



**\$133,675,000**

**NEW YORK STATE  
 ENVIRONMENTAL FACILITIES CORPORATION**

**State Revolving Funds Revenue Bonds**

**(2010 Master Financing Program) (Green Bonds)**

**\$104,415,000**

**\$29,260,000**

**Series 2016 B (Tax-Exempt)**

**Series 2016 C (Federally Taxable)**

**DATED:** Date of Delivery

**DUE:** As shown on the inside cover

**This cover page is only a brief general summary. You must read this entire official statement to obtain essential information for making an informed investment decision.**

**PURPOSES**

We will use the proceeds of the State Revolving Funds Revenue Bonds, Series 2016 B (2010 Master Financing Program) (Green Bonds) (the "2016 B Bonds") and the State Revolving Funds Revenue Bonds, Series 2016 C (Federally Taxable) (2010 Master Financing Program) (Green Bonds) (the "2016 C Bonds" and, together with the 2016 B Bonds, the "offered bonds") to provide financial assistance to eligible recipients in the State of New York (the "State") to finance or refinance clean water and drinking water projects.

**THE OFFERED BONDS**

Interest on the 2016 B Bonds is payable on February 15 and August 15 of each year commencing February 15, 2017. Interest on the 2016 C Bonds is payable on January 15 and July 15 of each year commencing January 15, 2017. The offered bonds are issued in \$5,000 denominations. The DTC book-entry system will apply to all offered bonds, so you will not be registered as a bondholder. You will not receive physical delivery of certificates evidencing ownership of bonds.

**REDEMPTION**

The offered bonds are subject to redemption prior to maturity as described herein.

**SOURCES OF PAYMENT AND SECURITY**

The offered bonds are our special limited obligations, payable solely from amounts pledged as security as described in this official statement. As security, we have pledged payments we receive on bonds issued by recipients of our financial assistance under our 2010 master financing indenture program ("2010 MFI program") and certain other funds made available by the New York State Environmental Facilities Corporation (the "Corporation") to Manufacturers and Traders Trust Company, as trustee, or any successor thereto ("2010 MFI Trustee"), all as described in this official statement.

**The offered bonds are not our general obligations and are not a charge against our general credit. The offered bonds are not a debt of the State of New York or of its local governmental units or other public entities, including recipients of our financial assistance. We have no taxing power.**

**TAX EXEMPTION**

In the opinion of Norton Rose Fulbright US LLP and Pearlman & Miranda, LLC, acting as our Co-Bond Counsel, under existing law, and relying on certain representations and assuming compliance with certain covenants described herein, interest on the 2016 B Bonds is:

- excluded from a bondholder's gross income for federal income tax purposes,
- not a preference item for a bondholder under the federal alternative minimum tax, and
- included in the adjusted current earnings of certain corporations under the federal corporate alternative minimum tax.

Also, in Co-Bond Counsel's opinion, under existing law, interest on the offered bonds is exempt from personal income taxes imposed by the State of New York and its political subdivisions, including The City of New York.

**DELIVERY**

The offered bonds are offered subject to prior sale, when, as and if issued and received by the Underwriters, subject to certain conditions. The offered bonds are expected to be delivered, through DTC's facilities, on or about September 22, 2016.

**FURTHER INFORMATION**

We have prepared an Annual Information Statement dated October 1, 2015 (as amended from time to time, the "Annual Information Statement"), which describes our various financing programs. We have included by specific cross-reference in this official statement portions of our Annual Information Statement. We have filed copies of the Annual Information Statement with the MSRB as described in this official statement. You may obtain our Annual Information Statement from our website at [www.efc.ny.gov](http://www.efc.ny.gov) or you may obtain a hard copy from us directly.

**SIEBERT CISNEROS SHANK & CO., L.L.C.**

Academy Securities Inc.

Estrada Hinojosa & Company, Inc.

Jefferies

Morgan Stanley

Roosevelt & Cross Incorporated\*

BofA Merrill Lynch

Goldman, Sachs & Co.

KeyBanc Capital Markets Inc.\*

Ramirez & Co., Inc.

The Williams Capital Group, L.P.

**J.P. MORGAN**

Citigroup

Janney Montgomery Scott LLC\*

Loop Capital Markets LLC

Rice Financial Products Company

Wells Fargo Bank, N.A.

August 31, 2016

\* Underwriter for the Series 2016 B (Tax-Exempt) only.

**MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS**

**\$133,675,000  
New York State  
Environmental Facilities Corporation  
State Revolving Funds Revenue Bonds  
(2010 Master Financing Program) (Green Bonds)**

**\$104,415,000 Series 2016 B**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>(1)</sup></u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP<sup>(1)</sup></u>
2/15/2017	\$1,745,000	3.00%	0.50%	64985H UX3	8/15/2023	\$1,010,000	4.00%	1.14%	64985H VL8
8/15/2017	795,000	1.00	0.56	64985H UY1	2/15/2024	1,835,000	5.00	1.20	64985H VM6
2/15/2018	1,495,000	3.00	0.56	64985H UZ8	8/15/2024	1,065,000	4.00	1.24	64985H VN4
8/15/2018	755,000	4.00	0.62	64985H VA2	2/15/2025	1,905,000	5.00	1.30	64985H VP9
2/15/2019	1,535,000	5.00	0.61	64985H VB0	8/15/2025	1,125,000	4.00	1.34	64985H VQ7
8/15/2019	805,000	3.00	0.65	64985H VC8	2/15/2026	1,965,000	5.00	1.40	64985H VR5
2/15/2020	1,590,000	5.00	0.68	64985H VD6	8/15/2026	1,190,000	4.00	1.44	64985H VS3
8/15/2020	840,000	5.00	0.74	64985H VE4	2/15/2027	2,025,000	5.00	1.54 <sup>(2)</sup>	64985H VT1
2/15/2021	1,650,000	5.00	0.75	64985H VF1	8/15/2027	1,250,000	4.00	1.58 <sup>(2)</sup>	64985H VU8
8/15/2021	905,000	4.00	0.83	64985H VG9	2/15/2028	2,100,000	5.00	1.64 <sup>(2)</sup>	64985H VV6
2/15/2022	1,705,000	5.00	0.93	64985H VH7	8/15/2028	1,305,000	5.00	1.67 <sup>(2)</sup>	64985H VW4
8/15/2022	960,000	4.00	1.01	64985H VJ3	2/15/2029	2,180,000	5.00	1.72 <sup>(2)</sup>	64985H VX2
2/15/2023	1,770,000	5.00	1.08	64985H VK0	8/15/2029	1,360,000	5.00	1.74 <sup>(2)</sup>	64985H VY0

**\$3,690,000 5.00% Term Bonds due August 15, 2030 Priced to Yield 1.79%<sup>(2)</sup> 64985H VZ7 CUSIP<sup>(1)</sup>**  
**\$3,835,000 5.00% Term Bonds due August 15, 2031 Priced to Yield 1.83%<sup>(2)</sup> 64985H WA1 CUSIP<sup>(1)</sup>**  
**\$3,975,000 4.00% Term Bonds due August 15, 2032 Priced to Yield 2.14%<sup>(2)</sup> 64985H WB9 CUSIP<sup>(1)</sup>**  
**\$4,105,000 4.00% Term Bonds due August 15, 2033 Priced to Yield 2.21%<sup>(2)</sup> 64985H WC7 CUSIP<sup>(1)</sup>**  
**\$4,230,000 4.00% Term Bonds due August 15, 2034 Priced to Yield 2.26%<sup>(2)</sup> 64985H WD5 CUSIP<sup>(1)</sup>**  
**\$4,345,000 4.00% Term Bonds due August 15, 2035 Priced to Yield 2.31%<sup>(2)</sup> 64985H WE3 CUSIP<sup>(1)</sup>**  
**\$4,485,000 4.00% Term Bonds due August 15, 2036 Priced to Yield 2.35%<sup>(2)</sup> 64985H WF0 CUSIP<sup>(1)</sup>**  
**\$4,235,000 4.00% Term Bonds due August 15, 2037 Priced to Yield 2.37%<sup>(2)</sup> 64985H WJ2 CUSIP<sup>(1)</sup>**  
**\$17,965,000 5.00% Term Bonds due August 15, 2041 Priced to Yield 2.17%<sup>(2)</sup> 64985H WG8 CUSIP<sup>(1)</sup>**  
**\$16,685,000 4.00% Term Bonds due August 15, 2046 Priced to Yield 2.49%<sup>(2)</sup> 64985H WH6 CUSIP<sup>(1)</sup>**

**\$29,260,000 Series 2016 C (Federally Taxable)**

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP<sup>(1)</sup></u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>	<u>CUSIP<sup>(1)</sup></u>
7/15/2017	\$1,285,000	0.750%	100%	64985H WK9	7/15/2025	\$1,765,000	2.220%	100%	64985H WT0
7/15/2018	1,815,000	1.001	100	64985H WL7	7/15/2026	1,805,000	2.320	100	64985H WU7
7/15/2019	1,830,000	1.211	100	64985H WM5	7/15/2027	1,820,000	2.470	100	64985H WV5
7/15/2020	1,855,000	1.431	100	64985H WN3	7/15/2028	1,855,000	2.570	100	64985H WW3
7/15/2021	1,870,000	1.631	100	64985H WP8	7/15/2029	1,900,000	2.670	100	64985H WX1
7/15/2022	1,740,000	1.889	100	64985H WQ6	7/15/2030	1,945,000	2.720	100	64985H WY9
7/15/2023	1,700,000	2.039	100	64985H WR4	7/15/2031	1,960,000	2.770	100	64985H WZ6
7/15/2024	1,730,000	2.120	100	64985H WS2					

**\$2,385,000 3.113% Term Bonds due July 15, 2039 Price 100% 64985H XA0 CUSIP<sup>(1)</sup>**

See **DESCRIPTION OF THE OFFERED BONDS – Redemption Prior to Maturity – Mandatory Redemption and Optional Redemption** for redemption provisions for the offered bonds.

<sup>(1)</sup> CUSIP numbers have been assigned by an independent company not affiliated with the Corporation and are included solely for the convenience of the holders of the offered bonds. Neither the Corporation nor the Underwriters are responsible for the selection or uses of these CUSIP numbers and no representation is made to their correctness on the offered bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the offered 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 a result of 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 offered bonds.

<sup>(2)</sup> Priced to the August 15, 2026 optional redemption date at a redemption price of 100%.

**No Unlawful Offers.** This official statement does not constitute an offer to sell, or the solicitation of an offer to buy, the offered bonds in any jurisdiction where that would be unlawful. We have not authorized any dealer, salesperson or anyone else to give any information or make any representation in connection with the offering of the offered bonds, except as set forth in this official statement. You should not rely on any such information or representation.

**Not a Contract; Not Investment Advice.** This official statement is not a contract, and provides no investment advice. You should consult your financial advisor and legal counsel with your questions about this official statement and the offered bonds, or anything else related to this issue of bonds.

**No Guarantee of Information.** We have provided this information or obtained it from other sources believed to be reliable. We do not, however, guarantee the accuracy or completeness of that information, nor has any one source guaranteed the information provided by any other source. Information and expressions of opinion are subject to change without notice, and you should not draw any implication that there have been no changes since the date of this official statement. Neither the delivery of, nor any sale made under, this official statement shall under any circumstances create any implication that there has been no change in our affairs or in any other matters described herein since the date on the cover page hereof.

**MSRB and EMMA.** We file annual information about ourselves and the security structure and terms of our bond issues with the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access system (“EMMA”). The MSRB has committed to make the documents filed available to the public through EMMA. Although we make no representations with respect thereto, it is our understanding that EMMA can currently be accessed online at <http://emma.msrb.org/>.

**Cross References.** The information listed under the heading Cross References in the Table of Contents, as filed with the MSRB through EMMA to date, is “included by specific cross-reference” in this official statement. This means that important information is disclosed by referring to those documents, which are considered to be part of this official statement. You should read this official statement, which includes those filings (and may include filings to be made in the future), in its entirety in order to obtain essential information for making an informed decision in connection with the offered bonds. You may obtain copies of the Annual Information Statement and other filings by writing to us at our headquarters at 625 Broadway, Albany, NY 12207, Attention: Controller and Director of Corporate Operations.

**Underwriter Transactions.** The Underwriters may overallocate or effect transactions which stabilize and maintain the market price of the offered bonds at a level above that which might otherwise prevail in the open market. The Underwriters are not obligated to do this and are free to discontinue it at any time.

**Forward-Looking Statements.** Statements in this official statement, and the documents included by specific cross-reference, that are not recitations of historical facts are forward-looking statements. Such statements are based on our beliefs, as well as assumptions made by, and information currently available to, our management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that we file with the MSRB through EMMA. When used in our documents or oral presentations, the words “anticipate,” “estimate,” “expect,” “objective,” “projection,” “forecast,” “goal,” or similar words are intended to identify forward-looking statements.

**Our Website.** We may place a copy of this official statement and our Annual Information Statement on our website at [www.efc.ny.gov](http://www.efc.ny.gov). Unless this official statement specifically indicates otherwise, no statement on our website is included by specific cross-reference or constitutes a part of this official statement. We have prepared our website information for your convenience, but you should not make any decision in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and we assume no liability or responsibility for errors or omissions on our website. Further, we disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on our website. We also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

**NEW YORK STATE  
ENVIRONMENTAL FACILITIES CORPORATION**

**625 Broadway  
Albany, New York 12207  
*www.efc.ny.gov*  
(518) 402-6924**

**Board of Directors**

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Commissioner of Environmental Conservation of the State of New York..... Chair

Jeffrey Stefanko, Assistant Commissioner for Administration,  
New York State Department of Environmental Conservation ..... Designee

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Michael J. Cambridge, Director, Division of Environmental Health Protection,  
New York State Department of Health..... Designee

Roger C. Sokol, Ph.D., Director, Bureau of Water Supply Protection,  
New York State Department of Health..... Designee

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Charles Kruzansky, Voorheesville, New York..... Member

**Executive Staff**

Sabrina M. Ty ..... President and Chief Executive Officer

Maureen A. Coleman, Esq..... General Counsel

George N. Cholakis, Esq. .... Executive Deputy Counsel

Timothy P. Burns, P.E. .... Director of Engineering and Program Management

Michael D. Malinoski ..... Controller and Director of Corporate Operations

Kenneth G. Friedrich ..... Chief Financial Officer

Audra A. Nowosielski, Ph.D ..... Deputy Director of Public Finance

Franklin W. Hsia..... Deputy Chief Information Officer

**OFFICIAL STATEMENT**  
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**Cross References**

The following portions of the Annual Information Statement of New York State Environmental Facilities Corporation, dated October 1, 2015, as amended from time to time, and filed with the MSRB through its EMMA system, are included by specific cross-reference in this official statement.

- Part 1. Introduction
  - Exhibit 1A – Additional Information Regarding the Corporation
  - Exhibit 1B – EFC Audited Annual Financial Statement
  - Exhibit 1C – Book Entry Only System
- Part 2. State Revolving Funds Programs
  - Exhibit 2A – Certain Definitions and Summary of Master Trust Agreement
  - Exhibit 2C – SRF Recipient General Information
- Part 3. 2010 MFI Program
  - Exhibit 3A – Certain Definitions and Summary of Financing Indenture (2010 MFI Program)
- Part 4. New York City Municipal Water Finance Authority Projects
  - Exhibit 4A – Certain Definitions and Summary of Financing Indenture (NYCMWFA Program)
  - Exhibit 4B – Certain Definitions and Summary of Certain Basic Agreements (NYCMWFA Subordinated Financing Program)

Please note that the Information in “Exhibit 2B–Information Regarding Prior SRF Bonds And SRF Recipients” to our Annual Information Statement is not being incorporated by specific cross-reference in this official statement. Certain of the information in such Exhibit 2B has been updated and included directly in this official statement.

