credit, insurance policy or surety bond, together with any substitute or replacement therefor, if any, complying with the provisions of the Indenture, thereby fulfilling all or a portion of the Debt Service Reserve Requirement.

“Reserve Fund Credit Facility Provider” shall mean any provider of a Reserve Fund Credit Facility.

“Revenue Fund” shall mean the fund so designated which is described in the Indenture.

“Revenues” shall mean all receipts, revenue, income, rates, rents, service and user fees, surcharges and other amounts received by or on behalf of the Authority for the Processing of Solid Waste or derived from a recycling facility, and all rights to receive the same whether in the form of accounts receivable, general intangibles, contract rights, chattel paper, instruments or other rights, insurance proceeds or condemnation awards, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the Authority and all proceeds of the foregoing.

“Rule” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934.

“S&P” shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., its successors and assigns.

“Series” or “Series of Bonds” shall mean all of the Bonds authenticated and delivered pursuant to a Series Indenture, and any Bonds thereafter authenticated and delivered in lieu of or in substitution therefor pursuant to the Indenture.

“Series Indenture” shall mean a Supplemental Indenture authorizing the issuance of a Series of Bonds in accordance with the terms and provisions of the Indenture.

“Service Area” shall mean the territory within the County of Jefferson, the County of Lewis, and the County of St. Lawrence, New York.

“Service Rules” shall mean the rules promulgated by the Authority pursuant to the Solid Waste Management Agreement.

“Sinking Fund Installment” shall mean the amount of principal due prior to maturity on term bonds pursuant to the Indenture.

“Solid Waste” shall mean all putrescible and nonputrescible solid wastes, including, but not limited to, materials or substances discarded or rejected, whether as being spent, useless, worthless or in excess to the owners at the time of such discard or rejection or for any other reason, being accumulated, stored, or physically, chemically or biologically treated prior to being discarded, has served its intended use, or is a manufacturing or mining by-product, including, but not limited to, garbage, refuse, and other discarded solid materials, including solid waste materials resulting from industrial, commercial, mining and agricultural operations and from community activities, sludges from air or water pollution control facilities or water supply treatment facilities, rubbish, ashes, contained gaseous material, incinerator residue, demolition and construction debris and offal, but not including sewage and other highly diluted water-carried materials or substances and those in gaseous form, special nuclear or by-product material within the meaning of the Atomic Energy Act of 1954, as amended, and waste which appears on the list of hazardous waste promulgated by the commissioner of environmental conservation pursuant to section 27-0903 of the Environmental Conservation Law of the State.

“Solid Waste Management Agreement” shall mean the Solid Waste Management Agreement dated as of October 1, 1986, as amended on April 1, 1987, and further amended by the Solid Waste Management Participation Agreement dated August 26, 1993, among the Authority and the Municipalities, as the same may further be supplemented or amended from time to time.

“Southern Expansion” shall mean the expansion of the Landfill in the area directly south and west of the existing landfill disposal area as further described in “THE SYSTEM – The Landfill”.

“State” shall mean the State of New York.

“Stated Amount” shall mean the amount set forth in any Credit Facility as the maximum amount the Trustee is permitted to draw from said Credit Facility, in respect of both principal and interest, as such amount is reduced and reinstated from time to time in accordance with the terms of the Credit Facility.

“Stated Maturity” shall mean, when used with respect to any Bond or any installment of interest thereon, the date specified in such Bond as the fixed date on which the principal of such Bond or such installment of interest is due and payable.

“Subordinated Indebtedness” shall mean any Indebtedness of the Authority secured by a Lien on the Trust Estate that is by its terms expressly subordinated to the Lien on the Trust Estate securing the Bonds.

“Supplemental Indenture” shall mean any indenture supplemental to or amendatory of the Indenture executed by the Authority and the Trustee in accordance with the provisions of the Indenture.

“System” shall mean any facility, plant, works, system building, structure, improvement, machinery, equipment, fixture or other real or personal property which is to be used, occupied, or employed by the Authority for or is incidental to the collecting, receiving, transporting, storage, processing or disposal of Solid Waste or the recovery by any means of any material or energy product or resource therefrom including, but not limited to, recycling centers, transfer stations, shredding or baling facilities, rail haul or maritime facilities, collection vehicles, processing systems, resource recovery facilities, steam and electric generating and transmission facilities, including auxiliary facilities to supplement or temporarily replace such generating facilities, steam distribution facilities, sanitary landfills, leachate treatment facilities, plants and facilities for compacting, composting or pyrolyzation of Solid Waste, secure land burial facilities, landspreading facilities, surface impoundments and waste oil storage, reprocessing and refining facilities, incinerators and other Solid Waste disposal, reduction or conversion facilities, and “resource recovery equipment” and “disposal equipment” as such terms are defined in subdivisions four and five of section 51-0903 of the Environmental Conservation Law of the State.

“Tax Agreement” or “Tax Compliance Agreement” shall mean the tax compliance agreement dated the Closing Date executed by the Trustee and the Authority regarding the restrictions prescribed by the Code in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes.

“Tax-Exempt” shall mean, with respect to interest on any obligations of a state or local government or public instrumentality, including Bonds, that such interest is excluded from gross income for federal tax purposes (other than for an owner who is a “substantial user” of the project being financed or a “related person” within the meaning of Section 147(a) of the Code), whether or not such interest is ineluctable as an item of tax preference or otherwise ineluctable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax under the Code. The Trustee may conclusively rely on an opinion of Bond Counsel experienced in the field of Tax-Exempt obligations to the effect that a particular series of Bonds is Tax-Exempt.

“Trust Estate” shall mean the Revenues, receipts, property, rights and interest of the Authority which are subject to the lien of the Indenture.

“Trustee” shall mean The Bank of New York Mellon, having its principal corporate trust office located at 525 William Penn Place, Pittsburgh, PA 15259, or any successor trustee or co-trustee, acting as trustee under the Indenture.

“Trust Indenture” shall mean the Trust Indenture dated as of July 1, 1992 by and between the Authority and the Trustee.

“Underwriter” shall mean Roosevelt & Cross Incorporated with offices at 55 Broadway – 22nd Floor, New York, New York 10006.

“Variable Rate Indebtedness” shall mean any Bond, the rate of interest on which is subject to change prior to maturity and which cannot be determined in advance of such change.

APPENDIX C

**AUDITED FINANCIAL STATEMENTS OF THE AUTHORITY
FOR THE FISCAL YEAR ENDED MARCH 31, 2019**

**DEVELOPMENT AUTHORITY OF
THE NORTH COUNTRY**

**Financial Statements as of
March 31, 2019
Together with
Independent Auditor's Report
and Single Audit Reports**

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

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INDEPENDENT AUDITOR'S REPORT

June 20, 2019

To the Board of Directors of the
Development Authority of the North Country:

Report on the Financial Statements

We have audited the accompanying financial statements of the Development Authority of the North Country (the Authority) (a public benefit corporation of the State of New York) as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority, as of March 31, 2019, and the changes in its financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Change in Accounting Principle

As discussed in Note 3 to the financial statements, during 2019 the Authority adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinions are not modified with respect to this matter.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of contributions, proportionate share of the net pension liability (asset) and changes in total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental schedule of revenue, expenses, and change in net position by department and the schedule of North Country Economic Development Fund activity are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards, schedule of revenue, expenses and change in net position by department, and the schedule of North Country Economic Development Fund activity are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards, the schedule of revenue, expenses, and change in net position by department, and the schedule of North Country Economic Development Fund activity are fairly stated in all material respects in relation to the basic financial statements as a whole.

(Continued)

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2019, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

MARCH 31, 2019

The Development Authority of the North Country (the Authority) is a New York State public authority that serves the common interests of Jefferson, Lewis and St. Lawrence Counties by providing technical services and infrastructure, which will enhance economic opportunities in the region and promote the health and well-being of its communities.

As its mission states, the Authority is committed to environmental stewardship, fiscal integrity and partnerships. To achieve these objectives, the Authority works with its municipal partners through shared service solutions utilizing advanced technology and fostering municipal cooperation to achieve cost-effective services for the region. Services provided include water, wastewater, materials management, telecommunications, engineering and loans to businesses.

The Authority's Water Quality Division operates and maintains approximately 45 miles of water and sewer pipelines and associated pumping stations, with a two-mile nature trail located along the pipelines. These facilities serve Fort Drum and Western Jefferson County, and are linked to the City of Watertown water and sewer treatment facilities and the Village of Cape Vincent water treatment facility. The Authority's water and wastewater staff also provides contract operations and maintenance services to various towns and villages in Jefferson and St. Lawrence Counties.

The Materials Management Facility provides an environmentally responsible solution for waste disposal in our region. The Authority continuously looks for innovative ways to efficiently operate the facility and maintain this asset for future generations. The Authority partnered with an energy company to create a gas-to-energy plant that converts methane, a by-product of waste, into electricity using four 1.6-megawatt generators. The electricity generated is equivalent to powering over 5,000 homes.

The Authority's telecommunications network plays a vital role in supporting public institutions and rural businesses. Prior to constructing our carrier-class telecommunications network, many communities in the North Country were severely underserved by high-speed internet and other advanced telecommunications services. Today, the Authority supports telecom providers, healthcare and educational institutions, government and industry in the region with state-of-the art telecommunications technology.

The Authority supports economic development and works to improve the economic viability and well-being of the North Country by forming strong partnerships with local, state, and federal organizations to promote business and housing development throughout the region. The Authority administers several loan programs to promote job creation and retention among small businesses. The Authority also provides funding for the development of quality, affordable housing in Jefferson, Lewis and St. Lawrence Counties through its housing programs.

The Authority's Engineering Division provides comprehensive geographic information systems (GIS) development, supervisory control and data acquisition (SCADA) services, engineering and technical assistance to communities in the North Country.

The financial statements of the Authority include the Statement of Net Position; the Statement of Revenue, Expenses and Change in Net Position; and the Statement of Cash Flows, and related notes to the financial statements. The Statement of Net Position provides information about the nature and the amounts of investments and resources (assets) and the obligations to the Authority's creditors (liabilities), with the difference between the two reported as net position.

The Statement of Revenue, Expenses and Change in Net Position, or income statement, shows how the Authority's net position changed during the year. It accounts for all the year's revenues and expenses, measures the financial results of the Authority's operations for the year and can be used to determine how the Authority has funded its costs.

The Statement of Cash Flows provides information about the Authority's cash receipts, cash payments, and net changes in cash resulting from operating, capital and related financing, and investing activities.

The notes to the financial statements contain information that is essential to the understanding of the financial statements, such as the Authority's accounting methods and policies.

Management provides the following discussion and analysis (MD&A) of the Authority's financial position and activities. This overview is provided for the fiscal year ended March 31, 2019. The information contained in this analysis should be used by the reader in conjunction with the information contained in our audited financial statements and the notes to those financial statements, all of which follow this narrative on the subsequent pages.

Financial Highlights

- As of March 31, 2019, the assets and deferred outflows of the Authority exceeded its liabilities and deferred inflows by \$168.8 Million. Of this amount, \$7.1 Million is unrestricted and undesignated and may be used to meet the Authority's ongoing obligations.
- The Authority's total revenues (operating and non-operating) were \$28.6 Million and \$27.1 Million in 2019 and 2018, respectively.
- The Authority's total expenses (operating and non-operating) were \$27.0 Million and \$28.6 Million in 2019 and 2018, respectively.

Overview of the Financial Statements

This annual report consists of a series of two parts, management's discussion and analysis (this section) and the financial statements. The 'Statement of Net Position' and the 'Statement of Revenue, Expenses and Change in Net Position' (on pages 13 and 14, respectively), and footnotes provide both long-term and short-term information about the Authority's overall financial status.

Financial Statements

The Authority's financial statements are prepared on an accrual basis in accordance with U.S. Generally Accepted Accounting Principles (GAAP) promulgated by the Governmental Accounting Standards Board (GASB). The Authority is a multi-purpose entity and revenues are recognized when earned, not received. Expenses are recognized when incurred, not when they are paid.

Budget vs. Actual

The operations of the Authority remain stable with variations between budgets and actual considered minimal. The Authority is not aware of any circumstances or situations that would significantly impair its ability to operate its facilities as a going concern.

Summary of Operations and Change in Net Position

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>
Operating revenue	\$ 26,155,871	\$ 26,078,892	\$ 76,979	0.3 %
Operating expenses	<u>(26,663,488)</u>	<u>(28,221,651)</u>	<u>(1,558,163)</u>	(5.5) %
Operating income (loss)	(507,617)	(2,142,759)	1,635,142	(76.3) %
Non-operating revenue, net	<u>2,069,872</u>	<u>637,950</u>	<u>1,431,922</u>	224.5 %
Change in net position	<u>\$ 1,562,255</u>	<u>\$ (1,504,809)</u>	<u>\$ 3,067,064</u>	203.8 %

- Operating revenues increased \$77 Thousand during 2019. The increase in revenues are primarily attributable to the following:
 - Customer billings increased \$615 Thousand, primarily for Materials Management resulting from a rise in waste received at the facility.
 - Grant revenue decreased \$411 Thousand as there was approximately \$200 Thousand received in the prior year to close out the landfill gas grant. In addition, there was a \$202 Thousand decrease in JLUS grant spending during 2019.
- Operating expenses decreased \$1.6 Million during 2019. The decrease in expenses are primarily attributable to the following:
 - Depreciation and amortization expense decreased \$1.9 Million as two landfill cells at Material Management were fully depreciated in the prior year and transfers from construction in-progress were less in the current year.
 - Salaries expense increased \$548 Thousand mainly due to prior year staff vacancies being filled, additional staff authorized and merit increases.
- The increase in net non-operating revenue is primarily due to an increase in investment income of approximately \$1.3 Million as interest rates have increased on Authority held investments.

Financial Position Summary

Net position is an indication of the Authority's financial strength. A summary of the Authority's net position is shown below.

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>
Assets:				
Current assets	\$ 19,143,466	\$ 17,143,043	\$ 2,000,423	11.7 %
Loans receivable, net	34,140,200	33,393,957	746,243	2.2 %
Investments	32,521,227	35,954,980	(3,433,753)	(9.6) %
Funds held by trustee	1,270,962	1,265,050	5,912	0.5 %
Other postemployment benefit reserve fund	4,719,270	4,188,306	530,964	12.7 %
Restricted assets	65,922,389	59,828,825	6,093,564	10.2 %
Capital assets, net	<u>67,237,939</u>	<u>66,037,336</u>	<u>1,200,603</u>	1.8 %
Total assets	<u>\$224,955,453</u>	<u>\$217,811,497</u>	<u>\$ 7,143,956</u>	3.3 %
DEFERRED OUTFLOWS	<u>\$ 2,359,451</u>	<u>\$ 1,853,383</u>	<u>\$ 506,068</u>	27.3 %
Liabilities:				
Current liabilities	\$ 5,166,938	\$ 4,442,991	\$ 723,947	16.3 %
Other liabilities (long-term)	<u>51,409,154</u>	<u>47,609,516</u>	<u>3,799,638</u>	8.0 %
Total liabilities	<u>56,576,092</u>	<u>52,052,507</u>	<u>4,523,585</u>	8.7 %
DEFERRED INFLOWS	<u>\$ 1,948,440</u>	<u>\$ 384,256</u>	<u>\$ 1,564,184</u>	407.1 %
Net Position:				
Invested in capital assets, net of related debt	57,409,514	55,535,371	1,874,143	3.4 %
Restricted	61,764,259	56,877,692	4,886,567	8.6 %
Unrestricted	<u>49,616,599</u>	<u>54,815,054</u>	<u>(5,198,455)</u>	(9.5) %
Total net assets	<u>\$168,790,372</u>	<u>\$167,228,117</u>	<u>\$ 1,562,255</u>	0.9 %

- Current assets increased \$2.0 Million primarily due to the 2019 surplus, which has increased the overall cash balances of the Authority.
- Loans receivable, net increased \$746 Thousand primarily due to one new significant loan of \$750 Thousand. Other new loans were essentially offset by current year loan repayments.
- Investments decreased \$3.4 Million due to transfers from investment funds to restricted assets.
- Restricted assets increased \$6.1 Million due to deposits into replacement reserves and interest earned in the current year, as well as the transfer from investments.
- Other liabilities (long-term) increased by \$3.8 Million primarily due to an increase in unearned revenue from a new NYPA Infeasible Right of Use (IRU) contract in the current year.

Financial Position Summary (Continued)

As a provider of essential services, the Authority has a significant investment in infrastructure. The Authority's infrastructure includes: 1) approximately 45 miles of water and wastewater transmission pipelines and associated pumping stations servicing Fort Drum and North Country Communities, 2) a Materials Management Facility located in Rodman, New York, and 3) a state-of-the-art telecommunications network. The Authority's net assets also include funds available to pay for ongoing and future construction of replacements and/or additions to this infrastructure.

At March 31, 2019, the board of directors designated the Authority's unrestricted net position for the following uses:

Supplemental insurance reserves	\$ 7,000,000
Administrative reserve	4,000,000
Infrastructure development	223,107
Capital reserves	17,263,676
Materials Management - tip fee stabilization, recycling and landfill gas reserves	5,340,812
Economic development fund	5,641,845
Affordable housing	<u>3,000,000</u>
	<u>\$ 42,469,440</u>

Revenue

The Authority sets its rates annually concurrent with the adoption of its annual operating budget.

The Materials Management Facility revenue is derived from tipping fees. The per ton tipping fee charged to customers includes certain amounts to fund replacement of major equipment, closure of the landfill and post-closure care.

Rates for telecommunications network services are authorized by the Authority's Board of Directors and filed with the New York State Public Service Commission.

Rates for water quality services are reviewed and adjusted annually based on projected operating costs.

Rates for engineering services are based on the requirements of the project being performed.

Grants from government sources include payments made to the Authority by New York State and Federal sources.

Summary of Operating Revenue

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>
Service and usage revenue:				
Materials Management				
Facility	\$ 9,843,669	\$ 9,082,293	\$ 761,376	8.4 %
Water Quality operations	5,046,674	5,498,383	(451,709)	(8.2) %
Telecommunications network	5,971,362	5,840,515	130,847	2.2 %
Housing and economic development	222,186	216,281	5,905	2.7 %
Engineering	<u>1,231,126</u>	<u>1,062,118</u>	<u>169,008</u>	15.9 %
Total service and usage revenue	22,315,017	21,699,590	615,427	2.8 %
Grants from government sources	2,251,440	2,662,071	(410,631)	(15.4) %
Interest received from outstanding loans	661,275	617,972	43,303	7.0 %
Miscellaneous operating revenue	<u>928,139</u>	<u>1,099,259</u>	<u>(171,120)</u>	(15.6) %
Total operating revenue	<u>\$ 26,155,871</u>	<u>\$ 26,078,892</u>	<u>\$ 76,979</u>	0.3 %

- Materials Management Facility revenues increased \$761 Thousand or 8.4%. The increase was the result of a rise in tonnage received at the facility from approximately 224,000 tons in 2018 to 277,000 tons in 2019.
- Water Quality Operations revenue decreased \$451 Thousand or 8.2%. The decrease was mainly the result of a significant reconciliation credit based on actual costs for the Army Water Line.
- Engineering revenue increased \$169 Thousand or 15.9% due to additional services provided to municipal customers.
- Grants from government sources revenue decreased \$411 Thousand or 15.4%. As previously noted, the decrease was the result of approximately \$200 Thousand received in the prior year to close out the landfill gas grant and a \$202 Thousand decrease in JLUS grant spending.
- Miscellaneous operating revenue decreased \$171 Thousand or 15.6% due to a decline in LFGTE revenue as a result of price fluctuations in the renewable energy marketplace.

Summary of Operating Expenses

The Authority's expenses are budgeted and tracked functionally by operating department. The Authority is functionally divided into the following departments: Materials Management, Water Quality, Telecommunications network, Housing and economic development, Engineering, and Administration.

The following is a breakdown of the Authority's expenses by operating department:

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>
Functional expenses:				
Materials Management				
facility	\$ 11,140,012	\$ 12,025,548	\$ (885,536)	(7.4) %
Water Quality	4,681,337	5,043,191	(361,854)	(7.2) %
Telecommunications network	7,797,766	7,828,348	(30,582)	(0.4) %
Housing and economic				
development	1,553,631	1,728,591	(174,960)	(10.1) %
Engineering	1,312,284	1,104,694	207,590	18.8 %
Administration	<u>178,458</u>	<u>491,279</u>	<u>(312,821)</u>	(63.7) %
Total functional expenses	<u>\$ 26,663,488</u>	<u>\$ 28,221,651</u>	<u>\$ (1,558,163)</u>	(5.5) %

- Materials Management Facility expenses decreased \$886 Thousand or 7.4% due to: 1) a decrease in Depreciation and Amortization costs in the amount of \$1.4 Million as two landfill cells became fully depreciated in 2018 and there were less capital additions and more disposals in the current year, and 2) in the prior year there were approximately \$311 Thousand of one-time incentive costs for single stream recycling conversion. These decreases were offset in part by a \$397 Thousand increase in closure and post-closure costs and a \$193 Thousand increase in host community benefits costs related to the rise in tonnage.
- Water Quality expenses decreased \$362 Thousand or 7.2% as a result of a \$391 Thousand decline in wastewater treatment expense due to a decline in the number gallons of wastewater that the City of Watertown treated from the Authority and a decrease in the cost per gallon of wastewater treated.
- Housing and economic development expenses decreased \$175 Thousand or 10.1% primarily due to an decrease in professional consulting fees of \$184 Thousand related to the reduction in JLUS grant spending.
- Engineering expenditures increased \$208 Thousand or 18.8% primarily due to additional staff support required to meet municipal customer demands which resulted in increased wage and fringe benefit costs of \$142 Thousand.
- Administration expenses decreased \$313 Thousand or 64% primarily due to a significant prior period adjustment increase to OPEB pension costs related to the implementation of GASB 75, which has been reflected in 2018 administrative costs for the purpose of this analysis.

Summary of Operating Expenses (Continued)

The following is a breakdown of the Authority's total operating expenses by natural classification:

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>
Operating expenses:				
Depreciation and amortization	\$ 9,086,683	\$ 11,014,785	\$ (1,928,102)	(17.5) %
Salaries and fringe benefits	8,232,496	7,898,991	333,505	4.2 %
Wastewater treatment	1,196,194	1,639,181	(442,987)	(27.0) %
Community benefits	987,945	765,879	222,066	29.0 %
Water purchases	601,229	539,783	61,446	11.4 %
Operating and maintenance	3,845,281	5,306,079	(1,460,798)	(27.5) %
General and administrative	1,675,740	416,092	1,259,648	302.7 %
Closure and post-closure costs	<u>1,037,920</u>	<u>640,861</u>	<u>397,059</u>	62.0 %
Total operating expenses	<u>\$ 26,663,488</u>	<u>\$ 28,221,651</u>	<u>\$ (1,558,163)</u>	(5.5) %

- Depreciation and amortization expenses decreased by 17.5% to approximately \$9 Million as two landfill cells at Material Management were fully depreciated in the prior year, transfers from construction in-progress were less in the current year and there was a rise in asset disposals.
- Salaries and fringe benefits increased by \$334 Thousand or 4.2% mainly due to prior year staff vacancies being filled, additional staff authorized and merit increases.
- Wastewater treatment expense decreased by \$443 Thousand or 27.0% primarily due to a decline in the number gallons of wastewater treated by City of Watertown and the decrease in the cost per gallon of wastewater treated.
- Community benefits expense increased by \$222 Thousand or 29.0% related to the rise in tonnage received at the Materials Management Facility.
- Operating and maintenance expenses decreased \$1.5 Million or 27.5%, as in the prior year there was \$311 Thousand in incentive costs pursuant to converting to single stream recycling and \$245 Thousand in bad debt expense for loan receivable write-offs. In addition, professional fees declined \$153 Thousand resulting from reduced JLUS grant expenditures.
- General and administrative costs increased by \$1.3 Million or 302.7% due to a change in the Authority's method of allocating administrative costs to divisions as recommended by the Defense Contract Audit Agency.
- Closure and post-closure costs increased by \$397 Thousand or 62.0% related to the rise in tonnage.

Non-Operating Revenue (Expense)

The Authority's non-operating revenue (expense) is composed of the following:

	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>% Change</u>
Non-operating revenue (expense):				
Investment income	\$ 2,277,167	\$ 944,452	\$ 1,332,715	141.1 %
Gain on sale of capital assets	115,332	29,200	86,132	295.0 %
Interest expense	<u>(322,627)</u>	<u>(335,702)</u>	<u>13,075</u>	(3.9) %
Total	<u>\$ 2,069,872</u>	<u>\$ 637,950</u>	<u>\$ 1,431,922</u>	224.5 %

- Investment income increased \$1.3 Million or 141.1% as interest rates have increased on Authority held investments.