### **Copies of Official Statement**

Copies of our official statement are filed with the MSRB for every series of bonds we issue. Further, from time to time, we may file information with the MSRB through EMMA to amend or update information previously filed.

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## OFFICIAL STATEMENT

**\$133,675,000**  
**New York State**  
**Environmental Facilities Corporation**  
**State Revolving Funds Revenue Bonds**  
**(2010 Master Financing Program) (Green Bonds)**

<b>\$104,415,000</b> <b>Series 2016 B</b>	<b>\$29,260,000</b> <b>Series 2016 C (Federally Taxable)</b>
<b>(the “offered bonds”)</b>	

### INTRODUCTION

This official statement – which includes the main body and the Exhibits – provides you with information about the offered bonds, together with information about how we administer our 2010 master financing indenture program (“2010 MFI program”).

We were created as the “New York State Environmental Facilities Corporation,” known as “EFC,” in 1970 by the EFC Act (as described below). We are a public benefit corporation of the State, which means that we are a corporate entity separate and apart from the State without any power of taxation, and that the State is not obligated to pay our bonds.

We will issue the offered bonds pursuant to the New York State Environmental Facilities Corporation Act, Title 12 of Article 5 of the Public Authorities Law of the State of New York, as amended, which we call the “EFC Act,” and under the “2010 Master Financing Indenture,” or “2010 MFI,” dated as of June 1, 2010, as amended and supplemented, between us and Manufacturers and Traders Trust Company, as trustee, or any successor thereto (“2010 MFI Trustee”).

We describe our 2010 MFI program in more detail in Part 3 of our Annual Information Statement and summarize the provisions of our financing documents relating to our 2010 MFI program in Exhibit 3A to our Annual Information Statement. The offered bonds constitute *senior* 2010 MFI bonds. We are authorized to issue senior 2010 MFI bonds for the purpose of funding financial assistance to local governments, state public authorities and specified private entities in the State as described in more detail in this official statement – each of which we refer to as a “recipient,” for financing or refinancing clean water and drinking water projects and for the purpose of refunding other State Revolving Fund (“SRF”) bonds.

Another financing document that provides security for the offered bonds is called the “Master Trust Agreement,” or “MTA,” amended and restated as of July 1, 2005, as amended, between us and Manufacturers and Traders Trust Company (“MTA Trustee”). We summarize the provisions of the Master Trust Agreement in Exhibit 2A to our Annual Information Statement.

**The offered bonds are not our general obligations and are not a charge against our general credit. They are our special limited obligations, which means they are payable solely from the funds pledged or made available for such payment as described herein. The offered bonds are not a debt of the State of New York or of its local governmental units or other public entities, including recipients of our financial assistance. We have no taxing power.**

See **SECURITY AND SOURCES OF PAYMENT FOR 2010 MFI OBLIGATIONS** in this official statement.

## USE OF PROCEEDS

We will issue the offered bonds to provide financial assistance to local governments and other public entities in the State to finance or refinance clean water and drinking water projects. See **SOURCES AND USES OF FUNDS** in this official statement.

The offered bonds are being issued to finance or refinance clean water and drinking water projects that are designed to improve the quality of the State's drinking water or reduce pollution in the State's water supply according to state and federal standards. The purpose of labeling the offered bonds as "Green Bonds" is to allow investors to more easily identify that they are investing directly in bonds which finance such environmentally beneficial projects. Holders of the Green Bonds do not assume any specific risk with respect to any of the funded projects. See Part 2 of our Annual Information Statement under the heading **USES OF SRF MONEYS** for a discussion of the use of proceeds of our bonds under the federal Water Quality Act and the federal Safe Drinking Water Act.

As a condition to receiving financial assistance, every recipient's clean water SRF project is certified by the New York State Department of Environmental Conservation ("DEC") to be (i) in conformance with any applicable comprehensive studies and reports made pursuant to Sections 17-0303 and 17-1901 of the State Environmental Conservation Law; (ii) necessary for accomplishment of the state water pollution control program; (iii) intended to satisfy State Pollutant Discharge Elimination System requirements where applicable; and (iv) consistent with any applicable plans developed under Sections 205(j), 208, 303, 319 or 320 of the Clean Water Act. Every recipient's drinking water SRF project is certified by the New York State Department of Health ("DOH") as (i) being in accord with applicable reports and plans made pursuant to Section 5-1.22 of the State Sanitary Code; (ii) necessary to comply with the State Sanitary Code; and (iii) being in conformity with applicable rules and regulations of DOH. It is possible that the scope of certain projects may be amended, or that money used to fund certain projects will be repaid by a recipient and will be used to fund another project of such recipient.

The net proceeds of the offered bonds will be tracked by the Corporation. So long as the offered bonds are outstanding, the balance of the net proceeds for the clean water and drinking water projects will be reduced by amounts matching disbursements made for the clean water and drinking water projects. Pending such disbursement, the net proceeds will be invested in accordance with our investment policy. See **SECURITY AND SOURCES OF PAYMENT FOR 2010 MFI OBLIGATIONS – Equity Accounts of the Clean Water SRF and Drinking Water SRF** herein.

A chart identifying the projects expected to be funded with the proceeds of the offered bonds, the amount of offered bond proceeds expected to be provided for each project and the actual or expected completion date of each such project is attached as **Exhibit D** to this official statement. We plan to post semi-annual updates regarding such projects via our website ([www.efc.ny.gov](http://www.efc.ny.gov)) by updating such chart. Once all of the financed projects have been completed, no further updates will be provided.

## NEW YORK STATE ENVIRONMENTAL FACILITIES CORPORATION

We are governed by a board of directors, three of whom are required to be the following State officials: the Commissioner of the DEC (who is also designated as the chair of the Corporation), the Commissioner of the DOH and the Secretary of State. The four remaining directors are appointed by the Governor and confirmed by the State Senate.

Our main offices are located at 625 Broadway, Albany, New York 12207, and our telephone number is (518) 402-6924. Our website address is [www.efc.ny.gov](http://www.efc.ny.gov).

We are empowered by State law:

- to administer and finance the SRFs established by the State as set forth in the EFC Act pursuant to the federal Water Quality Act and the federal Safe Drinking Water Act;
- to finance certain State Contributions to each of our SRFs and for certain environmental infrastructure projects;
- to finance, through the issuance of special obligation revenue bonds under our Industrial Finance Program, water management, solid waste disposal, sewage treatment and pollution control projects undertaken by or on behalf of private entities; and
- to render technical advice and assistance to private entities, state agencies and local government units on sewage treatment and collection, pollution control, recycling, hazardous waste abatement, solid waste disposal and other related subjects.

For additional information about us, see Exhibit 1A – **ADDITIONAL INFORMATION REGARDING THE CORPORATION** and Exhibit 1B – **EFC AUDITED ANNUAL FINANCIAL STATEMENT** in our Annual Information Statement.

#### **NEW YORK STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION**

DEC was established under the Environmental Conservation Law of the State in 1970 as a State agency responsible for carrying out the environmental policy of the State, including conserving, improving and protecting the State’s natural resources and environment and controlling water, land and air pollution. DEC has certain statutory responsibilities with respect to the clean water SRF program described herein. DEC has entered into a memorandum of understanding with us, which delineates the respective obligations of DEC and EFC concerning the operation of this program. See Part 1 to our Annual Information Statement under the heading **NEW YORK STATE DEPARTMENT OF ENVIRONMENTAL CONSERVATION** for more detail.

#### **NEW YORK STATE DEPARTMENT OF HEALTH**

DOH was established under the Public Health Law of the State in 1909 as a State agency responsible for carrying out the public health policy of the State, including conserving, improving and protecting the State’s drinking water. DOH has certain statutory responsibilities with respect to the drinking water SRF program described herein. DOH has entered into a memorandum of understanding with us, which delineates the respective obligations of DOH and EFC concerning the operation of this program. See Part 1 to our Annual Information Statement under the heading **NEW YORK STATE DEPARTMENT OF HEALTH** for more detail.

#### **STATE REVOLVING FUNDS PROGRAMS**

##### **Establishment of SRFs**

The federal Water Quality Act and the federal Safe Drinking Water Act each require that, as a condition for receipt of certain federal financial assistance, each state establish a clean water revolving fund and a drinking water revolving fund, respectively, administered by the state or an instrumentality of the state.

The purpose of our clean water SRF is to provide a financial resource for certain types of financial assistance to eligible recipients for the construction of publicly-owned wastewater treatment facilities, other eligible clean water projects, and certain facilities undertaken as part of an estuary conservation and management plan.

The purpose of our drinking water SRF is to provide a financial resource for certain types of financial assistance to various public drinking water systems (including systems owned by for-profit entities and not-for-profit entities) for expenditures for projects which will facilitate compliance with national and state drinking water regulations or otherwise advance the health protection objectives of the Safe Drinking Water Act.

The equity contributions to our SRFs are funded by federal capitalization grants and State matching funds. Financial assistance under either SRF program may be provided either from federal capitalization grants, State matching funds, recycled federal and State moneys, investment income or from proceeds of our bonds.

Since the inception of our SRF Financing Programs, we have been awarded \$5.8 billion in federal capitalization grants and State matching funds for the clean water SRF program and \$1.4 billion in federal capitalization grants and State matching funds for the drinking water SRF program. As of September 1, 2016 we have issued approximately \$17.3 billion in SRF bonds (including refunding bonds) under the clean and drinking water SRF programs, of which approximately \$5.6 billion are currently outstanding.

Our SRF financing programs are called the state *revolving* fund programs because the payments from recipients and the releases from the required reserve funds, net of payments required for SRF bonds and other obligations, are re-used to provide financial assistance to recipients and to fund reserve deposits, if required.

### **Sources of Funding SRFs**

The SRFs are each funded through the following:

- federal capitalization grants awarded to the State and appropriated by the State to fund the applicable SRF;
- State matching funds appropriated by the State;
- SRF bond proceeds;
- recycled funds from de-allocated reserve accounts;
- interest earnings on SRF funds on deposit; and
- recycled recipient financing payments.

In order to receive federal capitalization grants, the State must appropriate its matching funds in a ratio of at least \$1 of State matching funds for every \$5 of federal capitalization grants.

SRF moneys relating to the clean water SRF and the drinking water SRF are applied and maintained separately. Separate accounts or subaccounts for each SRF are established and maintained in each of the funds and accounts created under the 2010 MFI and the MTA, each of which is described in more detail in Parts 3 and 2 and Exhibits 3A and 2A, respectively, to our Annual Information Statement.

## **Uses of SRF Moneys**

We use the terms “applicable SRF” to mean the clean water SRF or the drinking water SRF, as appropriate, and “applicable Commissioner” to mean the Commissioner of DEC or the Commissioner of DOH, as appropriate.

The EFC Act requires that we apply the moneys in the clean water SRF and the drinking water SRF at the direction of the applicable Commissioner to provide financial assistance to recipients for construction of eligible projects and certain other purposes permitted by the federal Water Quality Act and the federal Safe Drinking Water Act, respectively, including providing for the administrative and management costs of the applicable SRF. Under the EFC Act, upon consultation with the Director of the Budget of the State and the applicable Commissioner, we are also authorized to apply, and have applied, moneys in the clean water SRF and the drinking water SRF for other purposes permitted by the federal Water Quality Act and the federal Safe Drinking Water Act, respectively.

We are authorized to apply moneys in the applicable SRF for various types of financial assistance to eligible recipients in connection with eligible projects, including, but not limited to the following: buying or refinancing certain debt obligations; making loans; guarantying or purchasing insurance for local obligations where such action would improve market access or reduce interest costs; and using funds in the SRF as a source of revenue or security for the payment of principal and interest on revenue or general obligation bonds issued by us if the proceeds thereof will be deposited in the SRF.

DEC and the U.S. Environmental Protection Agency (“EPA”) have entered into an SRF Operating Agreement for the clean water SRF which sets forth rules, procedures and activities to be followed by EPA and the State in administering federal capitalization grants and the clean water SRF. DOH and EPA have similarly entered into an SRF Operating Agreement for the drinking water SRF which sets forth rules, procedures and activities to be followed by EPA and the State in administering federal capitalization grants and the drinking water SRF.

## **SRF Financing Programs**

We will issue revenue bonds under our 2010 MFI program and will continue to issue revenue bonds under our existing New York City Municipal Water Finance Authority financing program (“NYCMWFA program”). The NYCMWFA program also authorizes us to enter into agreements with providers of credit and liquidity facilities that secure or support payment of NYCMWFA bonds issued under such program, which agreements may be secured on parity with such bonds.

We previously issued bonds under our Master Financing Indenture, amended and restated as of July 1, 2005, originally dated as of May 15, 1991 (“1991 MFI” and “1991 MFI program”) to provide assistance to eligible recipients for clean water and drinking water purposes or to refund bonds previously issued for those purposes. We no longer issue bonds under the 1991 MFI and the final maturity for outstanding bonds under the 1991 MFI program is November 15, 2016. As a consequence, none of the reserves or payments securing the remaining 1991 MFI bonds will be available as a potential source of payment for the offered bonds.

We refer to our 2010 MFI program and our NYCMWFA program as our SRF financing programs and to any bonds issued to fund any of our SRF financing programs as SRF bonds.

We describe our 2010 MFI program and our NYCMWFA program in more detail in Parts 2, 3 and 4 of our Annual Information Statement and summarize the provisions of our financing documents

relating to our 2010 MFI program and our NYCMWFA program in Exhibits 2A, 3A, 4A and 4B to our Annual Information Statement.

### **Legislative Appropriations**

Before any federal capitalization grants or State matching funds deposited in the SRFs become available to fund recipient financings or to secure our bonds, such grants and funds must first be appropriated – *i.e.*, authorized to be spent – by the State Legislature. Although the Legislature has made, and we expect it to continue to make, the requisite appropriations each year, it is not bound by law to do so. Prior to issuing the offered bonds, we will, however, have available, from cash on hand or money already appropriated by the Legislature, the amount required to fund recipient financings that will not be funded from offered bond proceeds or to establish any required reserves related to the offered bonds.

### **Federal and State Legislation and Regulation**

The administration of the SRFs and our financing programs may be impacted from time to time by the enactment of federal or state legislation and the adoption of regulations, policies or guidelines by the applicable federal and state regulatory agencies.

## **2010 MFI PROGRAM**

### **2010 MFI Program**

We will issue the offered bonds under our 2010 MFI program and the 2010 MFI. Our 2010 MFI program includes both clean water and drinking water components. We may issue both *senior* and *subordinated* bonds under the 2010 MFI. The offered bonds are *senior* bonds.

We developed the 2010 MFI program to accommodate several SRF financial assistance products that we are making available to recipients and to provide more flexibility in structuring our bond issues. As of September 1, 2016, there are approximately \$1.3 billion of outstanding senior bonds under the 2010 MFI program.

### **2010 MFI Program Administration**

Recipients in our 2010 MFI program include local governments and State public authorities, and may include specified private entities. We require applicants for 2010 MFI financings to complete an application which includes recipient financial information and, if applicable, demographic and system information. We review the application and related documents to determine whether a project proposed to be financed meets eligibility criteria for the 2010 MFI program. 2010 MFI recipient financings are further reviewed and approved by the State's Public Authorities Control Board.

There have been no shortfalls in payment from any of our recipients since the inception of our 1991 MFI program or our 2010 MFI program that have required us to use other sources of funds to pay debt service on our 1991 MFI bonds or 2010 MFI bonds. If, however, one of the recipients in our 2010 MFI program were to have a shortfall in payments, we have structured the 2010 MFI bonds so that any shortfall is expected to be made up from other sources to the extent available, as described in this official statement.