Postemployment Benefits

The Authority contributes to the cost of eligible retirees' individual health care premiums after 15 years of service, provided that the employee was employed at the Authority at the time of retirement. Employees hired after April 1, 2008 require 20 years of service. The Authority has recorded a liability for other postemployment benefits in the amount of \$5,074,820. The Authority has a board designated investment account in the amount of \$4,719,270 for other postemployment benefits.

Capital Assets

At the end of 2019, the Authority had \$67,237,939 (net of accumulated depreciation) invested in a broad range of capital assets, including the Materials Management Facility, Telecommunications Network, Water Quality facilities, Engineering, equipment and vehicles. This amount represents an increase (net of disposals and depreciation) of \$1,200,603 or 1.8% over last year. The detail of capital asset activity and balances for the various categories is included in notes to the financial statements.

Long-Term Debt Administration

As of March 31, 2019, the Authority has the following revenue bond series outstanding:

<u>Development Authority of the North Country Bond Series</u>	<u>Bonds Outstanding as of March 2019</u>	<u>Bonds Outstanding as of March 2018</u>	<u>Principal Due 2020</u>
Series 2010C	\$ 395,000	\$ 765,000	\$ 395,000
Series 2015	<u>7,800,000</u>	<u>8,050,000</u>	<u>260,000</u>
Total	<u>\$ 8,195,000</u>	<u>\$ 8,815,000</u>	<u>\$ 655,000</u>

In addition to the bonds, the Authority had loans payable as of March 31, 2019 as follows:

<u>Loans, Contract and Capital Lease Payables</u>	<u>Outstanding as of March 2019</u>	<u>Outstanding as of March 2018</u>	<u>Principal Due 2020</u>
Loans payable	<u>\$ 3,646,371</u>	<u>\$ 3,419,679</u>	<u>\$ 108,783</u>

Credit Ratings

The Authority is the recipient of a favorable credit rating from Standard & Poor's as a result of the 2015 Materials Management Bonds issued in fiscal year 2016. The Authority received a "AA/Stable Outlook" rating from Standard and Poor's in October 2015. The Authority issues revenue bonds subject to its Trust Indentures.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information provided in this report or a request for additional information should be addressed in writing to the Comptroller at the Dulles State Office Building, 317 Washington Street, Watertown, New York 13601.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY**STATEMENT OF NET POSITION
FOR THE YEAR ENDED MARCH 31, 2019**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 14,882,073
Accounts receivable	3,183,199
Accrued unbilled revenue	404,914
Interest receivable	199,207
Inventory	15,725
Prepaid expense and other assets	<u>458,348</u>

Total current assets 19,143,466

LOANS RECEIVABLE, net 34,140,200

INVESTMENTS 32,521,227

FUNDS HELD BY TRUSTEE 1,270,962

OTHER POSTEMPLOYMENT BENEFITS RESERVE FUND 4,719,270

RESTRICTED ASSETS 65,922,389

CAPITAL ASSETS, net 67,237,939

Total assets 224,955,453

DEFERRED OUTFLOWS

Other postemployment benefits	196,246
Pension	<u>2,163,205</u>

Total deferred outflows 2,359,451

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	2,505,047
Current portion of long-term debt	763,783
Accrued expenses	454,734
Interest payable	96,151
Current portion of unearned revenue	<u>1,347,223</u>

Total current liabilities 5,166,938

FUNDS HELD FOR OTHERS 10,266,884

DUE TO U.S. ARMY 749,985

UNEARNED REVENUE, net of current portion 6,090,447

NET PENSION LIABILITY 573,949

LANDFILL CLOSURE AND POST-CLOSURE CARE LIABILITY 17,641,094

TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY 5,074,820

LONG-TERM DEBT, net of current portion 11,011,975

Total liabilities 56,576,092

DEFERRED INFLOWS

Other postemployment benefits	93,330
Pension	<u>1,855,110</u>

Total deferred outflows 1,948,440

NET POSITION

Net investment in capital assets 57,409,514

Restricted 61,764,259

Unrestricted 49,616,599

Total net position \$ 168,790,372

The accompanying notes are an integral part of these statements.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
STATEMENT OF REVENUE, EXPENSES AND CHANGE IN NET POSITION
FOR THE YEAR ENDED MARCH 31, 2019

OPERATING REVENUE:	
Customer billings	\$ 22,315,017
Grant revenue	2,251,440
Loan interest income	661,275
Other revenue	<u>928,139</u>
Total operating revenue	<u>26,155,871</u>
OPERATING EXPENSES:	
Depreciation and amortization	9,086,683
Salaries	5,731,797
Fringe benefits	2,500,699
Operation and maintenance	2,520,967
Wastewater treatment	1,196,194
Water purchases	601,229
Community benefits	987,945
Closure and post-closure costs	1,037,920
Grants	732,672
Office and administrative	445,674
Insurance	383,828
Automobile	287,674
Utilities	162,426
Materials and supplies	260,726
Professional fees	219,738
Computer	276,735
NYS administrative assessment	122,000
Repairs and maintenance	96,469
Bad debt	<u>12,112</u>
Total operating expenses	<u>26,663,488</u>
Total operating loss	<u>(507,617)</u>
NON-OPERATING REVENUE (EXPENSE):	
Investment income	2,277,167
Gain on sale of capital assets	115,332
Interest expense	<u>(322,627)</u>
Total non-operating revenue, net	<u>2,069,872</u>
CHANGE IN NET POSITION	<u>\$ 1,562,255</u>
NET POSITION - beginning of year, as previously reported	<u>167,441,622</u>
PRIOR PERIOD ADJUSTMENT (Note 3)	<u>(213,505)</u>
NET POSITION - beginning of year, as restated	<u>167,228,117</u>
NET POSITION - end of year	<u>\$ 168,790,372</u>

The accompanying notes are an integral part of these statements.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2019

CASH FLOW FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 26,916,077
Receipts from grants	1,844,521
Cash payments to suppliers	(9,663,721)
Cash payments to employees	<u>(5,699,887)</u>
Net cash flow from operating activities	<u>13,396,990</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchase of capital assets	(10,309,500)
Proceeds from sale of capital assets	137,546
Proceeds from issuance of long-term debt	333,333
Payments on long-term debt	(726,641)
Interest paid	<u>(324,057)</u>
Net cash flow from capital and related financing activities	<u>(10,889,319)</u>
CASH FLOW FROM INVESTING ACTIVITIES:	
Receipts of interest	1,661,599
Unrealized loss on investments	620,041
Net purchases of investments	3,433,753
Deposits into other postemployment benefit reserve fund	(530,964)
Net purchases of restricted assets	(5,912,305)
Change in funds held by trustee	<u>(5,912)</u>
Net cash flow from investing activities	<u>(733,788)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,773,883
CASH AND CASH EQUIVALENTS - beginning of year	<u>13,108,190</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 14,882,073</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES:	
Operating loss	\$ (507,617)
Adjustments to reconcile operating income to net cash flow from operating activities:	
Depreciation and amortization	9,086,683
Change in Deferred outflows of resources	(506,068)
Change in Deferred inflows of resources	1,564,184
Landfill closure and post-closure care costs	1,037,920
Postemployment benefits expense	473,755
Change in:	
Accounts receivable	(398,635)
Accrued unbilled revenue	132,925
Loans receivable	(746,243)
Inventory	(2,592)
Prepaid expenses and other assets	37,289
Accounts payable and accrued expenses	683,554
Unearned revenue	3,616,680
Net pension liability	<u>(1,074,845)</u>
Net cash flow from operating activities	<u>\$ 13,396,990</u>

The accompanying notes are an integral part of these statements.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

1. ORGANIZATION

The Development Authority of the North Country (the Authority) is a public benefit corporation organized under the Public Authorities Law of the State of New York. The Authority was created to provide infrastructure services and economic development in Jefferson, Lewis and St. Lawrence Counties of New York State. The infrastructure services provided by the Authority include water, wastewater, materials management and telecommunications. The Authority assists in the economic development of these counties by financing housing and business development projects.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Authority's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America as set forth by the Governmental Accounting Standards Board (GASB) for proprietary funds.

Basis of Presentation

GASB requires the classification of net position into three components – net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- Net investment in capital assets - This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- Restricted - This component of net position consists of amounts that have external constraints placed on their use imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted - This component of net position consists of amounts that do not meet the definition of "net investment in capital assets" or "restricted." Unrestricted net position may be designated for specific purposes by actions of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Cash and Cash Equivalents

For purposes of presenting the statement of cash flows, the Authority considers all highly liquid short-term investments (money market funds) with maturities of three months or less from the date of purchase to be cash or cash equivalents. These money market funds are stated at cost which approximates fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable consists primarily of amounts due from customers for services provided. Management records an allowance for doubtful accounts based on past collection experience and an analysis of outstanding amounts. No allowance for doubtful accounts was considered necessary at March 31, 2019.

Accrued Unbilled Revenues

Accrued unbilled revenues represents revenue earned in the current year but not billed to customers until future dates, usually within three months.

Loans Receivable

Loans receivable consist primarily of amounts loaned to businesses in Northern New York in order to enhance economic development, create housing and encourage job creation and retention. Loans are stated at unpaid principal balances, less the allowance for loan losses. Loans are collateralized by related property, plant and equipment. Interest income is accrued on the unpaid balance. Interest rates charged to outstanding loans range from 0% to 6.25% and are due at various dates through November 2048.

Allowance for Loan Losses

The allowance for loan losses is maintained at a level which, in management's judgment, is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on past collection experience and an analysis of outstanding amounts. The allowance is increased by a provision for loan losses, which is charged to expense, and reduced by charge-offs, net of recoveries. Changes in the allowance relating to impaired loans are charged to the provision for loan losses. An allowance for loan loss of \$192,737 was considered necessary at March 31, 2019.

The determination of the adequacy of the allowance for loan losses is based on estimates that are particularly susceptible to significant changes in the economic environment and market conditions. While management uses available information to recognize losses on loans, further reductions in the carrying amounts of loans may be necessary because of uncertainties associated with local economic conditions and future cash flows on impaired loans.

Investments

Investments consist of certificates of deposit, and U.S. and other government obligations with maturities extending beyond a three-month period from the date of purchase. The Authority reports certificates of deposit at cost, which approximates fair value, and U.S. and other government obligations at fair value based on quoted market prices.

Funds Held by Trustee

Funds held by Bank of New York (the Trustee), as required by bond agreements, consist of certificates of deposit, U.S. and other government obligations, and money market funds. The Authority reports certificates of deposit and money market funds at cost and U.S. and other government obligations at fair value based on quoted market prices.

Other Postemployment Benefits Reserve Fund

Funds held for other postemployment benefits consist of certificates of deposit, U.S. Government obligations and money market funds. The Authority reports certificates of deposit at cost and U.S. Government obligations at fair value based on quoted market prices. Currently, New York State does not have legislation enabling the establishment of a separate trust to hold these funds. Until such enabling legislation is enacted, these funds will be reflected as unrestricted on the accompanying Statement of Net Position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unamortized Bond Discount

The unamortized bond discount associated with the Series 2015 bonds is recognized as interest expense on a straight-line basis over the term of the related debt.

Capital Assets

Capital assets are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the capital assets, which range from three (3) to fifty (50) years. The Authority capitalizes all expenditures for capital assets in excess of \$10,000 and which have useful lives greater than one year. When assets are retired or otherwise disposed of, the related asset and accumulated depreciation is written off and any unrelated gains or losses are recorded.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Unearned Revenue

Cash collected in advance of service provision is recorded as unearned revenue and is recognized as revenue in the period in which it is earned.

Revenue Recognition

Revenue from sales of services are recognized at the time of service delivery based on actual or estimated rates. Revenue from grant agreements is recognized when earned.

Operating and Non-Operating Revenues and Expenses

Operating revenue consists of sales of services performed and other related revenue. The Authority defines non-operating revenue as interest earnings on investment assets and realized/unrealized gains or losses on sales of investments. Non-operating expenditures include interest expense on long-term debt and gains/losses on disposals of capital assets and other items outside of operations.

Landfill Closure and Post-Closure Care Liability

The Authority records landfill closure and post-closure care costs as an operating expense based on the landfill capacity used as of the Statement of Net Position date and the current estimated costs for closure and post-closure care.

Income Tax Status

As a public benefit corporation, the Authority is exempt from federal and state income taxes, as well as state and local property and sales taxes.

Other Postemployment Benefits

The Authority provides certain health care benefits to its retired employees in accordance with the provisions of the personnel policy.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. PRIOR PERIOD ADJUSTMENT – CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE

The Authority adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Statement No. 75 establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to certain postemployment benefits. For defined benefit other postemployment benefits (OPEB), this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Accordingly, beginning net position and other postemployment benefits on the statement of net position were adjusted as noted in the following table:

	Deferred Outflows <u>OPEB</u>	Deferred Inflows <u>OPEB</u>	Other Postemployment <u>Benefits</u>	Net <u>Position</u>
Balance at March 31, 2018, as previously reported	\$ -	\$ -	\$ 4,278,212	\$ 167,441,622
Restatement of beginning balance - Adoption of GASB Statement No. 75 Increase to liability	<u>208,511</u>	<u>99,163</u>	<u>322,853</u>	<u>(213,505)</u>
Balance at March 31, 2018, as restated	<u>\$ 208,511</u>	<u>\$ 99,163</u>	<u>\$ 4,601,065</u>	<u>\$ 167,228,117</u>

4. NET POSITION

Restricted Net Position

The Authority maintains the following in restricted net position:

	<u>2019</u>
Community rental housing program	\$ 14,152,950
Community development loan fund	6,872,251
Affordable housing program	22,547,675
Army water and sewer line reserves	1,800,000
Regional waterline operating and debt service reserves	477,482
Wetlands mitigation	2,128,429
Reserve for liner expansion and replacement	6,568,802
Reserve for open access telecommunication networks	<u>7,216,670</u>
Total restricted net position	<u>\$ 61,764,259</u>

4. NET POSITION (continued)

Unrestricted

Unrestricted net position consists of Board designated net position and undesignated net position. Board designated net position represents amounts specified by the Authority's Board for a particular use. The Board has the authority to release these funds for other purposes.

The Authority maintains the following in unrestricted net position:

	<u>2019</u>
Board designated net position:	
Supplemental insurance reserves	\$ 7,000,000
Administrative reserve	4,000,000
Infrastructure development	223,107
Capital reserves	17,263,676
Materials Management - tip fee stabilization, recycling and landfill gas reserves	5,340,812
Economic development fund	5,641,845
Affordable housing	<u>3,000,000</u>
	42,469,440
Undesignated net position	<u>7,147,159</u>
Total unrestricted net position	<u>\$ 49,616,599</u>

5. CONTRACTUAL AGREEMENTS

Materials Management Agreement

The Authority entered into an agreement with the City of Watertown (the City) and Jefferson, Lewis and St. Lawrence Counties (collectively, the Municipalities) to construct and operate a Materials Management Facility. Each year, the Authority submits its actual amounts of capital, operating, maintenance and overhead costs and revenues to the Municipalities. A deficit in any year requires an adjustment charge to each municipality for its percentage of usage during the year with the deficit. Since inception of the Materials Management Facility, the Authority has not reported a deficit requiring an adjustment charge. This agreement expires on the date the Authority's obligations for the facility are fully discharged.

Host Community Agreement

In 1993, the Authority entered into an agreement with the Town of Rodman (the Town) to locate a Materials Management Facility within the Town. This agreement requires the Authority to pay a quarterly fee, which is adjusted each year by the consumer price index, on a per-ton of waste received basis. The agreement also requires a minimum host community fee of \$50,000 for each year the Materials Management Facility is in actual operation. This agreement was revised in fiscal year 2011. Under the terms of the revised agreement, the Town receives a 75% reduction in tipping fees. Additionally, the Authority pays the Town 50% of the first \$100,000 of the proceeds from the sale of energy at the gas-to-energy plant, 25% of the next \$100,000 of proceeds and 10% thereafter. Host community benefits expense was \$928,648 in 2019.

5. CONTRACTUAL AGREEMENTS (Continued)

Gas-to-Energy Plant Agreement

In fiscal year 2009, the Authority entered into a lease agreement with a Company for the construction and operation of a gas-to-energy plant at the Materials Management Facility. The Company constructed the plant and installed the necessary equipment on the Authority's property in order to convert the methane gas produced by the Materials Management Facility into energy. The title for the plant was transferred to the Authority. The Authority entered into a direct financing lease with the Company for the plant and equipment for \$1 per year plus 50% of revenues derived from the energy created for a period of 20 years. As this lease is a direct financing lease, the related assets are not included in the Authority's financial statements at year-end. This lease includes two five-year renewal options and a \$1 purchase agreement for the equipment at the end of the lease. The contingent rental benefits related to this agreement amounted to \$581,415 in 2019 and is recorded in other revenue on the accompanying Statement of Revenue, Expenses and Change in Net Position.

Water Agreement

The Authority and the U.S. Army (the Army) entered into a water supply agreement in 1990. The City is also a party to this agreement as it provides the water to the Authority for transport to the Army. Under the terms of this agreement, the Army is entitled to use the Authority's water line at a rate that is established annually based on the combined annual capital, overhead, and operating and maintenance costs of the Authority and the City.

The agreement requires the Authority to hold a repair reserve of \$900,000. The use of these funds requires permission from the Army and has been recorded in the accompanying financial statements as restricted net position.

Wastewater Agreement

The Authority and the Army entered into a wastewater service agreement in 1986. The City is also a party to this agreement as it provides the sewage treatment services. Under the terms of this agreement, the Army is entitled to use the Authority's wastewater line at a rate that is established annually based on the combined annual capital, overhead, and operating and maintenance costs of the Authority and the City.

The agreement requires the Authority to hold a repair reserve of \$900,000. The use of these funds requires permission from the Army and has been recorded in the accompanying financial statements in restricted net position. Additionally, an administrative support advance of \$749,985 was received from the Army. These monies are to be credited against the last two months service invoices prior to the termination of the agreement and have been recorded in the accompanying financial statements as a liability to the Army.

Project Development Agreement

In 2015, the Authority entered into a Project Development Agreement with the Town of Watertown (Watertown), Jefferson County and the Watertown City School District (the School District), whereby the Authority will make ten annual payments to Jefferson County and the School District from certain Community Rental Housing Program interest proceeds. If the applicable interest is not collected, no payments are required. The agreement does not provide for any payments to Watertown. The payments under the terms of this agreement to Jefferson County and the School District are contingent upon payment being received from the borrower. Due to the contingent nature of this agreement, no liability has been recorded in the accompanying Statement of Net Position.

6. ACCOUNTS RECEIVABLE

Accounts receivable are due within one year and consisted of the following at March 31:

	<u>2019</u>
Materials Management Facility	\$ 909,698
Water Quality	293,068
Telecommunications network	1,200,674
Engineering	123,498
Other	<u>656,261</u>
	<u>\$ 3,183,199</u>

7. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

The investment guidelines established by the Authority permit the investment of funds held by the Authority and funds held in trust for the Authority to be invested in accordance with New York State Public Authorities Law. Investments must be in the form of obligations of the State of New York, obligations of the United States or its agencies whose principal and interest payments are fully guaranteed by the federal government; and in collateralized time deposits or certificates of deposit issued by a commercial bank or trust company, which is a member of the Federal Deposit Insurance Corporation (FDIC). The Authority's investment policy limits its deposit and investment activity to time deposits, demand deposits, certificates of deposit, State of New York Government obligations, United States Government obligations and repurchase agreements.

The Authority's investment policy requires its deposits and investments, not controlled by the Trustee, to be collateralized through federal deposit insurance or other obligations. Obligations that may be pledged as collateral are obligations of, or guaranteed by, the United States of America or the State of New York. Collateral must be delivered to the Authority or an authorized custodial bank.

Total deposits of cash and cash equivalents not controlled by the Trustee (including certificates of deposit and money market funds) are as follows at March 31:

	<u>2019</u>
Demand deposits	\$ 14,289,547
Time deposits	<u>592,526</u>
	<u>\$ 14,882,073</u>

Custodial Credit Risk

For cash deposits or investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with the Authority's investment policy, an investment of funds may be less than fully secured in the event that any one of the following occurs: the yield on the investment outweighs the risk, it involves an investment of less than \$25,000, it is an investment with a duration of less than a week or it is not a customary practice that the investment be fully secured.

7. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

All investments were fully secured at March 31, 2019. Total investments by type are as follows at March 31:

	<u>2019</u>
United States Treasury obligations/Government agencies	\$ 14,612,639
Certificates of deposit	<u>17,908,588</u>
	<u>\$ 32,521,227</u>

Fair Value

United States Treasury obligations/Government agencies are considered level 1 investments. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority has the following fair value measurements as of March 31, 2019:

- U.S. Treasury obligations/government agencies are valued using quoted market prices (Level 1 inputs).

Custodial Credit Risk - Deposits

At March 31, 2019, the carrying amount of the Authority's cash and cash equivalents was \$14,882,073 and was exposed to custodial credit risk as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and cash equivalents	\$ <u>15,132,469</u>	\$ <u>14,882,073</u>
Covered by FDIC insurance	\$ 500,000	
Collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name	<u>14,935,118</u>	
	<u>\$ 15,435,118</u>	

Collateral is required for time deposits and certificates of deposit at 102 percent of all deposits not covered by the federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States of America and its agencies and obligations of the State and its municipalities and towns.

8. RESTRICTED ASSETS

Restricted assets are held for the following purposes at March 31:

	<u>2019</u>
Landfill Closure and Post-Closure Care	\$ 17,644,834
Telecommunications Network	11,666,432
Affordable Housing Program	8,562,158
North Country Economic Development	8,046,676
Replacement at Materials Management Facility	6,671,994
Community Rental Housing Program	5,999,482
Army Water and Sewer Line	2,802,207
Wetlands Mitigation	2,128,429
Community Development Loan Fund	1,962,606
Regional Waterline Operating and Debt Service Reserves	<u>437,571</u>
	<u>\$ 65,922,389</u>

For restricted assets, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. In accordance with the Authority's investment policy, an investment of funds may be less than fully secured in the event that any one of the following occurs: the yield on the investment outweighs the risk, it involves an investment of less than \$25,000, it is an investment with a duration of less than a week or it is not a customary practice that the investment be fully secured. All restricted assets were fully secured at March 31, 2019.

Restricted assets consisted of the following at March 31:

	<u>2019</u>
Certificates of deposit	\$ 30,295,082
United States Treasury obligations/Government agencies	23,262,850
Money market funds	12,185,804
Accrued interest receivable	<u>178,653</u>
	<u>\$ 65,922,389</u>

9. LOANS RECEIVABLE

Loans receivable are summarized as follows at March 31:

	<u>2019</u>
Loans receivable:	
Affordable Housing Program - Commercial loans	\$ 15,295,715
Community Rental Housing Program - Commercial loans	11,624,629
Community Development Loan Fund - Commercial loans	5,194,294
North County Economic Development Loan Fund - Commercial loans	<u>2,218,299</u>
Total loans receivable	<u>\$ 34,332,937</u>

9. LOANS RECEIVABLE (continued)

The following tables present informative data by class of loans receivable regarding their age and interest accrual status at March 31, 2019.

	<u>Current</u>	<u>30 - 59 Days</u>	<u>60 - 89 Days</u>	<u>≥ 90 Days</u>	<u>Total Past Due</u>	<u>Non- accrual</u>	<u>Total Loans Receivable</u>
Affordable Housing Program	\$ 15,235,052	\$ 60,663	\$ -	\$ -	\$ 60,663	\$ -	\$ 15,295,715
Community Rental Housing Program	11,624,629	-	-	-	-	-	11,624,629
Community Development loan fund	5,176,617	1,481	-	16,196	17,677	-	5,194,294
North County Economic Development loan fund	<u>2,203,881</u>	<u>13,083</u>	<u>1,335</u>	<u>-</u>	<u>14,419</u>	<u>-</u>	<u>2,218,299</u>
Total	<u>\$ 34,240,179</u>	<u>\$ 75,227</u>	<u>\$ 1,335</u>	<u>\$ 16,196</u>	<u>\$ 92,759</u>	<u>\$ -</u>	<u>\$ 34,332,937</u>

Activity in the allowance for loan losses is as follows for the year ended March 31:

	<u>2019</u>
Balance, beginning of year	\$ 192,737
Loans charged off	-
Allowance provisions	<u>-</u>
Balance, end of year	<u>\$ 192,737</u>

The following summarizes the ending loan receivable balances individually and collectively evaluated for impairment, as well as the allowance for loan loss allocation for each at March 31, 2019.