## **2010 MFI Guarantee Program**

Under the 2010 MFI, we are authorized to provide guarantees (“2010 MFI guarantees”) of bonds, notes or other obligations issued by eligible recipients for any purpose which we are authorized to provide such guarantee under the EFC Act and the clean water SRF or drinking water SRF, as the case may be. In August 2013, we issued our first 2010 MFI guarantee in connection with the issuance of New York State Energy Research and Development Authority Residential Energy Efficiency Financing Revenue Bonds, Series 2013A (Federally Taxable), of which \$17.92 million principal amount is currently outstanding. We provide additional information about the 2010 MFI guarantees in this official statement under **SECURITY AND SOURCES OF PAYMENT FOR 2010 MFI OBLIGATIONS – General.**

### **Eligible Recipients**

Eligible recipients of financial assistance under our 2010 MFI program currently include local governments and State public authorities. In the future, specified private entities may be included as eligible recipients as described below. Recipients may be impacted from time to time by the enactment of federal or State legislation and the adoption of regulations, policies or guidelines by the applicable federal and state regulatory agencies. The eligible recipients who have received or are expected to receive financial assistance under our 2010 MFI program as of the issue date of the offered bonds are listed in *Exhibit A* hereto.

***Local Governments.*** We require each local-government recipient (counties, cities, towns, villages, *etc.*) to evidence its obligation to make payments by issuing its general obligation bonds, containing a pledge of its full faith and credit for the payment of (the principal of and interest on) the related financing. State law authorizes each local-government recipient to levy *ad valorem* taxes on all taxable real property located within its geographical boundaries without limit as to rate or amount, in order to pay general obligation bonds. Notwithstanding the foregoing, State legislation enacted in 2011 and extended in 2015 imposes a limitation on increases in the real property tax levy of municipalities, subject to certain exceptions, not including debt service on bonds. We describe that limitation and exceptions thereto in more detail in Exhibit 2C in our Annual Information Statement under the heading **Collection of Real Property Taxes.**

***State Public Authorities.*** We require all recipients that are State public authorities – those authorities do *not* have any taxing powers – to evidence their obligation to make payments by issuing their own revenue bonds. Those revenue bonds are payable from and secured by their own revenues pledged under their respective statutes and bond resolutions.

***Private Entities.*** To date, we have not provided financings from the proceeds of any series of SRF bonds to private entities. We may do so in the future. The Clean Water Act also permits us to provide financial assistance to private entities for certain purposes, such as “non-point source” projects, *e.g.*, projects designed to prevent agricultural-waste runoff. The Drinking Water Act provides that we may provide financial assistance to certain community water systems, which may be owned by private entities, and to certain not-for-profit non-community water systems, from the drinking water SRF. We expect to provide financings from bond proceeds only to entities and systems that meet our underwriting requirements.

## SECURITY AND SOURCES OF PAYMENT FOR 2010 MFI OBLIGATIONS

### General

The revenue bonds issued in our 2010 MFI program, which include the offered bonds, are our *special limited* obligations, which means they are payable *solely* from specific sources of money that we have pledged or made available under particular financing documents. **The offered bonds are not our general obligations and are not a charge against our general credit. The offered bonds are not a debt of the State of New York or of its local governmental units or other public entities, including recipients of our financial assistance. We have no taxing power.**

2010 MFI bonds may be issued on a *senior* or *subordinated* basis for the purpose of financing recipient clean water and drinking water projects. Senior 2010 MFI bonds and subordinated 2010 MFI bonds also may be issued to refund 2010 MFI bonds.

Under the 2010 MFI, we are authorized to provide 2010 MFI guarantees of bonds, notes or other obligations issued by eligible recipients for any purpose for which we are authorized to provide such guarantee under the EFC Act and the clean water SRF or drinking water SRF, as the case may be. Neither the EFC Act nor the 2010 MFI limits the amount of 2010 MFI guarantees that we may provide.

Each 2010 MFI guarantee will be payable from all pledged recipient payments but any claim under such guarantees to pledged recipient payments will be subordinate to the payment of debt service on the senior 2010 MFI bonds and any payments due on the other senior 2010 MFI obligations (as defined below). The 2010 MFI guarantees also are payable from amounts available in the De-allocated Reserve Account held by the MTA Trustee under the MTA but any claim to such amounts will be subordinate to the payment of debt service on the senior 2010 MFI bonds and any payments due on the senior 2010 MFI obligations. Each 2010 MFI guarantee also will be payable from available amounts in the unallocated equity accounts of the clean water SRF and drinking water SRF on a parity basis with the 2010 MFI bonds.

Under the 2010 MFI, we also may incur obligations under reimbursement agreements with providers of liquidity facilities or credit facilities which secure our 2010 MFI bonds and under agreements with providers of “qualified hedge agreements” as defined in the 2010 MFI. Qualified hedge agreements include, among other financial products, interest rate caps, floors or collars and various other types of interest rate exchange agreements. We refer to any obligations under such agreements and 2010 MFI guarantees as “2010 MFI contract obligations.” Such 2010 MFI contract obligations, other than 2010 MFI guarantees, may be secured on a parity basis with our senior 2010 MFI bonds or our subordinated MFI bonds, as we elect. 2010 MFI guarantees may not be issued on a parity basis with our senior 2010 MFI bonds and other types of senior 2010 MFI obligations.

We refer to senior 2010 MFI bonds and senior 2010 MFI contract obligations secured on a parity basis with senior 2010 MFI bonds collectively as “senior 2010 MFI obligations.” We refer to subordinated 2010 MFI bonds, subordinated 2010 MFI contract obligations and 2010 MFI guarantees secured on a parity basis with subordinated 2010 MFI bonds as “subordinated 2010 MFI obligations.” We refer to senior 2010 MFI obligations and subordinated 2010 MFI obligations collectively as “2010 MFI obligations.”

### Security for 2010 MFI Obligations

We have *three* main sources of money available to pay amounts due on 2010 MFI obligations, including the debt service on 2010 MFI bonds, and we will use each of the sources in the following order:

- ***Pledged Recipient Payments.*** Under our 2010 MFI program, certain recipients' payments for their respective financings are pledged to the payment of the 2010 MFI bonds. Such pledged recipient payments are the primary source of payment for debt service on the 2010 MFI bonds. Since a significant portion of recipient financings will be funded with a combination of offered bond proceeds and amounts available in the clean water SRF and drinking water SRF equity accounts, pledged recipient payments due in respect of such financings will, in the aggregate, be in excess of the debt service on the 2010 MFI bonds and other 2010 MFI obligations.
- ***Available De-allocated Reserve Account Release Payments.*** If pledged recipient payments are not sufficient, we will use amounts available in the De-allocated Reserve Account held by the MTA Trustee under the MTA to cure or prevent defaults in the payment of the principal of and interest on our 2010 MFI bonds and other 2010 MFI obligations. Such amounts are available to cure or prevent defaults in the payment of the principal of and interest on our 2010 MFI obligations, including the 2010 MFI bonds, on a subordinated basis as described below under **Available De-allocated Reserve Account Release Payments**.
- ***Equity Support Payments.*** If pledged recipient payments and Available De-allocated Reserve Release Payments are not sufficient, we will use any amounts available in the clean water SRF and drinking water SRF unallocated equity accounts within our equity fund to cure or prevent defaults in the payment of the principal of and interest on 2010 MFI bonds and the payment of our other 2010 MFI obligations.

The 2010 MFI also provides for the establishment of a 2010 MFI General Reserve Fund; however, no moneys will be available to be deposited in such fund unless a debt service reserve fund requirement is established in connection with the issuance of additional 2010 MFI obligations.

### **Pledged Recipient Payments**

The most significant item which provides security for the 2010 MFI bonds is the recipient payments pledged to the payment of the 2010 MFI bonds.

***Exhibit A*** to this official statement shows the recipient financings whose payments are pledged or are expected to be pledged to pay debt service on the 2010 MFI bonds as of the issue date of the offered bonds. After the issuance of the offered bonds, no recipient will constitute more than 17% of the outstanding 2010 MFI principal balance.

***2010 MFI Bonds Debt Service and Pledged Recipient Payments.*** The table below sets forth the aggregate net amount of financing payments (principal and interest) projected to be received from pledged recipient payments, the aggregate amount of debt service (principal and interest) on the 2010 MFI bonds and the excess of net recipient payments over debt service on the 2010 MFI bonds. The table does not indicate amounts which may be made available to cure or prevent defaults on the 2010 MFI bonds in the De-allocated Reserve Account held by the MTA Trustee under the MTA or amounts which may be available in the equity accounts of the clean water SRF or drinking water SRF.

The information in the table assumes that all recipients will make full payment of principal and interest on their bonds in a timely manner, there will be no early release of any pledged recipient payments as permitted under the 2010 MFI and that we will not issue any additional 2010 MFI bonds or incur any other 2010 MFI obligations.

**Pledged Recipient Payments, 2010 MFI Bond Debt Service and Projected Coverage<sup>(1)</sup>**  
(Amounts in thousands)

Year Ending Sept. 30	A Net Recipient Financing Payments <sup>(2)</sup>	B Aggregate Bond Debt Service <sup>(2)(3)</sup>	C Excess Coverage: A-B <sup>(2)</sup>	D Coverage: A/B <sup>(4)</sup>
2016	\$196,695	\$151,546	\$45,149	1.30
2017	205,335	152,809	52,526	1.34
2018	199,378	148,078	51,301	1.35
2019	192,137	142,658	49,479	1.35
2020	184,174	136,068	48,105	1.35
2021	171,799	128,084	43,714	1.34
2022	159,786	117,265	42,521	1.36
2023	151,561	111,618	39,944	1.36
2024	140,449	106,070	34,380	1.32
2025	132,296	97,803	34,493	1.35
2026	123,494	92,696	30,798	1.33
2027	114,085	82,470	31,615	1.38
2028	111,687	79,875	31,813	1.40
2029	108,207	76,023	32,184	1.42
2030	104,382	72,748	31,634	1.43
2031	97,799	67,598	30,201	1.45
2032	91,153	63,061	28,092	1.45
2033	85,878	58,873	27,004	1.46
2034	79,256	56,487	22,769	1.40
2035	71,646	49,043	22,603	1.46
2036	67,123	45,014	22,110	1.49
2037	60,141	37,064	23,077	1.62
2038	57,693	34,694	22,999	1.66
2039	50,440	30,611	19,829	1.65
2040	47,021	28,370	18,652	1.66
2041	40,246	24,465	15,781	1.65
2042	36,068	21,741	14,327	1.66
2043	29,284	16,354	12,930	1.79
2044	21,062	11,809	9,253	1.78
2045	9,370	5,210	4,160	1.80
2046	4,845	2,896	1,950	1.67
<b>Total</b>	<b>\$3,144,492</b>	<b>\$2,249,101</b>	<b>\$895,390</b>	

(1) Reflects the issuance of the offered bonds.

(2) Column totals may not add due to rounding.

(3) Includes debt service on senior 2010 MFI obligations only. The maximum annual debt service payable on the bonds supported by the existing 2010 MFI guarantee, which constitutes a subordinate 2010 MFI obligation, is \$2,481,134.

(4) Projected coverage will vary as additional 2010 MFI bonds are issued.

We are permitted by the 2010 MFI to issue additional 2010 MFI bonds, to provide additional 2010 MFI guarantees and to incur 2010 MFI contract obligations. We are not required by the 2010 MFI to maintain the projected debt service coverage shown in the table above. See **2010 MFI PROGRAM – 2010 MFI Guarantee Program, SECURITY AND SOURCES OF PAYMENT FOR 2010 MFI OBLIGATIONS – General and ADDITIONAL 2010 MFI BONDS AND OTHER ADDITIONAL 2010 MFI OBLIGATIONS** in this official statement for more detailed information about our 2010 MFI guarantees and 2010 MFI contract obligations.

**Release of Pledged Recipient Payments from Lien of the 2010 MFI.** Pledged Recipient Payments currently exceed projected 2010 MFI Bond Debt Service in each year the offered bonds are expected to be outstanding. We may release pledged recipient payments from the lien created by the 2010 MFI or substitute recipient payments for those currently subject to such lien by filing with the 2010 MFI Trustee, (1) a schedule describing the specific recipient payments to be released and, if applicable,

substituted, and (2) a certificate which demonstrates or confirms that as of the date of calculation, projected revenues, including recipient payments, are expected to be available in an amount at least equal to 115% of the amount necessary to pay all debt service as and when due for all 2010 MFI obligations in each bond year the offered bonds are scheduled to be outstanding, as determined by us. Subject to such condition, we anticipate releasing excess portions of the pledged recipient payments from time to time, including following each 2010 MFI obligation debt service payment date.

### **Reserve Allocations for Senior NYCMWFA Bonds**

The amounts pledged under the MTA for each series of NYCMWFA bonds include moneys available from time to time in the De-allocated Reserve Account and the Deficiency Reserve Account established for such series of SRF bonds.

The De-allocated Reserve Account and the Deficiency Reserve Account are funded solely from excess amounts released from the Debt Service Reserve Funds securing senior NYCMWFA bonds. Such excess amounts are decreasing annually. Therefore, the money available to fund the De-allocated Reserve Account and the Deficiency Reserve Account is also decreasing.

Currently, the scheduled final release of reserves under our NYCMWFA program is the final maturity date of the outstanding senior NYCMWFA bonds (June 15, 2037) - which is before the final maturity date of the 2016 B Bonds. We expect to issue additional subordinated NYCMWFA bonds to refund senior NYCMWFA bonds, which may result in the earlier release of reserves under our NYCMWFA program. We retain the right under the MTA to change or reduce the amount of individual reserve allocations securing senior SRF bonds provided that the minimum aggregate reserve allocation requirements for such senior bonds are met. Such a change or reduction could affect the timing and amount of reserve free-ups.

A significant portion of our SRF reserve funds is invested in investment contracts with financial institutions. For a description of those investment contracts and other investments of SRF reserve funds, see Part 3 under the heading **Investment of Reserve Allocations** and Part 4 under the heading **Investment of Reserve Allocations** in our Annual Information Statement.

### **Available De-allocated Reserve Account Release Payments**

In order to cure or prevent defaults in the payment of the principal of and interest on our 2010 MFI bonds, we will use amounts available in the De-allocated Reserve Account held by the MTA Trustee. Our obligation to make amounts on deposit in the De-allocated Reserve Account held by the MTA Trustee available to cure or prevent defaults in the payment of the principal of and interest on our 2010 MFI bonds is subordinate to the payment of the principal of and interest on our NYCMWFA bonds and other obligations secured by the related financing indenture.

No amounts representing proceeds of NYCMWFA bonds are deposited in the Deficiency Reserve Account or the De-allocated Reserve Account.

We describe the allocation of reserves and the release of such reserves in our NYCMWFA program in more detail in Part 4 of our Annual Information Statement and summarize the provisions of our financing documents relating to such reserves in Exhibits 4A and 4B to the Annual Information Statement.

**Deficiency Reserve Account.** We will use money in this account to make payments to cure or prevent defaults, first, on NYCMWFA bonds, then to pay any debt service or reserve deficiencies on

subordinated NYCMWFA bonds and obligations, then to pay any debt service on senior obligations issued or incurred under our 2010 MFI program, and then to pay debt service on subordinated obligations issued or incurred under our 2010 MFI program.

**Aggregate Historical Cash Flow and Reserves.** The table below sets forth, for the NYCMWFA program, the amount of debt service (principal and interest) on the outstanding bonds, the amount of interest subsidies paid from program equity and investment income from reserves, the net amount of recipient payments (principal and interest less subsidy), the amount of reserve funds freed up during each year, and the amount available in our debt service reserve funds. The table below sets forth, for the 2010 MFI program, the Pledged Net Recipient Financing Payments (representing the aggregate of Pledged Recipient Payments received, net of interest rate subsidies paid from other program moneys), aggregate debt service (principal and interest) on the outstanding 2010 MFI bonds (“2010 MFI Debt Service”), the excess of the Pledged Net Recipient Financing Payments over 2010 MFI Debt Service and the coverage percentage (representing Pledged Net Recipient Financing Payments divided by 2010 MFI Debt Service) in each of the years since the first year in which 2010 MFI Debt Service became payable. The table for the 2010 MFI program does not indicate amounts which would have been available to cure or prevent defaults on the 2010 MFI bonds in the De-allocated Reserve Account or in the equity accounts of the clean water SRF or the drinking water SRF. The tables below indicate historical performance. You should not use these tables to predict future results.