	<u>Ending Loan Balance</u>			<u>Allowance for Loan Losses</u>		
	<u>Individually Evaluated for Impairment</u>	<u>Collectively Evaluated for Impairment</u>	<u>Total</u>	<u>Loans Individually Evaluated for Impairment</u>	<u>Loans Collectively Evaluated for Impairment</u>	<u>Total</u>
Commercial loans	<u>\$ 34,332,937</u>	<u>\$ -</u>	<u>\$ 34,332,937</u>	<u>\$ -</u>	<u>\$ 192,737</u>	<u>\$ 192,737</u>

10. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2019 was as follows:

	Balance April 1, 2018	Additions	Transfers	Disposals	Balance March 31, 2019
Land	\$ 1,620,224	\$ -	\$ -	\$ -	\$ 1,620,224
Construction-in-progress	<u>5,532,630</u>	<u>10,309,500</u>	<u>(3,445,510)</u>	<u>-</u>	<u>12,396,620</u>
Total non-depreciable assets	<u>\$ 7,152,854</u>	<u>\$ 10,309,500</u>	<u>\$ (3,445,510)</u>	<u>\$ -</u>	<u>\$ 14,016,844</u>
Construction:					
Materials Management Facility	\$ 74,733,653	\$ -	\$ 1,618,520	\$ (382,697)	\$ 75,969,476
Water Quality	37,794,952	-	-	-	37,794,952
Telecommunications network	38,820,322	-	564,533	-	39,384,855
Engineering	96,486	-	-	-	96,486
General and administrative	112,658	-	-	-	112,658
Equipment:					
Materials Management Facility	6,919,628	-	264,361	(335,052)	6,848,937
Water Quality	2,037,253	-	177,978	(88,843)	2,126,388
Telecommunications network	17,429,778	-	504,789	-	17,934,567
Engineering	36,124	-	41,715	-	77,839
General and administrative	635,722	-	57,297	(73,469)	619,550
Vehicles:					
Water Quality	56,470	-	-	-	56,470
General and administrative	740,771	-	216,317	(111,677)	845,411
Leasehold improvements:					
Telecommunications network	45,162	-	-	-	45,162
General and administrative	<u>30,119</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,119</u>
Total at cost	<u>179,489,098</u>	<u>-</u>	<u>3,445,510</u>	<u>(991,738)</u>	<u>181,942,870</u>
Less: Accumulated depreciation and amortization for:					
Construction	(102,050,210)	(6,668,749)	-	382,697	(108,336,262)
Equipment	(18,074,618)	(2,261,359)	-	496,959	(19,839,018)
Vehicles	(404,507)	(156,575)	-	89,868	(471,214)
Leasehold improvements	<u>(75,281)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,281)</u>
Total accumulated depreciation and amortization	<u>(120,604,616)</u>	<u>(9,086,683)</u>	<u>-</u>	<u>969,524</u>	<u>(128,721,775)</u>
Total depreciable assets, net	<u>\$ 58,884,482</u>	<u>\$ (9,086,683)</u>	<u>\$ 3,445,510</u>	<u>\$ (22,214)</u>	<u>\$ 53,221,095</u>
Total capital assets, net	<u>\$ 66,037,336</u>	<u>\$ 1,222,817</u>	<u>\$ -</u>	<u>\$ (22,214)</u>	<u>\$ 67,237,939</u>

11. FINANCING ARRANGEMENTS

Long-term debt revenue bond activity for the year ended March 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Due Within One Year</u>	<u>Ending Balance</u>
Series 1998 / 2010C revenue refunding bonds maturing in annual amounts ranging from \$340,000 to \$395,000 through 2020 bearing interest ranging from 2.28% to 3.38%.	\$ 765,000	\$ -	\$ (370,000)	\$ (395,000)	\$ -
Series 2015 bonds maturing in annual amounts ranging from \$225,000 to \$490,000 through 2041 bearing interest ranging from 2.00% to 4.50%.	8,050,000	-	(250,000)	(260,000)	7,540,000
Less: Unamortized bond discount	<u>(68,713)</u>	<u>-</u>	<u>3,100</u>	<u>-</u>	<u>(65,613)</u>
Long-term revenue bond liabilities	<u>\$ 8,746,287</u>	<u>\$ -</u>	<u>\$ (616,900)</u>	<u>\$ (655,000)</u>	<u>\$ 7,474,387</u>

11. FINANCING ARRANGEMENTS (Continued)

Loans payable activity for the year ended March 31, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Due Within One Year</u>	<u>Ending Balance</u>
Unsecured loan payable to the State of New York in annual payments of \$50,000 through March 2040. This loan does not bear interest.	\$ 1,064,000	\$ -	\$ (50,000)	\$ (50,000)	\$ 964,000
Loan payable to the U.S. Department of Agriculture Rural Development in annual payments of \$91,104, including interest at 4.50% through April 2036. The Authority's regional waterline assets secure this loan.	1,107,170	-	(41,282)	(43,139)	1,022,749
Note payable to NYS Housing Trust Fund. Principal is due in full on December 31, 2038 and is only payable upon loan repayment from ultimate loan recipient. This note does not bear interest. Funds were used to make an economic development loan.	600,000	-	-	-	600,000
Note payable to New York Job Development Authority. Principal is due in full on April 25, 2028 with one-third principal payments due in the 5 th , 7 th and final year of the note. The note bears interest at 1.0% commencing on June 30, 2019.	-	333,333	-	-	333,333
Unsecured note payable to the Village of Cape Vincent requiring quarterly payments ranging from \$7,028 to \$7,100, including interest at 2.0% through March 2049.	<u>648,509</u>	<u>-</u>	<u>(15,359)</u>	<u>(15,644)</u>	<u>617,506</u>
Loans payable	<u>\$ 3,419,679</u>	<u>\$ 333,333</u>	<u>\$ (106,641)</u>	<u>\$ (108,783)</u>	<u>\$ 3,537,588</u>

11. FINANCING ARRANGEMENTS (Continued)

Future Minimum Payments

The future minimum payments for the Authority's financing arrangements are as follows as of March 31, 2019:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 763,783	\$ 316,524	\$ 1,080,307
2021	376,008	295,662	671,670
2022	383,323	287,439	670,762
2023	501,837	278,020	779,857
2024	403,226	268,519	671,745
2025 – 2029	2,406,203	1,167,795	3,573,998
2030 – 2034	2,520,486	829,346	3,349,832
2035 – 2039	3,253,506	417,186	3,670,692
2040 – 2044	1,099,884	57,124	1,157,008
2045 – 2049	<u>133,114</u>	<u>8,084</u>	<u>141,198</u>
	<u>11,841,370</u>	<u>3,925,699</u>	<u>15,767,069</u>

Interest Paid

Interest paid on all financing arrangements during 2019 was \$327,157.

12. COMMITMENTS AND CONTINGENCIES

Commitments

The Authority entered into a lease agreement with the New York State Office of General Services (NYSOGS) for office space effective July 1, 2017 and expiring on June 30, 2020. Under the terms of the lease, monthly payments of \$8,884 are required. Amounts due under this commitment are as follows for the years ending March 31:

2020	\$ 106,613
2021	<u>26,653</u>
	<u>\$ 133,266</u>

Total rental expense charged to operations amounted to \$112,734 during the year ended March 31, 2019.

Contingencies

The Authority is subject to litigation in the ordinary conduct of its affairs. Management does not believe, however, that such litigation, individually or in the aggregate, is likely to have a material adverse effect on the financial condition of the Authority.

13. MATERIALS MANAGEMENT FACILITY

Landfill Closure and Post-Closure Care Costs

State and federal laws and regulations require the Authority to place a final cover on its Materials Management Facility (the Facility) landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Closure costs are incurred in phases as needed and post-closure care costs will be paid near or after the date that the landfill stops accepting waste. The Authority reports a portion of these closure and post-closure care costs as a liability in each period based on landfill capacity used as of the Statement of Net Position date. The \$17,641,094 reported as landfill closure and post-closure care liability at March 31, 2019 represents the cumulative amount reported to date based on the use of 82% of the estimated capacity of the landfill. The Authority will recognize the remaining estimated cost of closure and post-closure care of approximately \$3,979,000 as the remaining estimated capacity is filled. These amounts are based on what it is estimated it would cost to perform all closure and post-closure care through 2057. The Authority expects to close the currently permitted landfill in 2027. Actual costs may differ due to inflation, changes in technology, or changes in regulations.

The Authority is required by state and federal laws and regulations to make annual contributions to finance closure and post-closure care. The Authority is in compliance with these requirements, and, at March 31, 2019, investments of \$17,644,834 are held for these purposes. These investments are reported in restricted assets on the statement of net position. The Authority expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users.

Replacement

The Authority charges various tipping fees depending on the type of waste accepted at the Facility. Included in the tipping fee are charges per ton for the replacement of the Facility's equipment and infrastructure. The Authority considers the funds collected from these fees as restricted net assets as the Facility needs to replace capital assets in order to meet the future revenue bonds debt service payments. In 2019, tipping fees of approximately \$1,107,100 were set aside for replacement. These charges have been recorded as revenue in the accompanying Statement of Revenue, Expenses and Change in Net Position and in restricted net position in the accompanying Statement of Net Position. As funds are expended for their specific purpose they are reclassified to capital assets.

Wetlands Mitigation

In 2015, the Authority established a wetlands mitigation account in order to fund the future expansion of the Facility. The Authority considers these to be restricted net assets as the Facility is required by law to mitigate the wetlands at the Facility in order to expand. The balance in this reserve was \$2,128,429 at March 31, 2019.

Investment Income

The Authority has set aside funds in order to meet the future financial obligations of the Facility including closure and post-closure costs, replacement and debt repayments. Investment income on these funds is recorded as revenue/(loss) in the accompanying Statement of Revenue, Expenses and Change in Net Position and amounted to approximately \$1,259,900 in 2019.

14. PENSION PLAN

New York State and Local Employees' Retirement System Plan Description

The Authority participates in the New York State and Local Employee's Retirement System (ERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing multiple-employer retirement system, providing retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), established to hold all net assets and record changes in plan net position allocated to the System. System benefits are established under the provisions of the New York Retirement and Social Security Law (RSSL). Once an employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Contributions

The System is noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute 3% of their salary for their entire length of service. Under the authority of the RSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were approximately:

2019	\$714,000
2018	\$684,000
2017	\$659,000

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At March 31, 2019, the Authority reported a liability of \$573,949 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2018, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2019, the Authority's proportion was 0.0177834%.

14. PENSION PLAN (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended March 31, 2019, the Authority recognized pension expense of approximately \$691,000.

At March 31, 2019, the Authority reported deferred outflows and inflows of resources related to pensions from the following sources:

	<u>Deferred outflows of resources</u>	<u>Deferred inflows of resources</u>
Differences between expected and actual experience	\$ 204,709	\$ 169,164
Changes in assumptions	380,576	-
Net difference between projected and actual earnings on pension plan investments	833,616	1,645,473
Changes in proportion and differences between the Authority's contributions and proportionate share of contributions	29,848	40,473
Contributions subsequent to measurement date	<u>714,456</u>	<u>-</u>
	<u>\$ 2,163,205</u>	<u>\$ 1,855,110</u>

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows for the Plan's year ended March 31:

2019	\$ 120,289
2020	87,638
2021	(419,989)
2022	<u>(194,297)</u>
	<u>\$ (406,359)</u>

The Authority recognized \$714,456 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2019, which will be recognized as a reduction of the net pension liability in the year ended March 31, 2020.

14. PENSION PLAN (Continued)

Actuarial Assumptions

The total pension liability at March 31, 2019 was determined by using an actuarial valuation as of April 1, 2017, with update procedures used to roll forward the total pension liability to March 31, 2018. The actuarial valuations used the following actuarial assumptions:

	<u>March 31, 2018</u>
Actuarial cost method	Entry age normal
Inflation	2.5%
Salary scale	3.8% indexed by service
Investment rate of return	7.0% compounded annually, net of investment expenses
Projected cost of living adjustments	1.3% compounded annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of March 31, 2018 are summarized in the following table:

<u>Asset type</u>	<u>Target allocations</u>	<u>Long-term expected real rate of return</u>
Domestic equity	36%	4.55%
International equity	14%	6.35%
Private equity	10%	7.50%
Real estate	10%	5.55%
Absolute return	2%	3.75%
Opportunistic portfolio	3%	5.68%
Real asset	3%	5.29%
Bonds and mortgages	17%	1.31%
Cash	1%	(0.25)%
Inflation-indexed bonds	<u>4%</u>	1.25%
	<u>100%</u>	

14. PENSION PLAN (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension (Liability) Asset to the Discount Rate Assumption

The following presents the Authority's proportionate share of the net pension (liability) asset calculated using the discount rate of 7.0% at March 31, 2019, as well as what the Authority's proportionate share of the net pension (liability) asset would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate:

	2019		
	1% Decrease (6.0%)	Current assumption (7.0%)	1% Increase (8.0%)
Proportionate share of net pension asset (liability)	\$ (4,342,653)	\$ (573,949)	\$ 2,614,224

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2018 were as follows:

	<u>Pension Plan's fiduciary net position</u>	<u>Authority's proportionate share of Plan's fiduciary assumption net position</u>	<u>Authority's allocation percentage as determined by the Plan</u>
Total pension liability	\$ 183,400,590,000	\$ 32,614,837	0.0177834%
Net position	<u>(180,173,145,000)</u>	<u>(32,040,888)</u>	0.0177834%
Net pension liability (asset)	\$ <u>3,227,445,000</u>	\$ <u>573,949</u>	0.0177834%
Fiduciary net position as a percentage of total pension liability	<u>98.24%</u>	<u>98.24%</u>	

15. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Authority provides for postretirement medical benefits to retiring employees after 15 years of service. Employees hired on or after April 1, 2008 will be required to complete 20 years of service. When a retiree reaches age 65, Medicare will provide primary coverage, except as otherwise provided by law. The Plan can be amended by action of the Authority and its Board of Directors. The Plan does not issue a stand-alone financial report since there are no assets accumulated in a trust that meet the criteria in GASB 75, paragraph 4.

Employees Covered by Benefit Terms

At March 31, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	10
Active employees	<u>60</u>
Total participants	<u>70</u>

Total OPEB Liability

The Authority's total OPEB liability of \$5,074,820 was measured as of March 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the March 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary Increase Rate	3.00%
Discount Rate	3.29%
Health Care Cost Trend Rate	5.00%
Actuarial Cost Method	Entry Age Actuarial Accrued Liability Cost Method
Mortality Rates	Based on Active and Retired Lives – The RP-2014 Mortality Table with separate rates for males and females and for actives and retirees

Changes in the Total OPEB Liability

OPEB Liability as of March 31, 2018	\$ 4,601,065
Service cost	248,401
Interest	169,281
Changes of benefit terms	-
Differences between expected and actual experience	(99,163)
Changes in assumptions or other inputs	208,511
Benefit payments	<u>(53,275)</u>
OPEB Liability as of March 31, 2019	<u>\$ 5,074,820</u>

15. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	2019		
	1% Decrease (2.29%)	Discount Rate (3.29%)	1% Increase (4.29%)
Total OPEB Liability	\$ 6,187,468	\$ 5,074,820	\$ 4,213,466

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the Authority, as well as what the Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	2019		
	1% Decrease (4.0%)	Discount Rate (5.0%)	1% Increase (6.0%)
Total OPEB Liability	\$ 4,145,536	\$ 5,074,820	\$ 6,291,420

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended March 31, 2019, the Authority recognized OPEB expense of \$424,114. At March 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$ 93,330
Changes in assumptions or other inputs	196,246	-
	<u>\$ 196,246</u>	<u>\$ 93,330</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2020	\$ 6,432
2021	6,432
2022	6,432
2023	6,432
2024	6,432
Thereafter	<u>70,755</u>
	<u>\$ 102,915</u>

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

SUPPLEMENTAL SCHEDULE OF REVENUE, EXPENSES AND CHANGE IN NET POSITION BY DEPARTMENT
FOR THE YEAR ENDED MARCH 31, 2019

	General and Administration	Solid Waste Management Facility	Water and Waste Water Operations	Telecommunications Network	Housing and Economic Development	Engineering	Total
OPERATING REVENUE:							
Customer billings	\$ -	\$ 9,843,669	\$ 5,046,674	\$ 5,971,362	\$ 222,186	\$ 1,231,126	\$ 22,315,017
Grant revenue	5,175	73,019	-	100,000	2,055,303	17,943	2,251,440
Loan interest income	-	-	-	-	661,275	-	661,275
Other revenue	169,866	600,932	14,487	51,595	91,259	-	928,139
Total operating revenues	175,041	10,517,620	5,061,161	6,122,957	3,030,023	1,249,069	26,155,871
OPERATING EXPENSES:							
Depreciation and amortization	224,926	4,263,466	628,411	3,942,663	-	27,217	9,086,683
Salaries	851,542	1,441,253	1,084,526	1,242,511	367,345	744,620	5,731,797
Fringe benefits	385,567	721,008	528,443	399,903	151,668	314,110	2,500,699
Operation and maintenance	9,480	981,724	69,729	1,345,142	11,260	103,632	2,520,967
Wastewater treatment	-	339,155	857,039	-	-	-	1,196,194
Water purchases	-	-	601,229	-	-	-	601,229
Community benefits	-	928,648	-	-	59,297	-	987,945
Closure and post-closure costs	-	1,037,920	-	-	-	-	1,037,920
Grant	-	-	-	-	732,672	-	732,672
Office and administrative	137,308	67,214	56,068	104,368	11,847	68,869	445,674
Insurance	17,463	153,520	77,075	111,693	-	24,077	383,828
Bad debt	-	12,112	-	-	-	-	12,112
Automobile	701	31,744	168,402	65,774	-	21,053	287,674
Utilities	-	59,890	98,941	3,595	-	-	162,426
Materials and supplies	-	260,726	-	-	-	-	260,726
Professional fees	75,499	18,129	14,555	32,570	78,985	-	219,738
Computer	151,712	16,817	27,161	26,271	-	54,774	276,735
NYS administrative assessment	-	49,605	33,036	31,981	-	7,378	122,000
Repairs and maintenance	-	23,629	72,840	-	-	-	96,469
Engineering allocation	-	31,395	36,112	20,733	8,331	(96,571)	-
Administrative allocation	(1,675,740)	702,057	327,770	470,562	132,226	43,125	-
Total operating expenses	178,458	11,140,012	4,681,337	7,797,766	1,553,631	1,312,284	26,663,488
Total operating income	(3,417)	(622,392)	379,824	(1,674,809)	1,476,392	(63,215)	(507,617)
NON-OPERATING REVENUE (EXPENSE):							
Interest income	404,461	1,259,917	102,605	251,287	258,897	-	2,277,167
Gain on sale of capital assets, net	49,164	41,710	24,458	-	-	-	115,332
Interest expense	-	(258,320)	(64,307)	-	-	-	(322,627)
Total non-operating revenue (expense)	453,625	1,043,307	62,756	251,287	258,897	-	2,069,872
CHANGE IN NET POSITION	\$ 450,208	\$ 420,915	\$ 442,580	\$ (1,423,522)	\$ 1,735,289	\$ (63,215)	\$ 1,562,255

The accompanying notes are an integral part of these schedules.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

**SUPPLEMENTAL SCHEDULE OF NORTH COUNTRY ECONOMIC DEVELOPMENT
FUND ACTIVITY
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>Total</u>
Funds held for others - beginning of year	\$ 10,085,625
Loan interest income	57,851
Miscellaneous income	105
Investment income	123,227
Mark to market adjustment	13,915
Legal	(2,343)
Investment fees	(3,496)
Consulting expense	<u>(8,000)</u>
Change in fund	<u>181,259</u>
Funds held for others - end of year	<u>\$ 10,266,884</u>
Assets held for North Country Economic Development	
Investments	\$ 8,044,983
Loan interest receivable	3,602
Loans receivable	<u>2,218,299</u>
Funds held for others	<u>\$ 10,266,884</u>

The accompanying notes are an integral part of these schedules.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2019**

	Last 10 Fiscal Years									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total OPEB Liability										
Service cost	\$ 248,401									
Interest	169,281									
Changes of benefit terms	-									
Differences between expected and actual experience	(99,163)									
Changes in assumptions	208,511									
Benefit payments	(53,275)									
Total change in total OPEB liability	473,755									
Total OPEB liability - beginning	4,601,065									
Total OPEB liability - ending	\$ 5,074,820									
Covered-employee payroll	\$ 3,679,648									
Total OPEB liability as a percentage of covered-employee payroll	137.9%									

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Notes to schedule:

Changes of assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate 3.29%

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

The actuarial cost method used to calculate the costs of the Plan is known as the Entry Age Actuarial Accrued Liability Cost Method.

The healthcare trend cost rates have remained consistent at a rate of 5.0%.

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2019**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Proportion of the net pension liability (asset)	0.018%	0.018%	0.017%	0.017%						
Proportionate share of the net pension liability (asset)	\$ 573,949	\$ 1,648,794	\$ 2,709,904	\$ 565,635						
Covered-employee payroll	\$ 4,970,504	\$ 4,620,918	\$ 4,355,501	\$ 4,052,840						
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	11.55%	35.68%	62.22%	13.96%						
Plan fiduciary net position as a percentage of the total pension liability (asset)	98.24%	94.70%	90.70%	97.90%						

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY
SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED MARCH 31, 2019

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 714,456	\$ 683,563	\$ 659,418	\$ 601,067						
Contributions in relation to the contractually required contribution	<u>714,456</u>	<u>683,563</u>	<u>659,418</u>	<u>601,067</u>						
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>						
Covered-employee payroll	\$ 4,970,504	\$ 4,620,918	\$ 4,355,501	\$ 4,052,840						
Contributions as a percentage of covered-employee payroll	14.37%	14.79%	15.14%	14.83%						

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

June 20, 2019

To the Board of Directors of the
Development Authority of the North Country:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Development Authority of the North Country (the Authority) (a public benefit corporation of the State of New York), as of and for the year ended March 31, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 20, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(Continued)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

June 20, 2019

To the Board of Directors of the
Development Authority of the North Country

Report on Compliance for Each Major Federal Program

We have audited the Development Authority of the North Country's (the Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended March 31, 2019. The Authority's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2019.

(Continued)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

(Continued)

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED MARCH 31, 2019**

<u>Federal Grantor/ Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Grant or Pass Through Number</u>	<u>Expenditures to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:				
Passed through Jefferson County:				
Home Investment Partnerships Program	14.239	M18-DC360512	\$ 412,854	\$ 447,854
Passed through Town of Wilna:				
Community Development Block Grant	14.228	1259HR333-16	228,727	288,165
Passed through Massena:				
Community Development Block Grant	14.228	711HO329-16	<u>59,702</u>	<u>64,422</u>
Total Community Development Block Grants			<u>288,429</u>	<u>352,587</u>
Total U.S. Department of Housing and Urban Development:			701,283	800,441
U.S. DEPARTMENT OF DEFENSE:				
Direct:				
Community Economic Adjustment Assistance for Compatible Use and Joint Land Use Studies	12.610	HQ00051810035	N/A	<u>127,089</u>
Total expenditures of federal awards				<u>\$ 927,530</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

General

The schedule of expenditures of federal awards presents the activity of all federal award programs of Development Authority of the North Country. The schedule includes expenditures of federal programs received directly from federal agencies, as well as federal assistance passed through other organizations. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of *Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

Basis of Accounting

The accompanying schedule of expenditures of federal awards has been prepared in conformity with accounting principles generally accepted in the United States of America and amounts presented are derived from the Authority's general ledger.

Indirect and Matching Costs

Indirect costs may be included in the reported expenditures to the extent that they are included in the federal financial reports used as the source for the data presented. Matching costs (the Authority's share of certain program costs) are not included in the reported expenditures.

The Authority did not elect to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

DEVELOPMENT AUTHORITY OF THE NORTH COUNTRY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED MARCH 31, 2019

A. SUMMARY OF AUDITOR'S RESULTS

1. The independent auditor's report expresses an unmodified opinion on whether the financial statements of the Development Authority of the North Country (the Authority) are prepared in accordance with GAAP.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Authority, which would be required to be reported with *Government Auditing Standards*, were disclosed during the audit.
4. No material weaknesses or significant deficiencies related to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report expresses an unmodified opinion on compliance for the major federal award program for the Authority.
6. There were no audit findings relative to the major federal award program for the Authority that are required to be reported in accordance with 2 CFR Section 200.516 (a).
7. The program tested as a major program was Home Investment Partnerships Program, CFDA #14.239.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Authority was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None.

D. SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

None.