### NYCMWFA Program

(Amounts in thousands)

Year Ending Sep. 30	NYCMWFA Debt Service				Interest Subsidies	Net Recipient Financing Payments	De-allocations to De-allocated Reserve Account	Balance in Reserves
	Senior	Subordinated	Total					
2011	\$326,365	\$162,840	\$489,205		\$115,086	\$374,119	\$90,930	\$1,616,259
2012	294,698	196,557	491,255		111,112	380,143	72,463	1,180,741
2013	241,022	216,540	457,562		100,307	357,255	62,917	1,010,009
2014	188,941	236,390	425,331		91,421	333,910	55,289	956,187
2015	170,874	256,813	427,687		88,294	339,393	52,194	903,995

### 2010 MFI Program

(Amounts in thousands)

#### Pledged Recipient Payments, 2010 MFI Bond Debt Service and Coverage

Year Ending Sept. 30	A	B	C	D
	Net Recipient Financing Payments	Aggregate Bond Debt Service	Excess Coverage: A-B	Coverage: A/B
2011	\$43,147	\$24,542	\$18,605	1.76
2012	76,257	48,959	27,298	1.56
2013	98,976	65,648	33,328	1.51
2014	131,250	78,927	52,323	1.66
2015	154,529	100,944	53,585	1.53

**Projected Cash Flow and Reserves.** The table that follows sets forth, for the NYCMWFA program (both senior and subordinate), certain projected balances and cash flows. The table projects future performance based on scheduled debt service. We retain the right under the Master Trust Agreement to change or reduce the amount of the individual reserve allocations securing senior bonds provided that the minimum aggregate reserve allocation requirements for such senior bonds are met. Such a change or reduction could affect the timing and amount of reserve free-ups.

**NYCMWFA Program**

(Amounts in thousands)

**Scheduled Debt Service and Projected Reserve De-Allocations<sup>(1)</sup>**

Year Ending Sep. 30	Scheduled Debt Service on Outstanding Bonds			Interest Subsidies	Net Recipient Payments	Senior	Subordinated	Balance in Reserves <sup>(2)</sup>
	Senior	Subordinated	Total			De-allocated Reserve Account Release Payments	De-allocated Reserve Account Release Payments	
2016	\$160,898	\$273,599	\$434,497	\$84,477	\$350,020	\$45,370	\$8,070	\$850,555
2017	148,441	297,033	445,474	80,538	364,936	46,208	8,230	796,117
2018	142,851	296,271	439,122	76,565	362,557	47,797	8,436	739,884
2019	139,369	289,815	429,184	72,554	356,630	48,419	8,680	682,785
2020	130,675	288,374	419,049	68,606	350,443	47,312	8,938	626,534
2021	113,519	270,699	384,218	64,068	320,150	43,627	9,205	573,703
2022	103,704	271,462	375,166	60,230	314,936	42,216	9,478	522,009
2023	102,541	268,965	371,506	56,327	315,179	43,573	9,684	468,751
2024	79,037	265,823	344,860	52,313	292,547	37,501	9,661	421,590
2025	73,713	262,450	336,163	48,328	287,835	36,555	9,574	375,461
2026	66,382	259,373	325,755	43,467	282,288	34,527	9,857	331,076
2027	65,209	241,255	306,464	38,401	268,063	35,324	9,998	285,754
2028	55,376	226,586	281,962	33,662	248,300	30,602	10,298	244,854
2029	49,011	219,649	268,660	29,395	239,265	26,906	10,598	207,350
2030	47,359	207,036	254,395	25,445	228,950	27,333	10,905	169,112
2031	44,125	197,315	241,440	21,594	219,846	27,238	11,225	130,649
2032	43,617	165,584	209,201	17,706	191,495	27,973	11,550	91,125
2033	43,062	150,780	193,842	14,153	179,689	28,727	4,930	57,468
2034	36,348	131,082	167,430	10,758	156,672	23,642	5,068	28,758
2035	26,672	113,248	139,920	7,855	132,065	15,251	-	13,507
2036	21,970	109,882	131,852	5,586	126,266	11,357	-	2,150
2037	6,773	84,707	91,480	3,433	88,047	2,150	-	-
2038	-	75,844	75,844	2,134	73,710	-	-	-
2039	-	52,660	52,660	1,108	51,552	-	-	-
2040	-	38,788	38,788	596	38,192	-	-	-
2041	-	38,678	38,678	306	38,372	-	-	-
2042	-	24,985	24,985	-	24,985	-	-	-
2043	-	24,831	24,831	-	24,831	-	-	-
2044	-	24,686	24,686	-	24,686	-	-	-
2045	-	24,538	24,538	-	24,538	-	-	-
2046	-	17,667	17,667	-	17,667	-	-	-
<b>Total</b>	<b>\$1,700,652</b>	<b>\$5,213,665</b>	<b>\$6,914,317</b>	<b>\$919,605</b>	<b>\$5,994,712</b>	<b>\$729,610</b>	<b>\$174,385</b>	

(1) Column totals may not add due to rounding of yearly amounts.

(2) Recipient reserves associated with NYCMWFA bonds secure only such bonds and are only available as security for the payment of other SRF bonds to the extent released to the De-allocated Reserve Account in accordance with the applicable financing indenture.

## Equity Accounts of the Clean Water SRF and Drinking Water SRF

If pledged recipient payments and Available De-allocated Reserve Release Payments are not sufficient, we will use amounts which may be available in the clean water SRF and drinking water SRF unallocated equity accounts to make equity support payments in order to cure or prevent defaults in the payment of the principal of and interest on 2010 MFI bonds. We do not expect to use any such amounts in the clean water SRF and drinking water SRF unallocated equity accounts to pay debt service on the 2010 MFI bonds and we may use such amounts for any eligible purpose as described above in this official statement under **STATE REVOLVING FUND PROGRAMS – Use of SRF Moneys**.

Available monies currently held in said equity accounts include those held in both short and long term investments. Moneys held in such equity accounts are neither pledged to nor subject to a lien in favor of holders of the 2010 MFI bonds or other SRF bonds and we may apply them to any eligible SRF purpose. We are not required to maintain any minimum balance in the equity accounts.

Our investment strategy, policies and procedures are implemented by an Investment Committee comprised of the President and Chief Executive Officer, the Chief Financial Officer, the Controller, General Counsel and the Assistant Director of Investments consistent with investment guidelines established by the Board of Directors and statutory limitations. We have in the past sought legislation to expand our investment authority and may continue to do so in the future. For additional information, see Part 3 under the heading **Equity Accounts of the Clean Water SRF and Drinking Water SRF**.

Our investment objectives with regard to SRF financial resources are to maintain adequate liquidity to fund direct financings, fund pledged reserves to support MTA, NYCMWFA and 2010 MFI reserve requirements, and obtain a reasonable return on investments for the purposes of preserving and increasing the capitalization of the SRFs consistent with program, legal, regulatory and operational constraints. We may change our investment objectives at any time, subject to restrictions imposed by law. For additional information, see Part 3 under the heading **Equity Accounts of the Clean Water SRF and Drinking Water SRF**.

The table below sets forth information relating to investments in the unallocated equity accounts of our clean water SRF and our drinking water SRF, including the type of investment, market value (other than with respect to Guaranteed Investment Contracts), percentage of portfolio and valuation date.

### Equity Account Investment Balances Investment Market Values as of September 1, 2016

<u>Investment Type</u>	<u>Amounts</u>	<u>Percentage</u>
Federated Treasury Obligations Fund (Taxable Money Market Mutual Fund)	\$119,314,867	
US Treasury Bills	529,279,828	
Other Investments <sup>(1)</sup>	129,746,548	
<b>Total Short-Term Equity Account Investments</b>	<b>\$778,341,243</b>	<b>54.13%</b>
Fixed-Rate Municipal Bonds <sup>(2)</sup>	\$659,440,391	
<b>Total Long-Term Equity Account Investments</b>	<b>\$659,440,391</b>	<b>45.87%</b>
<b>Total Equity Investments</b>	<b>\$1,437,781,634</b>	<b>100.00%</b>

<sup>(1)</sup> Includes additional short-term investments which EFC is authorized to hold as investments.

<sup>(2)</sup> Includes fixed-rate municipal bonds with sinking fund and serial maturities of less than one year. The weighted average maturity of the portfolio is 11.66 years.

The following table illustrates the ratings given by S&P Global Ratings, Moody's Investors Service, Inc. and Fitch Ratings, respectively, to the investments in the unallocated equity accounts of the clean water SRF and the drinking water SRF as of September 1, 2016. Those ratings reflect only the views of the organizations assigning them. You may obtain an explanation of the significance of the ratings from each agency at the addresses listed below in this official statement under **RATINGS**.

**Fixed-Rate Municipal Bonds  
Investment Market Values as of  
September 1, 2016  
by Rating Category**

	Moody's		S&P		Fitch	
Triple A (Aaa / AAA)	\$ 56,294,902	8.54%	\$186,199,330	28.24%	\$97,527,194	14.79%
Double A (Aa1, Aa2, Aa3 / AA+, AA, AA-)	469,915,196	71.26%	377,912,331	57.31%	429,361,448	65.11%
Single A (A1, A2, A3 / A+, A, A-)	37,070,449	5.62%	0	0.00%	14,722,680	2.23%
Triple B (Baa1, Baa2, Baa3/BBB+, BBB, BBB-)	45,974,743	6.97%	45,974,743	6.97%	45,974,743	6.97%
Rated Municipal Bonds	\$609,255,291	92.39%	\$610,086,404	92.52%	\$587,586,066	89.10%
Non-Rated Bonds <sup>(1)</sup>	50,185,100	7.61%	49,353,987	7.48%	71,854,325	10.90%
Total	\$659,440,391	100.00%	\$659,440,391	100.00%	\$659,440,391	100.00%

<sup>(1)</sup> Includes bonds which are non-rated or rated below investment grade.

### Payment of 2010 MFI Bonds

On or before each date on which debt service is due on 2010 MFI bonds, recipient payments pledged to secure the 2010 MFI bonds will be transferred to the trustee for the 2010 MFI bonds.

If there is a deficiency in the amount available to pay debt service on the 2010 MFI bonds or in a debt service reserve fund, the 2010 MFI Trustee will use amounts, if any, on deposit and available within the 2010 MFI General Reserve Fund to cure the deficiency. Since we will not fund a debt service reserve fund or establish a debt service reserve fund requirement in connection with the issuance of the offered bonds and have not done so with respect to outstanding 2010 MFI bonds, there is not presently expected to be moneys in the 2010 MFI General Reserve Fund. However, we may do so in connection with future issuances under the 2010 MFI program.

In the event that the aggregate of all such amounts is not sufficient to pay all debt service due on the 2010 MFI obligations, the 2010 MFI Trustee will immediately deliver to us and the MTA Trustee a notice requesting that an amount equal to such insufficiency be transferred from the De-allocated Reserve Account.

To the extent the aggregate of all such amounts is not sufficient to pay all debt service due on the 2010 MFI obligations, the 2010 MFI Trustee will advise us of the remaining portion of the deficiency and we will transfer to the 2010 MFI Trustee from amounts available in the clean water SRF equity fund and drinking water SRF equity fund, as the case may be, the amount of the remaining portion of such deficiency, or, if less, the amount then available in such equity fund and we will continue to make such transfers from available amounts in such equity fund until such deficiency is cured.

If available amounts in the clean water SRF equity fund and drinking water SRF equity fund are insufficient to satisfy any deficiency, including any amount then payable under any 2010 MFI obligation, then such available amounts will be allocated on a pro rata basis among all 2010 MFI obligations with respect to which payments from the clean water SRF equity fund and drinking water SRF equity fund are due based upon the amounts then due in respect thereto, including any amounts then overdue, without any distinction among senior 2010 MFI obligations and subordinated 2010 MFI obligations.

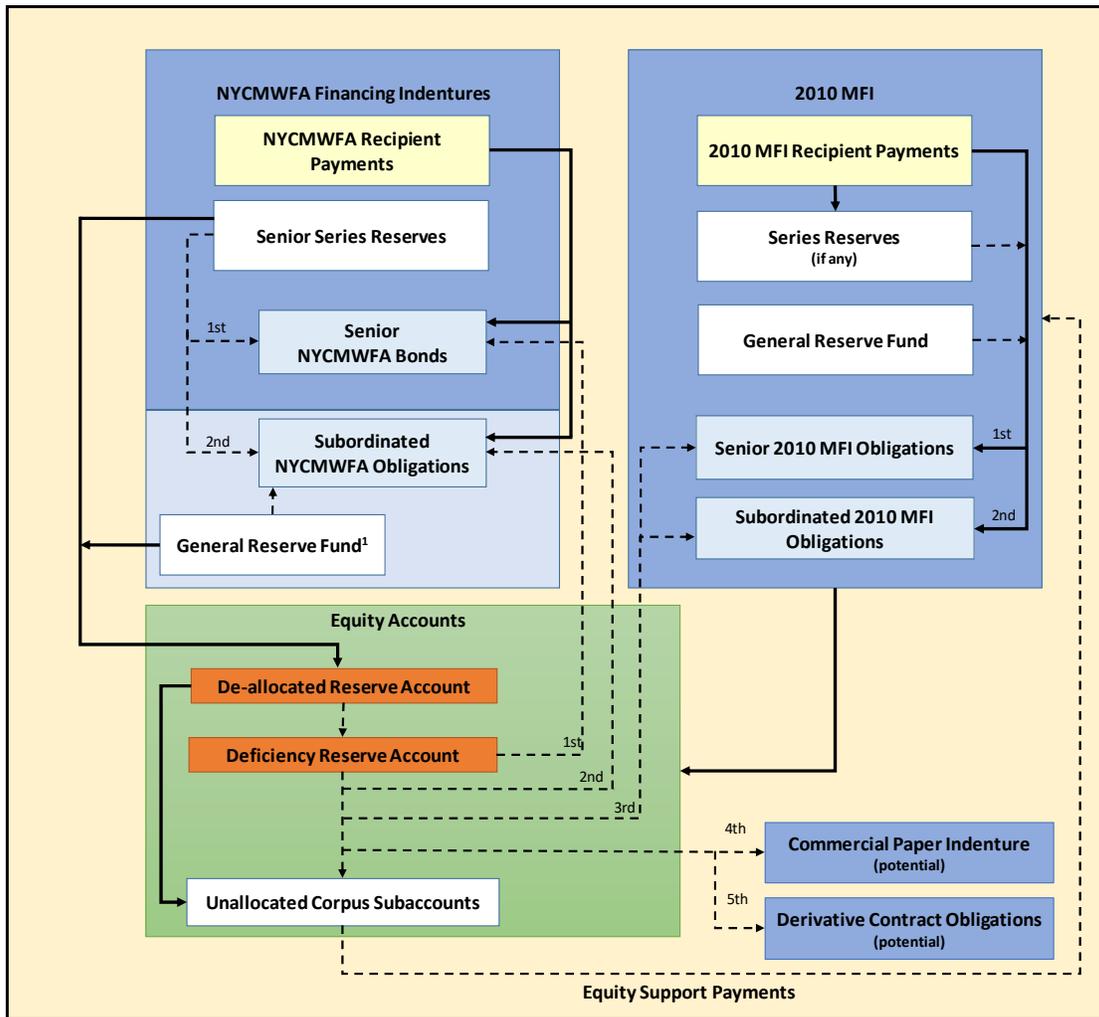
### **Security for Prior Indenture Bonds**

***Prior Indenture Support Account.*** Pursuant to the MTA, we have established a Prior Indenture Support Account (the “Prior Indenture Support Account”), which secures payment of all bonds issued and outstanding under any Financing Indenture in effect prior to June 1, 2010 (“Prior Indenture Bonds” and “Prior Indenture,” respectively), including the NYCMWFA bonds and certain other obligations secured by the related financing indenture. The 2010 MFI provides that subject to certain limitations set forth in the 2010 MFI including the limitations described under “Release of Pledged Recipient Payments from Lien of the 2010 MFI” above, on or before each debt service payment date for 2010 MFI obligations, the 2010 MFI Trustee is required to transfer certain excess revenues held by it under the 2010 MFI to the Master Trustee for deposit in a Prior Indenture Support Account in an amount equal to any deficiency in such Account determined in accordance with the MTA. Those excess revenues will be transferred solely to the extent that they are not needed or not expected to be needed: (i) for the payment of debt service due on 2010 MFI obligations, (ii) to be deposited in the General Reserve Fund established under the 2010 MFI to meet the amount required to be held therein under the 2010 MFI, or (iii) to be deposited in the Rebate Fund to meet any deficiency in the Rebate Fund. See **Exhibit 3A** – “CERTAIN DEFINITIONS AND SUMMARY OF FINANCING INDENTURE (2010 MFI PROGRAM) -- SUMMARY OF THE 2010 MFI - *Application of Pledged Revenues*” and **Exhibit 2A** – “CERTAIN DEFINITIONS AND SUMMARY OF MASTER TRUST AGREEMENT - SUMMARY OF CERTAIN PROVISIONS OF THE MASTER TRUST AGREEMENT - *Creation and Custody of Prior Indenture Support Account.*” See also Part 3 to our Annual Information Statement under the heading **SECURITY FOR PRIOR INDENTURE BONDS** for more detail.

The chart on the following page provides an overview of our SRF financing programs and is qualified by reference to the detailed summaries in this official statement and in the incorporated portions of our Annual Information Statement.

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# New York State Environmental Facilities Corporation SRF Bond Financing Programs\*



1. Pursuant to the NYCWFA Subordinate Indenture, assets held in the individual DSRF's are pledged to specific series of bonds until released.  
 2. The above chart represents cashflows following the scheduled retirement of the remaining 1991 MFI bonds on November 15, 2016.

\*Simplified for graphic presentation purposes

— Planned Flows  
 - - - - - Contingent Cash Flows

## **ADDITIONAL 2010 MFI BONDS AND OTHER ADDITIONAL 2010 MFI OBLIGATIONS**

Under our 2010 MFI program, we are authorized to issue additional *senior* 2010 MFI bonds to provide recipient financings and to incur *senior* 2010 MFI contract obligations. In order to issue additional senior 2010 MFI bonds or to incur senior 2010 MFI contract obligations, we must provide the 2010 MFI Trustee with a certificate demonstrating that recipient payments that are pledged to our senior 2010 MFI obligations are expected to be available when necessary in amounts sufficient to pay debt service on our senior 2010 MFI bonds and make the required payments on our senior 2010 MFI contract obligations.

Under our 2010 MFI program, we are authorized to issue *subordinated* 2010 MFI bonds to provide recipient financings and to incur additional *subordinated* 2010 MFI contract obligations (including with respect to 2010 MFI guarantees). In order to issue subordinated 2010 MFI bonds or to incur additional subordinated 2010 MFI contract obligations, we must provide the 2010 MFI Trustee with a certificate demonstrating that recipient payments that are pledged to our subordinated 2010 MFI obligations are expected to be available when necessary in amounts sufficient to pay debt service on our subordinated 2010 MFI bonds and make the required payments on our subordinated 2010 MFI contract obligations.

We describe the other conditions for the issuance of additional 2010 MFI bonds and other additional 2010 MFI obligations in more detail under **SUMMARY OF THE 2010 MFI – Security for 2010 MFI Obligations; Issuance of 2010 MFI Obligations** in Exhibit 3A to our Annual Information Statement.

## **REMEDIES**

Generally, in the event of a default under the 2010 MFI, neither the 2010 MFI Trustee nor 2010 MFI bondholders will have the right to declare the offered bonds immediately due and payable. For more information about the remedies available to the 2010 MFI Trustee and 2010 MFI bondholders, see **SUMMARY OF THE 2010 MFI – Defaults and Remedies** in Exhibit 3A to our Annual Information Statement.

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## SOURCES AND USES OF FUNDS

We anticipate that the proceeds of the offered bonds (including net original issue premium) will be used as follows:

### 2016 B Bonds

#### Sources

Par Amount	\$104,415,000.00
Net Premium	20,441,039.40
SRF Equity Contribution	71,127,513.00
Recipient Contributions <sup>(1)</sup>	<u>2,096,878.27</u>
Total Sources	<u>\$198,080,430.67</u>

#### Uses

Project Costs	\$ 195,563,587.27
Deposit to Recipient Debt Service Reserve Funds	401,970.00
Costs of Issuance <sup>(2)</sup>	1,646,556.54
Underwriters' Discount	462,320.46
Deposit to Debt Service Fund	<u>5,996.40</u>
Total Uses	<u>\$198,080,430.67</u>

### 2016 C Bonds

#### Sources

Par Amount	\$ 29,260,000.00
SRF Equity Contribution	5,267,633.00
Recipient Contributions <sup>(1)</sup>	<u>10,842,008.00</u>
Total Sources	<u>\$45,369,641.00</u>

#### Uses

Project Costs	\$30,431,191.00
Deposit to Recipient Debt Service Reserve Funds	14,422,334.00
Costs of Issuance <sup>(2)</sup>	390,477.91
Underwriters' Discount	120,979.09
Deposit to Debt Service Fund	<u>4,659.00</u>
Total Uses	<u>\$45,369,641.00</u>

<sup>(1)</sup> Includes unspent proceeds of bond anticipation notes being refinanced with the proceeds of the offered bonds and recipient contributions to fund local debt service reserve funds.

<sup>(2)</sup> Includes State Bond Issuance Charge.

## DESCRIPTION OF THE OFFERED BONDS

### General

The offered bonds are being issued pursuant to the EFC Act, the 2010 MFI and a Supplemental Indenture between us and the 2010 MFI Trustee.

***Rates, Maturities, and Denominations.*** The offered bonds will bear interest at the rates and mature in the amounts and on the dates shown on the inside cover of this official statement. All offered bonds are fully registered in denominations of \$5,000 each or whole multiples of \$5,000.

***Book-Entry Only.*** The DTC Book-Entry Only System will apply to all offered bonds. Bond payments will go to DTC, and DTC will then be responsible to remit the payments to its participants for

payment to bondholders. For more detailed information regarding DTC and the Book-Entry Only System see Exhibit 1C – **BOOK-ENTRY ONLY SYSTEM** to the Annual Information Statement.

**Interest Payment Dates.** Each offered bond will be dated the date of delivery, and will bear interest from that date payable as shown on the inside cover of this official statement. While the Book-Entry Only System applies to the offered bonds, Cede & Co. (DTC’s nominee) will be the sole registered owner of all of the offered bonds, all interest payments will go to DTC by wire transfer of immediately available funds and DTC’s Participants will be responsible for payment of interest to bondholders.

**Transfers and Exchanges.** While DTC is the securities depository for the offered bonds, transfers of ownership interests in the offered bonds will occur through the Book-Entry Only System. If the offered bonds are not held by a securities depository, registered bondholders may surrender and transfer their bonds in person or by a duly authorized attorney, at the principal corporate trust office of the Trustee. In this instance, registered bondholders must complete an approved transfer form and pay any taxes or governmental charges which apply to the transfer.

### Redemption Prior to Maturity

**Mandatory Redemption.** The term offered bonds are subject to mandatory sinking fund redemption, in part, by lot, on each of the dates and at the redemption prices equal to the sinking fund payments set forth in the following tables:

#### \$67,550,000 2016 B Bonds

<b>For 2016 B Term Bonds maturing August 15, 2030</b>		<b>For 2016 B Term Bonds maturing August 15, 2031</b>	
<u><b>Date</b></u>	<u><b>Sinking Fund Payment</b></u>	<u><b>Date</b></u>	<u><b>Sinking Fund Payment</b></u>
02/15/2030	\$2,260,000	02/15/2031	\$2,340,000
08/15/2030	1,430,000	08/15/2031	1,495,000
<b>For 2016 B Term Bonds maturing August 15, 2032</b>		<b>For 2016 B Term Bonds maturing August 15, 2033</b>	
<u><b>Date</b></u>	<u><b>Sinking Fund Payment</b></u>	<u><b>Date</b></u>	<u><b>Sinking Fund Payment</b></u>
02/15/2032	\$2,430,000	02/15/2033	\$2,500,000
08/15/2032	1,545,000	08/15/2033	1,605,000
<b>For 2016 B Term Bonds maturing August 15, 2034</b>		<b>For 2016 B Term Bonds maturing August 15, 2035</b>	
<u><b>Date</b></u>	<u><b>Sinking Fund Payment</b></u>	<u><b>Date</b></u>	<u><b>Sinking Fund Payment</b></u>
02/15/2034	\$2,570,000	02/15/2035	\$2,635,000
08/15/2034	1,660,000	08/15/2035	1,710,000
<b>For 2016 B Term Bonds maturing August 15, 2036</b>		<b>For 2016 B Term Bonds maturing August 15, 2037</b>	
<u><b>Date</b></u>	<u><b>Sinking Fund Payment</b></u>	<u><b>Date</b></u>	<u><b>Sinking Fund Payment</b></u>
02/15/2036	\$2,720,000	02/15/2037	\$2,785,000
08/15/2036	1,765,000	08/15/2037	1,450,000

**For 2016 B Term Bonds maturing  
August 15, 2041**

<u>Date</u>	<u>Sinking Fund Payment</u>
02/15/2038	\$2,765,000
08/15/2038	1,505,000
02/15/2039	2,860,000
08/15/2039	1,570,000
02/15/2040	2,900,000
08/15/2040	1,640,000
02/15/2041	3,010,000
08/15/2041	1,715,000

**For 2016 B Term Bonds maturing  
August 15, 2046**

<u>Date</u>	<u>Sinking Fund Payment</u>
02/15/2042	\$3,115,000
08/15/2042	1,775,000
02/15/2043	1,260,000
08/15/2043	1,835,000
02/15/2044	1,235,000
08/15/2044	1,955,000
02/15/2045	800,000
08/15/2045	1,910,000
02/15/2046	825,000
08/15/2046	1,975,000

**\$2,385,000 2016 C Bonds**

**For 2016 C Term Bonds maturing  
July 15, 2039**

<u>Date</u>	<u>Sinking Fund Payment</u>
07/15/2032	\$280,000
07/15/2033	285,000
07/15/2034	290,000
07/15/2035	295,000
07/15/2036	300,000
07/15/2037	310,000
07/15/2038	305,000
07/15/2039	320,000

***Optional Redemption***

The 2016 B Bonds maturing on or after February 15, 2027 are subject to redemption prior to maturity at our option in whole or in part at any time on or after August 15, 2026 at par.

The 2016 C Bonds are subject to redemption prior to maturity at our option in whole or in part on any date, at a redemption price (the "Make-Whole Redemption Price") equal to the greater of:

- (1) the issue price (but not less than 100%) of the principal amount of the 2016 C Bonds to be redeemed; or
- (2) the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the 2016 C Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the 2016 C Bonds are to be redeemed, discounted to the date on which the 2016 C Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate (as described below) plus 15 basis points for the 2016 C Bonds maturing on July 15, 2017 through July 15, 2022; at the Treasury Rate (as described below) plus 20 basis points for the 2016 C Bonds maturing on July 15, 2023 through July 15, 2026; and at the Treasury Rate (as described below) plus 25 basis points for the 2016 C Bonds maturing on July 15, 2027 through July 15, 2039.

plus, in each case, accrued and unpaid interest on the 2016 C Bonds to be redeemed on the redemption date.

“Treasury Rate” means, with respect to any redemption date for a particular 2016 C Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two Business Days, but not more than 30 calendar days, prior to the redemption date (excluding inflation indexed securities) (or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the 2016 C Bonds to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

***Redemption Notices.*** So long as the offered bonds remain under the Book-Entry Only System the Trustee must mail redemption notices to DTC during a 30-to-60-day period before the redemption date. At our election, the redemption notice may state that such redemption will be conditioned upon the availability of funds sufficient to pay the redemption price of the affected offered bonds, and such notice will be of no further force and effect unless sufficient funds for that purpose are available. A redemption of the offered bonds is valid and effective even if DTC’s procedures for notice fail to give you notice directly. You should consider arranging to receive redemption notices or other communications to DTC affecting you, including notice of interest payments through DTC participants. **Please note that all redemptions are final - even if you did not receive your notice, and even if your notice had a defect.**

***Redemption Process.*** If the Trustee gives a redemption notice and holds money to pay the redemption price of the affected offered bonds, then on the redemption date the bonds called for redemption will become due and payable and you must cash them in with the Trustee. Thereafter, no interest will accrue on those bonds, and your only right as a bondholder will be to receive payment of the redemption price upon surrender of the offered bonds.

## TAX MATTERS

### 2016 B Bonds

***Tax Exemption.*** The delivery of the 2016 B Bonds is subject to the opinion of Norton Rose Fulbright US LLP and Pearlman & Miranda, LLC, Co-Bond Counsel, to the effect that interest on the 2016 B Bonds for federal income tax purposes (1) will be excludable from gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the “Code”), pursuant to Section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

Interest on the 2016 B Bonds owned by a corporation will be included in such corporation’s adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust (“FASIT”). A corporation’s alternative minimum taxable income is the basis on which the alternative minimum tax imposed by Section 55 of the Code will be computed.

In rendering the foregoing opinions, Co-Bond Counsel will rely upon representations and certifications of the Corporation and of each of the recipients made in certificates (the “Tax Certificates”) dated the date of delivery of the 2016 B Bonds pertaining to the use, expenditure, and investment of the proceeds of the 2016 B Bonds and will assume continuing compliance by the Corporation and the recipients with the provisions of the Tax Certificates subsequent to the issuance of the 2016 B Bonds.

The Tax Certificates contain covenants by the Corporation or the recipients with respect to, among other matters, the use of the proceeds of the 2016 B Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the 2016 B Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage “profits” from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the 2016 B Bonds to be includable in the gross income of the owners thereof from the date of the issuance.

Co-Bond Counsel’s opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the Corporation and the recipients described above. No ruling has been sought from the Internal Revenue Service (the “IRS”) with respect to the matters addressed in the opinion of Co-Bond Counsel, and Co-Bond Counsel’s opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the 2016 B Bonds is commenced, under current procedures the IRS is likely to treat the Corporation as the “taxpayer,” and the owners of the 2016 B Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the 2016 B Bonds, the Corporation may have different or conflicting interests from the owners of the 2016 B Bonds. Public awareness of any future audit of the 2016 B Bonds could adversely affect the value and liquidity of the 2016 B Bonds during the pendency of the audit, regardless of its ultimate outcome.

In the opinion of Co-Bond Counsel, under existing law interest on the 2016 B 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).

Except as described above, Co-Bond Counsel expresses no opinion with respect to any federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the 2016 B Bonds. Prospective purchasers of the 2016 B Bonds should be aware that the ownership of tax-exempt obligations such as the 2016 B Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change so as to reduce or eliminate the benefit to holders of the 2016 B Bonds of the exclusion of interest thereon from gross income for federal income tax purposes. Proposed legislative or administrative action, whether or not taken, could also affect the value and marketability of the 2016 B Bonds. Prospective purchasers of the 2016 B Bonds should consult with their own tax advisors with respect to any proposed changes in tax law.

***Tax Accounting Treatment of Premium on Certain 2016 B Bonds.*** The purchase price of certain 2016 B Bonds (the “Premium 2016 B Bonds”) paid by an owner may be greater than the amount payable on such 2016 B Bonds at maturity. An amount equal to the excess of a purchaser’s tax basis in a Premium 2016 B Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium 2016 B Bond in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase

the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium 2016 B Bond. The amount of premium which is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium 2016 B Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium 2016 B Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium 2016 B Bonds.