APPENDIX D

FINANCIAL STATEMENTS OF THE MUNICIPALITIES

The County of Lewis Audited Financial Statements, County of St. Lawrence Audited Financial Statements, County of Jefferson Audited Financial Statements, and City of Watertown Audited Financial Statements can be accessed on the EMMA (“EMMA”) of the Municipal Securities Rulemaking Board (“MSRB”) at emma.msrb.org.

The audited financial statements referenced above are hereby incorporated into this Official Statement.

The Authority makes no representation concerning the creditworthiness of any particular Municipality or its ability to make payments to the Authority under the Solid Waste Management Agreement.

APPENDIX E

FORM OF BOND COUNSEL OPINION

[Date of Closing]

Development Authority
of the North Country
Dulles State Office Building
317 Washington Street
Watertown, New York 13601

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance of the \$10,720,000.00 Solid Waste Management System Revenue Bonds, Series 2019 (the "Series 2019 Bonds") by the Development Authority of the North Country (the "Authority"). The Series 2019 Bonds are authorized to be issued pursuant to (i) Title 29 of Article 8 of the Public Authorities Law of the State of New York (the "State"), as amended, and Chapter 670 of the Laws of 1985 of the State (collectively, the "Act"), (ii) a certain Trust Indenture dated as of July 1, 1992 (the "Indenture"), by and between the Authority and The Bank of New York Mellon as successor to Key Trust Company, as Trustee (the "Trustee"), (iii) a certain Series 2019 Indenture dated as of September 1, 2019 (the "Series 2019 Indenture"), by and between the Authority and the Trustee, and (iv) a bond resolution adopted by the Authority on February 28, 2019 (the "Resolution") (The Indenture, the Series 2019 Indenture, the Solid Waste Management Agreement referred to below and the Tax Compliance Agreement referred to below, collectively, the "Financing Documents"). Unless otherwise defined herein capitalized terms used herein have the meanings ascribed to such terms in the official statement for the Series 2019 Bonds.

The Series 2019 Bonds will be initially dated September __, 2019 and will bear interest from their dated date, payable semi-annually on each March 1, and September 1, commencing March 1, 2020 at the rates per annum and mature on the dates and in the amounts indicated below:

Year	Principal Amount	Interest Rate	Year	Principal Amount	Interest Rate
2020	\$240,000	4.000%	2033	\$440,000	4.250%
2021	250,000	4.000	2034	460,000	4.000
2022	260,000	5.000	2035	480,000	4.000
2023	275,000	5.000	2036	495,000	3.750
2024	285,000	5.000	2037	515,000	3.500
2025	300,000	5.000	2038	535,000	3.375
2026	315,000	5.000	2039	550,000	3.250
2027	335,000	5.000	2040	570,000	3.250
2028	350,000	5.000	2041	590,000	3.250
2029	370,000	5.000	2042	610,000	3.250
2030	385,000	4.500	2043	630,000	3.250
2031	405,000	4.500	2044	650,000	3.250
2032	425,000	4.250			

The Series 2019 Bonds are subject to redemption prior to maturity as described in the Indenture and the Series 2019 Indenture.

The Series 2019 Bonds are being issued for the purpose of providing the funds for (i) making improvements to the Authority's facilities in the Town of Rodman, New York, including the expansion of its landfill consisting of the construction of an additional 76 acre sanitary landfill including: (A) the expanded landfill's design, (B) necessary earthwork (i.e. clearing acreage, and building roads and stormwater ponds), (C) construction of the landfill, the leachate pump station, a side riser building and the initial liner system (Cells 12 & 13) within the Authority's facilities (including its system commissioning and certification) and (D) the creation of wetlands outside the Authority's facilities. ((ii) paying the costs incidental to the financing of the foregoing improvements; (iii) paying capitalized interest on the Series 2019 Bonds, and (iv) funding necessary debt service and other repair and operating reserves.

The Series 2019 Bonds are issued under and pursuant to the Indenture and the Series 2019 Indenture and are equally and ratably secured by the Indenture. The Indenture grants the Trustee a first lien on the Revenues (as defined in the Indenture) and assigns to the Trustee certain of the Authority's rights and remedies under a Solid Waste Management Agreement, dated as of October 1, 1986 as amended by amendments dated April 1, 1987 and August 26, 1993 by and among the County of Jefferson, the County of Lewis, the County of St. Lawrence, the City of Watertown (collectively, the "Municipalities") and the Authority (the "Solid Waste Management Agreement").

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met subsequent to the issuance and delivery of the Series 2019 Bonds in order that the interest on the Series 2019 Bonds be and remain excluded from gross income pursuant to the Code. Noncompliance could cause interest on the Series 2019 Bonds to be included in gross income of the owners thereof for federal income tax purposes retroactive to the date of issue, irrespective of the date on which such noncompliance occurs or is ascertained. We have examined the Tax Compliance Agreement dated as of September __, 2019 by and between the Authority and the Trustee (the "Tax Compliance Agreement") which describes the application to be made of certain funds held under the Indenture and the Series 2019 Indenture and sets forth certain representations, statements of intention, conditions and undertakings of the Authority relating to the use of proceeds of the Series 2019 Bonds necessary for, or related to, compliance with the requirements of the Code. The Tax Compliance Agreement obligates the Authority to take such actions as may be necessary and within its reasonable control to ensure that the interest on the Series 2019 Bonds will be and remain excludable from gross income for federal income tax purposes. The Authority has agreed in the Indenture that it will not take or fail to take any action within its reasonable control which will result in the loss of the exclusion of interest on the Series 2019 Bonds from gross income for federal income tax purposes.

In rendering the opinions expressed herein we have also reviewed the Indenture, the Series 2019 Indenture, and the Solid Waste Management Agreement and we have examined and relied solely upon such other documents, instruments and legal matters, as we have deemed necessary for the purpose of the opinions expressed herein. In rendering the opinion in paragraph 4 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectations and certifications of fact contained in the Tax Compliance Agreement with respect to matters affecting the exclusion of interest on the Series 2019 Bonds from the gross income of the owners thereof for federal income tax purposes under the Code, and (ii) compliance by the Authority with the procedures and covenants set forth in the Tax Compliance Agreement.

We are of the opinion that:

1. The Authority is a body corporate and politic constituting a public benefit corporation, and is duly created and validly existing under the Constitution and laws of the State, including particularly the Act, and has the right and lawful authority to issue the Series 2019 Bonds for the purposes described herein, to receive and pledge the revenues and receipts derived pursuant to the Solid Waste Management Agreement in accordance with the terms of the Indenture and to secure the Series 2019 Bonds in the manner contemplated by the Indenture.

2. The Authority has the right and power pursuant to the Act to enter into and perform its obligations under the Indenture, the Series 2019 Indenture, the Solid Waste Management Agreement and the Tax Compliance Agreement (collectively, the "Financing Documents") and each of the Financing Documents has been duly authorized, executed and delivered, is in full force and effect and constitutes a legal, valid and binding obligation of the Authority enforceable in accordance with its terms. The Solid Waste Management Agreement constitutes a legal, valid and binding obligation of each of the Municipalities and the Authority enforceable against each of them in accordance with its terms.

3. The Series 2019 Bonds have been duly authorized, executed and delivered and issued by the Authority in accordance with the Indenture, the Series 2019 Indenture, the Resolution and the Constitution and the laws of the State, including the Act. The Series 2019 Bonds are valid and legally binding special obligations of the Authority, secured by the Indenture, and are payable as to principal, premium, if any, and interest from, and are secured by a valid lien on and pledge of, the Revenues and other monies held by the Trustee under the Indenture and the Series A Indenture and available therefor under the terms of the Indenture and the Series A Indenture. The Series 2019 Bonds are enforceable in accordance with their terms and the terms of the Indenture and the Series 2019 Indenture and are entitled to the benefits of the Act, the Indenture and the Series A Indenture. All conditions precedent to the delivery of the Series 2019 Bonds have been fulfilled.

4. Under existing statutes and court decisions, interest on the Series 2019 Bonds is not included in the gross income of the owners thereof for federal income tax purposes. Under the Code, interest on the Series 2019 Bonds is not treated as a preference item in calculating alternative minimum taxable income for purposes of the federal alternative minimum tax applicable to individuals. For corporations, the tax legislation enacted in 2017 eliminated the alternative minimum tax for taxable years beginning after December 31, 2017.

5. Under the Act, the interest on the Series 2019 Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof (including The City of New York).

6. The opinions set forth in paragraphs 2 and 3 above are qualified only to the extent that the enforceability of the Series 2019 Bonds and each of the Financing Documents may be limited by applicable bankruptcy, insolvency, moratorium, reorganization or other laws or judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally.

In rendering the foregoing opinions, we have made a review of such legal proceedings as we have deemed necessary to approve the legality and validity of the Series 2019 Bonds. In rendering the foregoing opinions, we have not been requested to examine any documents or financial or other information concerning the Authority or the Authority's solid waste disposal facility other than the documents referred to herein, and we express no opinion as to the accuracy, adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2019 Bonds.

Very truly yours,

MACKENZIE HUGHES LLP

APPENDIX F-1

FORM OF AUTHORITY CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Certificate”) is made as of the ___ day of September, 2019 by the Development Authority of the North Country, New York (the “Authority”) acting by its undersigned officer, duly authorized, in connection with the issuance by the Authority of the \$10,720,000 Solid Waste Management System Revenue Bonds Series 2019 dated as of the date of delivery (the “Bonds”), for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions. For purposes of this Certificate, the following capitalized terms shall have the following meanings:

“**EMMA**” shall mean the Electronic Municipal Market Access System, the web-site created by the MSRB and approved by the SEC that is accessible at www.emma.msrb.org where beginning July 1, 2009 municipal issuers and obligated persons are required to file continuing disclosure information under the Rule.

“**Final Official Statement**” means the official statement of the Authority, prepared in connection with the Bonds and dated as of the date of delivery of the Bonds.

“**Indenture**” means the Trust Indenture dated as of July 1, 1992 by and between the Authority and The Bank of New York Mellon Trust, as Trustee, as supplemented and amended to the date hereof.

“**MSRB**” means the Municipal Securities Rulemaking Board established under the Securities Act of 1933, as amended, or any successor thereto.

“**Obligated Person**” means any person who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the debt service on outstanding Bonds of the Authority issued under the Indenture (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), including the Counties of Jefferson, Lewis, and St. Lawrence and the City of Watertown, New York.

“**Repository**” means any nationally recognized municipal securities information repository recognized by the SEC from time to time, which, as of the date of this Certificate, means only the MSRB through the operation of EMMA.

“**Rule**” means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Certificate.

“**SEC**” means the Securities Exchange Commission of the United States, or any successor thereto.

Capitalized terms used herein and not otherwise defined shall have the meaning as set forth in the Indenture.

Section 2. Annual Financial Information.

(a) The Authority agrees to provide, or cause to be provided, to the Repository through EMMA, in accordance with the provisions of the Rule and of this Certificate, annual financial information and operating data each fiscal year as follows:

(1) Audited financial statements of the Authority and any Obligated Person with respect to the Bonds, prepared in accordance with generally accepted accounting principles, with certain exceptions required or permitted by New York law, commencing with the fiscal year ending March 31, 2020 with respect to the Authority, December 31, 2019 with respect to the Counties of Jefferson, Lewis, and St. Lawrence, and June 30, 2019 with respect to the City of Watertown.

(2) To the extent not included in the financial statements described in Section 2(a)(1) above, annual financial information and operating data of the Authority of the type presented in the Final Official Statement prepared in connection with the Bonds and such other financial information and operating data as may be required to comply with the Rule, commencing with the respective fiscal years described in Section 2(a)(1) above; provided, however, that references to the Final Official Statement for the Bonds as a means of identifying such financial information and operating data shall not prevent the Authority from reorganizing such material in subsequent official statements or annual information reports.

(b) The Authority's financial statements and other financial information and operating data described above shall be provided on or before one hundred eighty (180) days after the close of the fiscal year for which such information is being provided. With respect to the Authority's audited financial statements described in Section 2(a)(1) above, if such audited financial statements are not available one hundred eighty (180) days after the close of the fiscal year for which such audited financial statements are being provided, then unaudited financial statements shall be provided within one hundred eighty (180) days after the close of the fiscal year for which such financial statements are being provided, with audited financial statements to be provided when available, but in no event later than one year after the end of the fiscal year described in the financial statements.

The Obligated Persons' financial statements described above shall be provided when available, but in no event later than one year after the end of the fiscal year described in the financial statements.