## **2016 C Bonds**

***State Tax Exemption.*** In the opinion of Co-Bond Counsel, under existing law interest on the 2016 C 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).

***Certain Federal Income Tax Considerations.*** The following is a general summary of certain federal income tax consequences of the purchase and ownership of the 2016 C Bonds. The discussion is based upon the Code, U.S. Treasury Regulations, rulings, and decisions now in effect, all of which are subject to change (possibly, with retroactive effect) or possibly differing interpretation. No assurances can be given that future changes in the law will not alter the conclusions reached herein. The discussion below does not purport to deal with federal income tax consequences applicable to all categories of investors and generally does not address consequences relating to the disposition of a 2016 C Bond by a beneficial owner thereof. Further, this summary does not discuss all aspects of federal income taxation that may be relevant to a particular investor in the 2016 C Bonds in light of the investor's particular circumstances (for example, persons subject to the alternative minimum tax provisions of the Code), or to certain types of investors subject to special treatment under the federal income tax laws (including insurance companies, tax-exempt organizations and entities, financial institutions, broker-dealers, persons who have hedged the risk of owning the 2016 C Bonds, traders in securities that elect to use a mark-to-market method of accounting, thrifts, regulated investment companies, pension and other employee benefit plans, partnerships and other pass-through entities, certain hybrid entities and owners of interests therein, persons who acquire 2016 C Bonds in connection with the performance of services, or persons deemed to sell 2016 C Bonds under the constructive sale provisions of the Code). The discussion below also does not discuss any aspect of state, local, or foreign law or U.S. federal tax laws other than U.S. federal income tax law. The summary is limited to certain issues relating to initial investors who will hold the 2016 C Bonds as "capital assets" within the meaning of Section 1221 of the Code, and acquire such 2016 C Bonds for investment and not as a dealer or for resale. This summary addresses certain federal income tax consequences applicable to beneficial owners of the 2016 C Bonds who are United States persons within the meaning of Section 7701(a)(30) of the Code ("United States persons") and, except as discussed below, does not address any consequences to persons other than United States persons. Prospective investors should note that no rulings have been or will be sought from the IRS with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions.

ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS IN DETERMINING THE FEDERAL, STATE, LOCAL, FOREIGN, AND ANY OTHER TAX CONSEQUENCES TO THEM FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF THE 2016 C BONDS.

***Stated Interest and Reporting of Interest Payments.*** The stated interest on the 2016 C Bonds will be included in the gross income, as defined in Section 61 of the Code, of the beneficial owners thereof as ordinary income for federal income tax purposes at the time it is paid or accrued, depending on the tax accounting method applicable to the beneficial owners thereof. Subject to certain exceptions, the

stated interest on the 2016 C Bonds will be reported to the IRS. Such information will be filed each year on IRS Form 1099 which will reflect the name, address, and taxpayer identification number (“TIN”) of the beneficial owner. A copy of IRS Form 1099 will be sent to each beneficial owner of a 2016 C Bond for federal income tax purposes.

**Medicare Contribution Tax.** Pursuant to Section 1411 of the Code, as enacted by the Health Care and Education Reconciliation Act of 2010, an additional tax is imposed on individuals beginning January 1, 2013. The additional tax is 3.8% of the lesser of (i) net investment income (defined as gross income from interest, dividends, net gain from disposition of property not used in a trade or business, and certain other listed items of gross income), or (ii) the excess of “modified adjusted gross income” of the individual over \$200,000 for unmarried individuals (\$250,000 for married couples filing a joint return and a surviving spouse). Beneficial Owners of the 2016 C Bonds should consult with their own tax advisors concerning this additional tax, as it may apply to interest earned on the 2016 C Bonds as well as gain on the sale of a 2016 C Bond.

**Backup Withholding.** Under Section 3406 of the Code, a beneficial owner of the 2016 C Bonds who is a United States person may, under certain circumstances, be subject to “backup withholding” (currently at a rate of 28 percent) on current or accrued interest on the 2016 C Bonds or with respect to proceeds received from a disposition of the 2016 C Bonds. This withholding applies if such beneficial owner of 2016 C Bonds: (i) fails to furnish to the payor such beneficial owner’s social security number or other TIN; (ii) furnishes the payor an incorrect TIN; (iii) fails to report interest properly; or (iv) under certain circumstances, fails to provide the payor or such beneficial owner’s broker with a certified statement, signed under penalty of perjury, that the TIN provided to the payor or broker is correct and that such beneficial owner is not subject to backup withholding. To establish status as an exempt person, a beneficial owner will generally be required to provide certification on IRS Form W-9 (or substitute form).

Backup withholding will not apply, however, if the beneficial owner is a corporation or falls within certain tax-exempt categories and, when required, demonstrates such fact. BENEFICIAL OWNERS OF THE 2016 C BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THEIR QUALIFICATION FOR EXEMPTION FROM BACKUP WITHHOLDING AND THE PROCEDURE FOR OBTAINING SUCH EXEMPTION, IF APPLICABLE. The backup withholding tax is not an additional tax and taxpayers may use amounts withheld as a credit against their federal income tax liability or may claim a refund as long as they timely provide certain information to the IRS.

**Withholding on Payments to Nonresident Alien Individuals and Foreign Corporations.** Under Sections 1441 and 1442 of the Code, nonresident alien individuals and foreign corporations are generally subject to withholding of U.S. federal income tax by the payor at the rate of 30 percent on periodic income items arising from sources within the United States, provided such income is not effectively connected with the conduct of a United States trade or business. Assuming the interest income of such a beneficial owner of the 2016 C Bonds is not treated as effectively connected income within the meaning of Section 864 of the Code, such interest will be subject to 30 percent withholding, or any lower rate specified in an income tax treaty, unless such income is treated as “portfolio interest.” Interest will be treated as portfolio interest if (i) the beneficial owner provides a statement to the payor certifying, under penalties of perjury, that such beneficial owner is not a United States person and providing the name and address of such beneficial owner, (ii) such interest is treated as not effectively connected with the beneficial owner’s United States trade or business, (iii) interest payments are not made to a person within a foreign country which the IRS has included on a list of countries having provisions inadequate to prevent United States tax evasion, (iv) interest payable with respect to the 2016 C Bonds is not deemed contingent interest within the meaning of the portfolio debt provision, (v) such beneficial owner is not a controlled foreign corporation within the meaning of Section 957 of the Code, and (vi) such beneficial

owner is not a bank receiving interest on the 2016 C Bonds pursuant to a loan agreement entered into in the ordinary course of the bank's trade or business.

Assuming payments on the 2016 C Bonds are treated as portfolio interest within the meaning of Sections 871 and 881 of the Code, then no withholding under Sections 1441 and 1442 of the Code, and no backup withholding under Section 3406 of the Code is required with respect to beneficial owners or intermediaries who have furnished IRS Form W-8 BEN, IRS Form W-8 BEN-E, IRS Form W-8 EXP, or IRS Form W-8 IMY, as applicable, provided the payor has no actual knowledge or reason to know that such person is a United States person.

***Foreign Account Tax Compliance Act.*** Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to a foreign financial institution, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, the Foreign Account Tax Compliance Act ("FATCA") imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest and principal under the 2016 C Bonds and sales proceeds of 2016 C Bonds held by or through a foreign entity. In general, withholding under FATCA currently applies to payments of U.S. source interest (including original issue discount) and will apply to (i) gross proceeds from the sale, exchange or retirement of debt obligations paid after December 31, 2016, and (ii) certain "pass-thru" payments no earlier than January 1, 2017. Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

*The preceding discussion of certain U.S. federal income tax consequences is for general information only and is not tax advice. Accordingly, each investor should consult its own tax advisor as to particular tax consequences to it of purchasing, owning, and disposing of the 2016 C Bonds, including the applicability and effect of any state, local, or foreign tax laws, and of any proposed changes in applicable laws.*

## LEGALITY FOR INVESTMENT

The EFC Act provides that the offered bonds are securities in which the following investors may properly and legally invest funds, including capital in their control or belonging to them:

- all public officers and bodies of the State and all municipalities and political subdivisions in the State,
- 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.

Certain of those investors, however, may be subject to separate restrictions which limit or prevent their investment in the offered bonds.

## RATINGS

S&P Global Ratings, Moody's Investors Service, Inc. and Fitch Ratings have assigned their ratings, specified on the cover, to the offered bonds. Those ratings reflect only the views of the organizations assigning them. You may obtain an explanation of the significance of the ratings from each agency, identified as follows:

S&P Global Ratings	Moody's Investors Service, Inc.	Fitch Ratings
55 Water Street	7 World Trade Center	33 Whitehall Street
New York, New York 10041	250 Greenwich Street	New York, New York 10004
(212) 438-2400	New York, New York 10007	(212) 908-0500
www.standardandpoors.com	(212) 553-0377	www.fitchratings.com
	www.moody.com	

We have furnished to each rating agency information about ourselves, our recipients, and the offered bonds. Generally, each rating agency bases its ratings on that information and on independent investigations, studies, and assumptions made by that rating agency. You have no assurance that ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by a rating agency if, in the judgment of that rating agency, circumstances warrant the revision or withdrawal. Those circumstances may include, among other things, changes in or unavailability of information relating to us or the offered bonds. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the offered bonds.

## LITIGATION

There is no pending litigation against us challenging the validity or enforceability of the offered bonds or seeking to restrain or enjoin the issuance, sale or delivery of the offered bonds, and there is no pending litigation challenging any financing made from the proceeds of any previously issued SRF bonds. In addition, each recipient described herein has represented to us in its financing agreement with us that, to its knowledge, there is no pending or threatened litigation contesting the enforceability of that recipient's obligation to us.

## FINANCIAL ADVISORS

In their role as our financial advisors, FirstSouthwest, a Division of Hilltop Securities Inc. ("FirstSouthwest") and TKG & Associates LLC have provided advice on the plan of financing and structure of the offered bonds, reviewed certain legal and disclosure documents – including this official statement for financial matters relating to the offered bonds – and reviewed the pricing of the offered bonds. Neither FirstSouthwest nor the TKG & Associates LLC has independently verified the factual information contained in this official statement, but each has relied on the information supplied by us and other sources.

## UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase from us the offered bonds at an aggregate underwriters' discount from the initial public offering prices or yields set forth on the inside cover page equal to the amount shown above as a line item in the Table under **Sources and Uses of Funds** in this official statement, and to reoffer the offered bonds at the public offering prices or yields set forth on the inside cover page. The offered bonds may be offered and sold to

certain dealers (including dealers depositing the offered bonds into investment trusts) at prices lower than those public offering prices, and those prices may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase *all* the offered bonds if *any* offered bonds are purchased. Siebert Cisneros Shank & Co., L.L.C. is the representative designated by the Underwriters. Effective August 29, 2016, Siebert Brandford Shank & Co., L.L.C. changed its name to Siebert Cisneros Shank & Co., L.L.C.

In addition, certain of the Underwriters may have entered into distribution agreements with other broker-dealers (that have not been designated by EFC as Underwriters) for the distribution of the offered bonds at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

The Underwriters have requested the addition of the following: The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the EFC, for which they received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the EFC. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

## LEGAL MATTERS

All legal proceedings in connection with the issuance of the offered bonds are subject to the approval of Norton Rose Fulbright US LLP and Pearlman & Miranda, LLC, Co-Bond Counsel. Co-Bond Counsel has advised us that they assume no responsibility for the accuracy, completeness or fairness of this official statement. The proposed form of the opinion of Co-Bond Counsel is set forth in *Exhibit B* to this official statement.

Certain legal matters will be passed upon for us by Maureen A. Coleman, Esq., General Counsel. Certain legal matters will be passed upon for the Underwriters by Nixon Peabody LLP, and Golden Holley James, LLP, Co-Counsel to the Underwriters.

Co-Bond Counsel and Co-Counsel to the Underwriters from time to time serve as bond counsel to certain of the recipients of financial assistance from our SRF programs, and as counsel to certain of the Underwriters or their affiliates in unrelated transactions.



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**EXHIBIT A**

**PLEGGED RECIPIENT PRINCIPAL AMOUNTS**

(This table identifies the pledged principal amounts of recipient payments that are pledged to the 2010 MFI or are expected to be pledged as of the issuance of the offered bonds. The total pledged amounts also include the payment of related interest.)

<b>Recipient</b>	<b>SRF Program</b>	<b>Equity Funded Principal Amount</b>	<b>Bond Funded Principal Amount</b>	<b>Total Pledged Principal Amount</b>
Village of Adams	DW	\$ 183,333	\$ 2,561,667	\$ 2,745,000
City of Albany	CW	1,775,000	1,775,000	3,550,000
Albany County	CW	2,002,427	4,532,426	6,534,853
Albany County Airport Authority	CW	546,500	811,500	1,358,000
Albany Municipal Water Finance Authority	CW	690,000	860,000	1,550,000
Village of Albion	CW	312,500	312,500	625,000
Village of Alfred	CW	-	1,015,000	1,015,000
Village of Altamont	CW	1,630,000	1,630,000	3,260,000
Town of Amenia	CW	459,052	459,051	918,103
Town of Amherst	CW	85,000	85,000	170,000
City of Amsterdam	CW	185,000	185,000	370,000
City of Amsterdam	DW	343,335	686,665	1,030,000
Village of Arcade	CW	12,500	12,500	25,000
Village of Athens	CW	-	315,000	315,000
City of Auburn	CW	7,610,000	7,610,000	15,220,000
City of Auburn	DW	323,335	646,665	970,000
Town of Aurora	DW	3,913,874	7,827,721	11,741,595
Town of Avon	DW	228,333	456,667	685,000
Village of Avon	CW	155,000	230,000	385,000
Town of Babylon	CW	5,992,500	5,992,500	11,985,000
Village of Bainbridge	DW	166,668	333,332	500,000
Town of Ballston	DW	96,667	193,333	290,000
City of Batavia	CW	202,500	202,500	405,000
Village of Bath	DW	1,218,338	2,841,662	4,060,000
City of Beacon	CW	342,500	342,500	685,000
Town of Bedford	CW	62,500	62,500	125,000
Town of Bedford	DW	5,820,006	11,639,994	17,460,000
Town of Benton	DW	-	135,000	135,000
Town of Bethlehem	CW	1,300,000	1,300,000	2,600,000
Town of Big Flats	CW	167,500	167,500	335,000
City of Binghamton	CW	18,779,561	31,924,561	50,704,122
City of Binghamton	DW	1,530,002	3,059,998	4,590,000
Village of Blasdell	CW	182,500	182,500	365,000
Village of Bloomfield	CW	1,047,347	1,047,346	2,094,693
Town of Blooming Grove	CW	-	1,435,000	1,435,000
Village of Brewster	CW	-	1,865,000	1,865,000
Village of Briarcliff Manor	DW	2,823,338	5,646,662	8,470,000
Town of Brighton	CW	287,500	287,500	575,000
Village of Brocton	DW	-	1,990,000	1,990,000
Town of Brookhaven	CW	2,155,000	2,155,000	4,310,000
Buffalo Municipal Water Finance Authority	CW	1,135,000	1,310,000	2,445,000
Buffalo Municipal Water Finance Authority	DW	486,668	13,418,332	13,905,000
Buffalo Sewer Authority	CW	15,625,000	26,185,714	41,810,714
City of Canandaigua	CW	397,500	397,500	795,000
Village of Canastota	CW	270,000	270,000	540,000

<b>Recipient</b>	<b>SRF Program</b>	<b>Equity Funded Principal Amount</b>	<b>Bond Funded Principal Amount</b>	<b>Total Pledged Principal Amount</b>
Village of Canton	DW	\$ 320,000	\$ 640,000	\$ 960,000
Village of Cape Vincent	DW	60,000	120,000	180,000
Town of Carmel	CW	1,995,000	5,210,000	7,205,000
Town of Carmel	DW	31,667	63,333	95,000
Village of Carthage	CW	150,501	248,499	399,000
Village of Carthage	DW	45,000	90,000	135,000
Cayuga County	DW	73,333	146,667	220,000
Cayuga County Water and Sewer Authority	CW	350,000	385,000	735,000
Village of Cayuga Heights	CW	-	690,000	690,000
Village of Cedarhurst	CW	295,000	295,000	590,000
Village of Chatham	CW	907,500	907,500	1,815,000
Chautauqua County	CW	40,000	745,000	785,000
Town of Cheektowaga	CW	227,500	227,500	455,000
Town of Chenango	CW	1,385,000	1,385,000	2,770,000
Town of Chester	CW	10,000	10,000	20,000
Town of Clarkstown	CW	325,000	325,000	650,000
Village of Clifton Springs	CW	150,000	150,000	300,000
Village of Cobleskill	CW	-	375,000	375,000
City of Cohoes	CW	1,010,000	1,315,000	2,325,000
City of Cohoes	DW	435,003	869,997	1,305,000
Village of Cold Spring	CW	-	315,000	315,000
Village of Cold Spring	DW	65,000	130,000	195,000
Town of Colonie	CW	3,462,500	3,462,500	6,925,000
Town of Colonie	DW	3,340,000	6,680,000	10,020,000
Village of Corinth	CW	117,500	117,500	235,000
Town of Corning	DW	-	2,090,000	2,090,000
Village of Cornwall-On-Hudson	DW	200,000	565,000	765,000
City of Cortland	CW	5,551,367	5,551,367	11,102,734
Cortland County	CW	3,717,257	3,717,256	7,434,513
Town of Cortlandt	DW	531,667	1,063,333	1,595,000
Town of Cortlandville	CW	-	1,475,000	1,475,000
Village of Coxsackie	DW	108,333	216,667	325,000
Town of Crawford	CW	257,500	257,500	515,000
Village of Dannemora	CW	755,000	755,000	1,510,000
Village of Dansville	DW	986,564	763,436	1,750,000
Development Authority of the North Country	CW	487,500	637,500	1,125,000
Town of Dickinson	CW	80,000	80,000	160,000
Dutchess County Water and Wastewater Authority	CW	3,127,275	3,400,711	6,527,986
Dutchess County Water and Wastewater Authority	DW	2,375,000	4,750,000	7,125,000
Village of East Aurora	CW	1,050,002	2,099,998	3,150,000
Town of East Fishkill	DW	51,667	103,333	155,000
Town of East Greenbush	CW	7,912,882	8,299,216	16,212,098
Town of East Hampton	CW	4,875,000	7,015,000	11,890,000
Village of East Syracuse	CW	610,046	610,046	1,220,092
Village of Ellenville	DW	38,333	76,667	115,000
Village of Ellicottville	CW	297,500	297,500	595,000
City of Elmira	CW	572,500	572,500	1,145,000
Village of Endicott	CW	-	5,150,000	5,150,000
Erie County	CW	13,497,500	28,514,568	42,012,068
Erie County Water Authority	DW	3,355,002	7,568,382	10,923,384
Town of Evans	DW	3,271,672	7,413,328	10,685,000

<b>Recipient</b>	<b>SRF Program</b>	<b>Equity Funded Principal Amount</b>	<b>Bond Funded Principal Amount</b>	<b>Total Pledged Principal Amount</b>
Town of Fallsburg	CW	\$ 940,000	\$ 940,000	\$ 1,880,000
Town of Farmington	CW	602,500	10,032,500	10,635,000
Village of Fayetteville	CW	215,000	215,000	430,000
Town of Fishkill	CW	-	10,455,000	10,455,000
Town of Fishkill	DW	107,275	214,546	321,821
Town of Fleming	CW	117,500	117,500	235,000
Village of Fonda	CW	22,500	22,500	45,000
Village of Fort Edward	DW	671,667	1,343,333	2,015,000
Franklin County Solid Waste Management Authority	CW	5,267,633	6,075,341	11,342,974
Village of Fultonville	CW	22,500	22,500	45,000
Village of Geneseo	CW	-	1,495,000	1,495,000
City of Geneva	DW	125,001	249,999	375,000
City of Glens Falls	CW	1,560,000	1,560,000	3,120,000
City of Glens Falls	DW	1,138,335	2,276,665	3,415,000
Town of Glenville	CW	1,162,500	1,162,500	2,325,000
City of Gloversville	CW	462,500	462,500	925,000
Village of Goshen	CW	-	22,685,000	22,685,000
Town of Grand Island	CW	145,000	345,000	490,000
Village of Granville	CW	20,000	20,000	40,000
Village of Great Neck	CW	120,000	120,000	240,000
Town of Greece	CW	7,500	7,500	15,000
Town of Greenburgh	CW	1,120,000	1,120,000	2,240,000
Town of Greenport	CW	125,001	689,999	815,000
Village of Greenport	CW	82,000	164,000	246,000
Village of Greenwood Lake	CW	600,000	600,000	1,200,000
Village of Greenwood Lake	DW	38,334	76,666	115,000
Village of Groton	CW	360,000	360,000	720,000
Village of Groton	DW	-	135,000	135,000
Town of Hague	CW	735,000	735,000	1,470,000
Town of Hamburg	CW	170,000	170,000	340,000
Village of Hamburg	CW	1,212,500	1,212,500	2,425,000
Village of Hamilton	DW	91,667	183,333	275,000
Town of Hastings	DW	51,669	103,331	155,000
Town of Haverstraw	CW	1,367,500	3,057,500	4,425,000
Town of Hempstead	CW	317,500	317,500	635,000
Town of Henrietta	CW	45,000	545,000	590,000
Village of Highland Falls	CW	235,000	235,000	470,000
Town of Highlands	DW	361,571	723,145	1,084,716
Village of Holley	CW	270,000	270,000	540,000
Village of Honeoye Falls	CW	90,000	90,000	180,000
City of Hornell	CW	1,279,247	1,279,243	2,558,490
City of Hornell	DW	45,001	89,999	135,000
Village of Hunter	DW	474,878	949,749	1,424,627
Town of Huntington	DW	985,000	1,970,000	2,955,000
Town of Hyde Park	CW	-	1,095,000	1,095,000
Town of Inlet	CW	-	80,000	80,000
Town of Irondequoit	CW	682,500	682,500	1,365,000
City of Ithaca	CW	107,500	1,672,500	1,780,000
Town of Jerusalem	DW	35,000	70,000	105,000
Village of Johnson City	CW	16,154,848	26,989,847	43,144,695
City of Kingston	CW	2,300,000	3,070,000	5,370,000
City of Kingston	DW	490,001	4,122,999	4,613,000
Village of Kiryas Joel	CW	973,456	973,455	1,946,911

<b>Recipient</b>	<b>SRF Program</b>	<b>Equity Funded Principal Amount</b>	<b>Bond Funded Principal Amount</b>	<b>Total Pledged Principal Amount</b>
Village of Kiryas Joel	DW	\$ 241,672	\$36,630,967	\$36,872,639
Town of LaFayette	DW	-	495,000	495,000
Town of Lake George	DW	26,667	53,333	80,000
Village of Lake George	CW	1,561,521	1,561,520	3,123,041
Village of Lake Placid	CW	1,706,318	9,871,317	11,577,635
Town of Lawrence	CW	20,000	20,000	40,000
Village of Lawrence	CW	382,500	382,500	765,000
Village of LeRoy	CW	290,833	369,167	660,000
Town of Lewisboro	CW	2,470,000	2,470,000	4,940,000
Town of Lewiston	CW	185,000	185,000	370,000
Village of Lima	CW	667,500	667,500	1,335,000
City of Little Falls	CW	270,000	270,000	540,000
Village of Liverpool	CW	777,500	777,500	1,555,000
Livingston County	CW	102,500	102,500	205,000
Livingston County	DW	86,667	173,333	260,000
Livingston County Water and Sewer Authority	CW	1,742,500	1,832,500	3,575,000
Town of Lloyd	CW	3,842,500	3,842,500	7,685,000
City of Lockport	CW	97,500	1,109,500	1,207,000
Town of Lockport	CW	1,150,000	1,150,000	2,300,000
Village of Lowville	CW	457,500	457,500	915,000
Village of Lyons	CW	150,000	150,000	300,000
Town of Lysander	CW	212,500	212,500	425,000
Municipal Assistance Corporation for the City of Troy	CW	392,500	567,500	960,000
Town of Macedon	CW	-	665,000	665,000
Village of Marcellus	CW	87,500	87,500	175,000
Town of Marcy	CW	310,000	2,825,000	3,135,000
Village of Maybrook	CW	2,519,590	2,519,590	5,039,180
City of Middletown	CW	7,900,000	10,635,000	18,535,000
City of Middletown	DW	5,078,329	12,351,671	17,430,000
Town of Milo	CW	-	3,685,000	3,685,000
Town of Milo	DW	146,666	293,334	440,000
Village of Mohawk	CW	72,500	72,500	145,000
Monroe County	CW	1,812,500	7,882,500	9,695,000
Village of Monroe	DW	255,001	509,999	765,000
Monroe County Water Authority	DW	4,906,672	26,978,328	31,885,000
Town of Montgomery	CW	125,000	125,000	250,000
Town of Moriah	CW	105,000	105,000	210,000
Town of Mount Hope	CW	622,500	622,500	1,245,000
Village of Mount Kisco	CW	110,000	110,000	220,000
Village of Mount Kisco	DW	1,843,334	3,686,666	5,530,000
Town of Mount Pleasant	CW	602,500	742,500	1,345,000
Town of Mount Pleasant	DW	3,131,670	6,263,330	9,395,000
Nassau County	CW	33,311,864	36,852,189	70,164,053
Town of Nelson	DW	114,992	230,008	345,000
Town of New Baltimore	CW	65,000	65,000	130,000
Village of Newark	CW	9,897,500	9,897,500	19,795,000
Town of Newburgh	DW	5,471,674	10,943,326	16,415,000
Town of Newfane	CW	137,500	137,500	275,000
Town of Newstead	DW	456,666	1,233,334	1,690,000
Niagara County	CW	1,656,332	1,679,668	3,336,000
Niagara Falls Public Water Authority	CW	8,930,000	13,615,000	22,545,000
Niagara Falls Public Water Authority	DW	3,225,000	9,890,000	13,115,000

<b>Recipient</b>	<b>SRF Program</b>	<b>Equity Funded Principal Amount</b>	<b>Bond Funded Principal Amount</b>	<b>Total Pledged Principal Amount</b>
Niagara Frontier Transportation Authority	CW	\$ 482,500	\$ 482,500	\$ 965,000
Town of Norfolk	DW	-	220,000	220,000
Town of North Castle	CW	2,010,500	5,235,500	7,246,000
Town of North Elba	CW	35,000	35,000	70,000
Town of North Greenbush	CW	-	150,000	150,000
Town of North Greenbush	DW	585,002	2,044,998	2,630,000
Town of North Hempstead	CW	33,245,000	38,130,000	71,375,000
Town of North Hempstead	DW	480,001	959,999	1,440,000
Town of North Salem	CW	2,527,500	2,527,500	5,055,000
Village of Northport	CW	-	995,000	995,000
City of Norwich	DW	100,000	200,000	300,000
Town of Norwich	CW	80,000	80,000	160,000
Village of Norwood	CW	1,020,000	1,020,000	2,040,000
Village of Norwood	DW	-	665,000	665,000
New York City Municipal Water Finance Authority	CW	15,865,835	19,274,165	35,140,000
New York City Municipal Water Finance Authority	DW	948,333	1,896,667	2,845,000
New York State Energy Research and Development Authority (NYSERDA)	CW	14,437,500	52,675,000	67,112,500
Village of Oakfield	CW	417,500	417,500	835,000
City of Olean	CW	1,625,000	1,625,000	3,250,000
City of Olean	DW	958,333	1,916,667	2,875,000
City of Oneida	DW	265,000	530,000	795,000
Oneida County	CW	6,138,755	6,138,754	12,277,509
Oneida-Herkimer Solid Waste Authority	CW	-	18,822,593	18,822,593
City of Oneonta	CW	407,500	407,500	815,000
City of Oneonta	DW	111,666	223,334	335,000
Onondaga County	CW	86,566,602	156,896,601	243,463,203
Onondaga County Water Authority	DW	3,259,991	7,860,009	11,120,000
Town of Ontario	CW	745,000	745,000	1,490,000
Orange County	CW	7,200,000	8,743,000	15,943,000
Town of Orangetown	CW	21,515,000	4,080,000	25,595,000
Town of Orleans	CW	-	755,000	755,000
City of Oswego	CW	13,494,852	17,179,850	30,674,702
Town of Owasco	CW	1,292,500	1,292,500	2,585,000
Town of Owasco	DW	135,001	269,999	405,000
Town of Owego	CW	802,500	2,927,500	3,730,000
Town of Owego	DW	18,336	36,664	55,000
Town of Oyster Bay	CW	1,655,833	1,739,167	3,395,000
Village of Painted Post	CW	-	1,125,000	1,125,000
Town of Paris	DW	-	780,000	780,000
Village of Patchogue	CW	1,875,000	1,875,000	3,750,000
Town of Patterson	CW	1,355,000	1,355,000	2,710,000
Town of Patterson	DW	-	125,000	125,000
Town of Pavilion	DW	48,334	96,666	145,000
Village of Pawling	DW	60,000	120,000	180,000
City of Peekskill	DW	-	24,535,000	24,535,000
Town of Penfield	CW	1,872,500	1,872,500	3,745,000
Village of Penn Yan	CW	-	600,000	600,000
Town of Perinton	CW	502,500	502,500	1,005,000
Village of Perry	CW	102,500	102,500	205,000
Town of Peru	DW	-	400,000	400,000
Town of Pike	DW	20,000	40,000	60,000

<b>Recipient</b>	<b>SRF Program</b>	<b>Equity Funded Principal Amount</b>	<b>Bond Funded Principal Amount</b>	<b>Total Pledged Principal Amount</b>
City of Plattsburgh	CW	\$ 920,000	\$ 920,000	\$ 1,840,000
Town of Plattsburgh	CW	900,000	900,000	1,800,000
Village of Pleasantville	DW	268,334	536,666	805,000
Town of Porter	CW	245,000	245,000	490,000
City of Poughkeepsie	CW	1,897,500	1,897,500	3,795,000
City of Poughkeepsie	DW	211,667	769,333	981,000
Town of Poughkeepsie	CW	975,000	975,000	1,950,000
Town of Poughkeepsie	DW	1,353,335	3,002,665	4,356,000
Town of Putnam	CW	752,500	752,500	1,505,000
Town of Queensbury	CW	405,000	3,915,000	4,320,000
Town of Ramapo	CW	-	615,000	615,000
City of Rensselaer	CW	3,185,579	3,185,578	6,371,157
Rensselaer County	CW	1,289,669	1,289,669	2,579,338
Village of Rhinebeck	CW	-	450,000	450,000
Town of Richmond	DW	-	940,000	940,000
Town of Riverhead	CW	7,139,180	7,139,179	14,278,359
Rockland County	CW	63,819,999	107,420,001	171,240,000
Rockland County Solid Waste Management Authority	CW	4,997,500	6,462,500	11,460,000
City of Rome	CW	40,000	2,795,000	2,835,000
City of Rome	DW	1,920,950	17,656,443	19,577,393
Town of Rose	DW	35,000	70,000	105,000
Village of Roslyn Estates	CW	150,000	150,000	300,000
Town of Rotterdam	CW	65,000	65,000	130,000
Village of Rouses Point	CW	-	2,465,000	2,465,000
Village of Rouses Point	DW	438,334	876,666	1,315,000
City of Rye	CW	1,327,500	1,327,500	2,655,000
Village of Sackets Harbor	CW	202,500	202,500	405,000
Village of Sackets Harbor	DW	91,667	183,333	275,000
Town of Salina	CW	3,129,991	3,129,991	6,259,982
Town of Sand Lake	CW	1,529,267	1,529,265	3,058,532
Saratoga County	CW	492,500	492,500	985,000
City of Saratoga Springs	CW	65,000	65,000	130,000
Village of Scarsdale	CW	755,000	755,000	1,510,000
Town of Schodack	DW	2,481,687	4,963,313	7,445,000
Town of Seneca	DW	158,334	316,666	475,000
Village of Seneca Falls	CW	1,215,000	1,215,000	2,430,000
Town of Sennett	CW	110,000	110,000	220,000
City of Sherrill	CW	337,500	337,500	675,000
Village of Silver Creek	CW	2,982,111	2,982,110	5,964,221
Village of Silver Creek	DW	-	3,295,000	3,295,000
Village of Skaneateles	CW	255,000	255,000	510,000
Village of Solvay	CW	367,500	367,500	735,000
Town of Somers	DW	719,309	1,723,608	2,442,917
Village of South Corning	DW	-	1,190,000	1,190,000
Town of Southampton	CW	2,082,500	2,082,500	4,165,000
Town of Southeast	CW	2,035,000	2,035,000	4,070,000
Town of Southeast	DW	535,011	1,069,989	1,605,000
Town of Southold	CW	317,500	317,500	635,000
Village of Spencerport	CW	2,422,500	2,422,500	4,845,000
Village of Springville	DW	-	1,585,000	1,585,000
Village of Stillwater	DW	-	200,000	200,000
Suffolk County	CW	13,346,939	13,346,938	26,693,877
Suffolk County Water Authority	DW	4,630,385	19,604,355	24,234,740