(c) Audited financial statements and annual financial information and operating data may be provided in whole or in part by cross-reference to other documents previously provided to the Repository through EMMA. If the document to be cross-referenced is a final official statement, it must be available from the Repository through EMMA. All or a portion of the financial information and operating data may be provided in the form of a comprehensive annual financial report or an annual information statement.

Section 3. Material Events.

The Authority agrees to provide or cause to be provided, within ten (10) business days after the occurrence thereof, to the Repository through EMMA, notice of the occurrence of any of the following events with respect to the Bonds:

- (a) Principal and interest payment delinquencies;
- (b) Non-payment related defaults, if material;
- (c) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) Substitution of credit or liquidity providers, or their failure to perform;
- (f) Adverse tax opinions or the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax-exempt status of the Bonds;
- (g) Modifications to rights of holders of the Bonds, if material;
- (h) Bond calls, if material, and tender offers;
- (i) Bond defeasances;
- (j) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (k) Rating changes;

- (l) Bankruptcy, insolvency, receivership or similar event of the Authority or the Obligated Person;¹ .
- (m) The consummation of a merger, consolidation, or acquisition involving the Authority or the Obligated Person or the sale of all or substantially all of the assets of the Authority or the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions other than pursuant to its terms, if material; and
- (n) Appointment of a successor or additional trustee or the change of name of a trustee, if material.
- (o) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (p) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

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

Section 4. Notice of Failure to Provide Annual Financial Information.

The Authority agrees to provide or cause to be provided, in a timely manner, to the Repository through set forth in Section 2(a) hereof on or before the dates set forth in Section 2(b) hereof.

Section 5. Obligated Persons.

The Authority shall use its best efforts to (i) cause each Obligated Person, if any, to enter into a Municipality Continuing Disclosure Certificate in the form set forth in Appendix F-2 of the Final Official Statement, or (ii) otherwise provide the continuing disclosure for such Obligated Person as contemplated hereby.

Section 6. Use of Agents.

Annual financial information and operating data and notices to be provided pursuant to this Certificate may be provided by the Authority or by any agents which may be employed by the Authority for such purpose from time to time.

Section 7. Termination.

The obligations of the Authority under this Certificate shall terminate upon the earlier of (i) payment at maturity or otherwise; of all of the Bonds, or (ii) such time as the Authority ceases to be an obligated person with respect to the Bonds within the meaning of the Rule.

Section 8. Enforcement.

¹¹ As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Authority or the Obligated Person in a proceeding under the U. S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority or the Obligated Person, 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 (ii) 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 Authority or Obligated Person.

The purpose of the Authority's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the beneficial owners of the Bonds, from time to time, to specifically enforce the Authority's obligations hereunder, not to create new contractual or other rights for the original purchasers of the Bonds, any registered owner or beneficial owner of the Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the SEC or any other person. The sole remedy in the event of any actual or alleged failure by the Authority to comply with any covenant of this Certificate shall be an action for the specific performance of the Authority's obligations hereunder and not for money damages in any amount. Any failure by the Authority to comply with all provisions of this undertaking shall not constitute an {N0102334 V 2021} F1-4 event of default with respect to the Bonds.

Section 9. Contact Person.

The Authority's Executive Director, or such official's designee from time to time, shall be the contact person on behalf of the Authority from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is James W. Wright, Dulles State Office Building, 317 Washington Street, Watertown, New York, 13601, Telephone (315) 661-3200.

Section 10. Miscellaneous.

(a) The Authority shall have no obligation to provide any information, data or notices other than as set forth in this Certificate; provided however, nothing in this Certificate shall be construed as prohibiting the Authority from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Authority elects to provide any such additional information, data or notices, the Authority shall have no obligation under this Certificate to update or continue to provide further additional information, data or notices of the type so provided.

(b) The intent of the Authority's undertaking in this Certificate is to provide on a continuing basis the information described in the Rule. The provisions of the Certificate may be amended by the Authority without the consent of, or notice to, any beneficial owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the SEC or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Authority for the benefit of the beneficial owners of Bonds, (d) to modify the contents, presentation and format of the annual financial information from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the provisions of state legislation responding to the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the beneficial owners of the Bonds, as determined either by a party unaffiliated with the Authority (such as bond counsel), or by the vote or consent of beneficial owners of a majority in outstanding principal amount of the Bonds affected thereby at or prior to the time of such amendment. Furthermore, to the extent that the Rule, as in effect from time to time, or any replacement thereof no longer requires the Authority to provide all or any portion of the information the Authority has agreed to provide pursuant to the Certificate, the obligation of the Authority to provide such information also shall cease immediately.

(c) This Certificate shall be governed by the laws of the State of New York.

DEVELOPMENT AUTHORITY OF THE
NORTH COUNTRY

By: _____
James Wright, Executive Director

APPENDIX F-2

FORM OF MUNICIPALITY CONTINUING DISCLOSURE CERTIFICATE

Municipality Continuing Disclosure Certificate

This Continuing Disclosure Certificate (the “Certificate”) is made as of the __ day of August, 2019 by the _____ of _____, New York (the “Municipality”) acting by its undersigned officer, duly authorized, in connection with the issuance by the Development Authority of the North Country, New York (the “Authority”) of the \$10,720,000 Solid Waste Management System Revenue Bonds Series 2019 dated as of the date of delivery (the “Bonds”), for the benefit of the beneficial owners from time to time of the Bonds.

Section 1. Definitions. For purposes of this Certificate, the following capitalized terms shall have the following meanings:

“EMMA” shall mean the Electronic Municipal Market Access System, the web-site created by the MSRB and approved by the SEC that is accessible at www.emma.msrb.org where beginning July 1, 2009 municipal issuers and obligated persons were required to file continuing disclosure information under the Rule.

“Final Official Statement” means the official statement of the Authority prepared in connection with the Bonds and dated as of the date of delivery of the Bonds.

“Indenture” means the Trust Indenture dated as of July 1, 1992 by and between the Authority and The Bank of New York Mellon, as Trustee, as supplemented and amended to the date hereof.

“MSRB” means the Municipal Securities Rulemaking Board established under the Securities Act of 1933, as amended, or any successor thereto.

“Repository” means any nationally recognized municipal securities information repository recognized by the SEC from time to time, which, as of the date of this Certificate, means only the MSRB through the operation of EMMA.

“Rule” means Rule 15c2-12 under the Securities Exchange Act of 1934, as of the date of this Certificate.

“SEC” means the Securities Exchange Commission of the United States, or any successor thereto.

“Solid Waste Management Agreement” means the Solid Waste Management Agreement dated as of October 1, 1986, as amended on April 1, 1987, and as further amended by the Solid Waste Management Participation Agreement dated July 26, 1993, among the Authority and the Counties of Jefferson, Lewis and St. Lawrence and the City of Watertown, New York, as the same may be amended from time to time.

Capitalized terms used herein and not otherwise defined shall have the meaning as set forth in the Indenture.

Section 2. Audited Financial Statements.

(a) The Municipality agrees to provide, or cause to be provided, directly or through the Authority to the Repository through EMMA, in accordance with the provisions of the Rule and of this Certificate, audited financial statements of the Municipality, prepared in accordance with generally accepted accounting principles, with certain exceptions required or permitted by New York law, commencing with the fiscal year ending _____.

(b) The financial statements described above shall be provided when available, but in no event later than one year after the end of the fiscal year described in the financial statements.

(c) Audited financial statements may be provided by cross-reference to other documents previously provided to the Repository through EMMA. If the document to be cross-referenced is a final official statement, it must be available from the Repository through EMMA.

Section 3. Notice of Failure to Provide Audited Financial Statements.

The Municipality agrees to provide or cause to be provided, in a timely manner, to the Repository through EMMA, notice of any failure by the Municipality to provide audited financial statements as set forth in Section 2(a) hereof on or before the date set forth in Section 2(b) hereof.

Section 4. Use of Agents.

Audited financial statements and notices to be provided pursuant to this Certificate may be provided by the Municipality or by any agents which may be employed by the Municipality for such purpose from time to time.

Section 5. Termination.

The obligations of the Municipality under this Certificate shall terminate upon the earlier of (i) payment at maturity or otherwise, of all of the Bonds, or (ii) such time as the Municipality is no longer a party to the Solid Waste Management Agreement with the Authority and thereby ceases to be required to provide continuing disclosure with respect to the Bonds within the meaning of the Rule and the Authority's Continuing Disclosure Certificate with respect to the Bonds.

Section 6. Enforcement.

The purpose of the Municipality's undertaking is to conform to the requirements of the Rule and, except for creating the right on the part of the beneficial owner of the Bonds, from time to time, to specifically enforce the Municipality's obligations hereunder, not to create new contractual or other rights for the original purchasers of the Bonds, any registered owner or beneficial owner of the Bonds, any municipal securities broker or dealer, any potential purchaser of the Bonds, the SEC or any other person. The sole remedy in the event of any actual or alleged failure by the Municipality to comply with any covenant of this Certificate shall be an action for the specific performance of the Municipality's obligations hereunder and not for money damages in any amount. Any failure by the Municipality to comply with all provisions of this undertaking shall not constitute an event of default with respect to the Bonds.

Section 7. Contact Person.

The Municipality's _____, or such official designated by the Municipality, shall be the contact person on behalf of the Municipality from whom the foregoing information, data and notices may be obtained. The name, address and telephone number of the initial contact person is _____, Telephone _____.

Section 8. Miscellaneous.

(a) The Municipality shall have no obligation to provide any information, data or notices other than as set forth in this Certificate; provided however, nothing in this Certificate shall be construed as prohibiting the Municipality from providing such additional information, data or notices from time to time as it deems appropriate in connection with the Bonds. If the Municipality elects to provide any such additional information, data or notices, the Municipality shall have no obligation under this Certificate to update or continue to provide further additional information, data or notices of the type so provided.

(b) The intent of the Municipality's undertaking in this Certificate is to provide on a continuing basis the information described in the Rule. The provisions of the Certificate may be amended by the Municipality without the consent of, or notice to, any beneficial owners of the Bonds, (a) to comply with or conform to the provisions of the Rule or any amendments thereto or authoritative interpretations thereof by the SEC or its staff (whether required or optional), (b) to add a dissemination agent for the information required to be provided by such undertakings and to make any necessary or desirable provisions with respect thereto, (c) to add to the covenants of the Municipality for the benefit of the beneficial owners of Bonds, (d) to modify the contents, presentation and format of the audited financial statements from time to time as a result of a change in circumstances that arises from a change in legal requirements, or (e) to otherwise modify the undertakings in a manner consistent with the provisions of state legislation responding to the requirements of the Rule concerning continuing disclosure; provided, however, that in the case of any amendment pursuant to clause (d) or (e), (i) the undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Bonds, after taking into account any amendments or authoritative interpretations of the Rule, as well as any change in circumstances, and (ii) the amendment does not materially impair the interests of the beneficial owners of the Bonds, as determined either by a party unaffiliated with the Municipality (such as bond counsel), or by the vote or consent of beneficial owners of a majority in outstanding principal

amount of the Bonds affected thereby at or prior to the time of such amendment. Furthermore, to the extent that the Rule, as in effect from time to time, or any replacement thereof no longer requires the Municipality to provide all or any portion of the information the Municipality has agreed to provide pursuant to the Certificate, the obligation of the Municipality to provide such information also shall cease immediately.

(c) This Certificate shall be governed by the laws of the State of New York.

[MUNICIPALITY]

By: _____
Authorized Representative

APPENDIX G

BOND INSURANCE AND SPECIMEN MUNICIPAL BOND INSURANCE POLICY

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds maturing on September 1 of the years 2026 through 2044, inclusive (the "Insured Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

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

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On June 27, 2019, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On December 21, 2018, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On May 7, 2018, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Capitalization of AGM

At June 30, 2019:

- The policyholders' surplus of AGM was approximately \$2,530 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$1,082 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$1,853 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

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

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (filed by AGL with the SEC on March 1, 2019);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019 (filed by AGL with the SEC on May 10, 2019); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2019 (filed by AGL with the SEC on August 8, 2019).

All consolidated financial statements of AGM and all other information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "APPENDIX-G, "Bond Insurance" and "Specimen Municipal Bond Insurance Policy".



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AGM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AGM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AGM and shall not be deemed received until received by both and (b) all payments required to be made by AGM under this Policy may be made directly by AGM or by the Insurer's Fiscal Agent on behalf of AGM. The Insurer's Fiscal Agent is the agent of AGM only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AGM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AGM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
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