<u>Recipient</u>	<u>SRF Program</u>	<u>Equity Funded Principal Amount</u>	<u>Bond Funded Principal Amount</u>	<u>Total Pledged Principal Amount</u>
Sullivan County	CW	\$ 867,500	\$ 867,500	\$ 1,735,000
Town of Sullivan	CW	-	1,130,000	1,130,000
Village of Sylvan Beach	CW	2,793,126	2,793,126	5,586,252
City of Syracuse	DW	9,571,672	21,883,328	31,455,000
Triborough Bridge and Tunnel Authority	CW	315,000	315,000	630,000
Town of Ticonderoga	DW	73,333	1,306,667	1,380,000
Village of Tivoli	CW	2,500	2,500	5,000
City of Tonawanda	CW	530,000	530,000	1,060,000
Town of Tonawanda	CW	19,564,263	19,564,262	39,128,525
Village of Tully	CW	160,000	160,000	320,000
Village of Tuxedo Park	CW	405,000	755,000	1,160,000
Village of Tuxedo Park	DW	135,000	270,000	405,000
Town of Ulster	CW	147,500	147,500	295,000
Upper Mohawk Valley Regional Water Finance Authority	DW	2,813,335	6,886,665	9,700,000
Village of Union Springs	CW	496,008	496,007	992,015
City of Utica	CW	4,338,518	4,338,517	8,677,035
Village of Voorheesville	CW	382,500	382,500	765,000
Village of Voorheesville	DW	-	1,125,000	1,125,000
Town of Wallkill	CW	-	665,000	665,000
Town of Wallkill	DW	270,000	540,000	810,000
Town of Walworth	CW	350,000	350,000	700,000
Town of Wappinger	CW	1,437,500	1,437,500	2,875,000
Town of Wappinger	DW	33,333	66,667	100,000
Village of Wappingers Falls	DW	-	4,645,000	4,645,000
Town of Warsaw	CW	402,500	402,500	805,000
Village of Warsaw	CW	105,000	105,000	210,000
Washington County	CW	65,000	65,000	130,000
Town of Waterford	CW	325,000	325,000	650,000
Village of Waterloo	CW	3,052,500	4,662,500	7,715,000
Town of Watertown	CW	545,000	545,000	1,090,000
Town of Wawayanda	CW	430,000	1,510,000	1,940,000
Town of Webster	CW	1,520,000	1,520,000	3,040,000
Town of Wells	CW	-	1,720,000	1,720,000
Village of West Carthage	CW	105,000	105,000	210,000
Village of West Carthage	DW	21,667	43,333	65,000
Westchester County	CW	211,436,500	186,568,000	398,004,500
Town of Westmoreland	DW	318,338	786,662	1,105,000
Town of Wheatfield	CW	835,000	835,000	1,670,000
City of White Plains	CW	4,640,000	4,640,000	9,280,000
Village of Williston Park	DW	86,667	173,333	260,000
Town of Willsboro	CW	37,500	37,500	75,000
Village of Wilson	CW	792,500	792,500	1,585,000
Town of Windham	DW	68,333	136,667	205,000
Town of Woodbury	DW	6,667	13,333	20,000
Town of Woodstock	CW	67,500	67,500	135,000
City of Yonkers	CW	310,000	310,000	620,000
Town of Yorktown	CW	3,725,000	13,095,000	16,820,000
Town of Yorktown	DW	401,667	803,333	1,205,000
<b>Total Pledged Recipient Financings</b>		<b><u>\$933,130,457</u></b>	<b><u>\$1,521,301,630</u></b>	<b><u>\$2,454,432,087</u></b>

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**EXHIBIT B**  
**FORM OF CO-BOND COUNSEL OPINION**

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September 22, 2016

New York State Environmental  
Facilities Corporation  
625 Broadway  
Albany, New York 12207

Ladies and Gentlemen:

In our capacity as Co-Bond Counsel to New York State Environmental Facilities Corporation (the “Corporation”), we have examined a record of proceedings relating to the sale and issuance of \$104,415,000 aggregate principal amount of State Revolving Funds Revenue Bonds, Series 2016 B (2010 Master Financing Program) (Green Bonds), of the Corporation (the “2016 B Bonds”).

The 2016 B Bonds are issued under and pursuant to the Constitution and laws of the State of New York, particularly the New York State Environmental Facilities Corporation Act, as amended, being Chapter 744 of the Laws of 1970, as amended, and constituting Title 12 of Article 5 of the Public Authorities Law and Chapter 43-A of the Consolidated Laws of the State of New York (the “EFC Act”) and under and in accordance with a Financing Indenture of Trust dated as of June 1, 2010, as supplemented and amended, including as supplemented by a Tenth Supplemental Series Indenture of Trust dated as of September 1, 2016 (collectively referred to herein as the “Financing Indenture”), between the Corporation and Manufacturers and Traders Trust Company, as trustee (the “Trustee”). The 2016 B Bonds are also secured by an Amended and Restated Master Trust Agreement dated as of July 1, 2005, as supplemented and amended, between the Corporation and Manufacturers and Traders Trust Company, as trustee (the “SRF Trustee”) and as custodian thereunder (collectively referred to herein as the “Master Trust Agreement”). The 2016 B Bonds are being issued to provide financial assistance to local governments and other public entities (collectively, the “Recipients”) in the State of New York to finance or refinance clean water and drinking water projects.

The 2016 B Bonds are dated the date hereof (except as otherwise provided in the Financing Indenture will respect to 2016 B Bonds issued in exchange for other 2016 B Bonds). The 2016 B Bonds bear interest payable on February 15 and August 15 in each year, commencing February 15, 2017. The 2016 B Bonds will mature on the dates and in the principal amounts, and will bear interest at the respective rates per annum, set forth in the Financing Indenture.

The 2016 B Bonds are issuable in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof and are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the 2016 B Bonds and the Financing Indenture. The Financing Indenture provides that the principal of and premium, if any, on each 2016 B Bond shall be payable to the Registered Owner (as defined in the Financing Indenture) of such Bond upon presentation and surrender

thereof when due at the corporate trust office of the Trustee. The interest on each 2016 B Bond is payable to the Registered Owner thereof as of the close of business on the Record Date (as defined in the Financing Indenture) for each interest payment date as the same becomes due by check, mailed to such Registered Owner thereof at the address appearing on the Bond Register (as defined in the Financing Indenture) as of the close of business on such Record Date or, under certain circumstances, by wire transfer as described in the Financing Indenture.

We also have examined one of the 2016 B Bonds as executed and authenticated.

We also have examined executed copies of the Financing Indenture, the Master Trust Agreement and the finance agreements entered into with the respective Recipients on August 1, 2016 (collectively, the "Recipient Agreements"), whereby the Corporation has agreed to make the proceeds of the Series 2016 B Bonds and other moneys available to the Recipients for the purpose of financing, refinancing or reimbursing the Recipients for the costs of the Projects (as defined in the Recipient Agreements) and each of the Recipients has agreed to execute and deliver to the Corporation the bonds (the "Recipient Bonds") of such Recipient relating to the financial assistance made available to such Recipient.

We also have reviewed and relied upon certain opinions of bond counsel to each of the Recipients relative to the validity of the Recipient Bonds issued by such Recipient to the Corporation, the validity of the respective Recipient Agreements and certain other matters.

The Internal Revenue Code of 1986, as amended (the "Code"), including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder, establishes certain requirements that must be met subsequent to the issuance and delivery of the 2016 B Bonds in order that the interest on such Bonds be and remain excluded from gross income for Federal income tax purposes. Noncompliance could cause interest on the 2016 B Bonds to be included in gross income of the owners thereof for Federal income tax purposes retroactive to the date of issuance of the 2016 B Bonds, irrespective of the date on which such noncompliance occurs or is ascertained.

We have examined the Arbitrage and Use of Proceeds Certificates, each dated the date hereof, of the respective Recipients, whose obligations are being financed or refinanced with the proceeds of the 2016 B Bonds (the "Recipient Arbitrage and Use of Proceeds Certificates"), which set forth certain representations, covenants and procedures relating to compliance with such requirements of the Code by each Recipient and to the use of moneys advanced to such Recipient for its Project.

We have also examined the Tax Regulatory Agreement, dated the date hereof, entered into between the Corporation and the Trustee (the "Tax Regulatory Agreement"), which describes the application to be made of certain funds held under the Financing Indenture and the Master Trust Agreement and sets forth certain representations, covenants and procedures relating to the use of proceeds of the 2016 B Bonds necessary for, or related to, compliance with the aforementioned requirements of the Code, including the arbitrage limitations imposed with respect to the investment of proceeds of the 2016 B Bonds pursuant to Section 148 of the Code.

The Tax Regulatory Agreement obligates the Corporation to take such actions as may be necessary and within its reasonable control to ensure that the 2016 B Bonds will continue to be obligations described in Section 103(a) of the Code. Each Recipient receiving proceeds of 2016 B Bonds has agreed in its respective Recipient Arbitrage and Use of Proceeds Certificate that it will not take (or fail to take) any action within its reasonable control which will (or which failure to act will) result in the inclusion of interest on the 2016 B Bonds in gross income for Federal income tax purposes. In rendering the opinions expressed herein, we have assumed compliance by the Corporation and each of the recipients

with the covenants contained in the Tax Regulatory Agreement and the Recipient Arbitrage and Use of Proceeds Certificates.

We are of the opinion that:

1. The Corporation 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 of New York, including particularly the EFC Act, and has the right and lawful authority to issue the 2016 B Bonds to provide financial assistance to the Recipients as contemplated by the Financing Indenture, to receive and pledge the Pledged Revenues (as defined in the Financing Indenture) and to secure the 2016 B Bonds in the manner contemplated by the Financing Indenture and the Master Trust Agreement.

2. The Corporation has the right and power pursuant to the EFC Act to enter into and perform its obligations under the Financing Indenture, and the Financing Indenture has been duly authorized, executed and delivered, is in full force and effect and constitutes a legal, valid and binding obligation of the Corporation enforceable in accordance with its terms.

3. The Corporation has the right and power pursuant to the EFC Act to enter into and perform its obligations under the Master Trust Agreement, and the Master Trust Agreement has been duly authorized, executed and delivered, is in full force and effect and constitutes a legal, valid and binding obligation of the Corporation enforceable in accordance with its terms.

4. The Corporation has the right and power pursuant to the EFC Act to enter into and perform its obligations under the Recipient Agreements, and the Recipient Agreements have been duly authorized, executed and delivered by the Corporation, are in full force and effect and constitute legal, valid and binding agreements of the Corporation, enforceable in accordance with their respective terms.

5. The Corporation has the right and power pursuant to the EFC Act to enter into and perform its obligations under the Tax Regulatory Agreement, and the Tax Regulatory Agreement has been duly authorized, executed and delivered by the Corporation, is in full force and effect and constitutes a legal, valid and binding agreement of the Corporation enforceable in accordance with its terms.

6. The 2016 B Bonds have been duly authorized, executed and delivered and issued by the Corporation in accordance with the Financing Indenture and the Constitution and the laws of the State of New York, including the EFC Act. The 2016 B Bonds constitute Senior 2010 MFI Obligations (as defined in the Financing Indenture) and are valid and legally binding special obligations of the Corporation, secured as Senior 2010 MFI Obligations by the Financing Indenture and as 2010 MFI Obligations (as defined in the Master Trust Agreement) by the Master Trust Agreement (in each case, to the extent provided therein), and are payable as to principal, premium, if any, and interest from, and are secured by a valid lien on and pledge of the Pledged Revenues (as defined in the Financing Indenture) and certain other moneys held by the Trustee under the Financing Indenture and pledged and available therefor under the terms of the Financing Indenture, and are payable from certain moneys held by the SRF Trustee under the Master Trust Agreement and available therefor under the terms of the Master Trust Agreement, all in the manner provided in, and in accordance with the priority established by, the Financing Indenture and the Master Trust Agreement. The 2016 B Bonds are enforceable in accordance with their terms and the terms of the Financing Indenture and are entitled to the benefits of the EFC Act, the Financing Indenture and the Master Trust Agreement. All conditions precedent to the delivery of the 2016 B Bonds have been fulfilled.

7. Under existing law, interest on the 2016 B Bonds (i) is excluded from gross income, as defined in section 61 of the Code, of the owners thereof for Federal income tax purposes, pursuant to

Section 103 of the Code, and (ii) is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering this opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the Corporation and the Recipients in connection with the 2016 B Bonds, and we have assumed compliance by the Corporation and the Recipients with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the 2016 B Bonds from gross income for Federal income tax purposes pursuant to Section 103 of the Code. In addition, under existing law, interest on the 2016 B Bonds is exempt from personal income taxes imposed by the State of New York and its political subdivisions, including The City of New York.

We express no opinion with respect to any other Federal, state or local tax consequences, under present law or any proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the 2016 B Bonds. Ownership of tax-exempt obligations such as the 2016 B Bonds may result in collateral Federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a financial asset securitization investment trust, individual recipients of Social Security or Railroad Retirement Benefits, individuals otherwise qualifying for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

The opinions set forth in paragraphs 2 through 6 above are qualified only to the extent that the enforceability of the 2016 B Bonds, the Financing Indenture, the Master Trust Agreement, the Tax Regulatory Agreement, the Recipient Arbitrage and Use of Proceeds Certificates, the Recipient Bonds and the Recipient Agreements 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 reviewed such legal proceedings as we have deemed necessary to approve the legality and validity of the 2016 B Bonds. In rendering the foregoing opinions, we have not been requested to examine any document or financial or other information concerning the Corporation, the Recipients, the Recipient Bonds or the projects financed or refinanced with the 2016 B Bonds other than the record of proceedings referred to above, 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 2016 B Bonds.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

Very truly yours,

September 22, 2016

New York State Environmental  
Facilities Corporation  
625 Broadway  
Albany, New York 12207

Ladies and Gentlemen:

In our capacity as Co-Bond Counsel to New York State Environmental Facilities Corporation (the “Corporation”), we have examined a record of proceedings relating to the sale and issuance of \$29,260,000 aggregate principal amount of State Revolving Funds Revenue Bonds, Series 2016 C (2010 Master Financing Program) (Federally Taxable) (Green Bonds), of the Corporation (the “2016 C Bonds”).

The 2016 C Bonds are issued under and pursuant to the Constitution and laws of the State of New York, particularly the New York State Environmental Facilities Corporation Act, as amended, being Chapter 744 of the Laws of 1970, as amended, and constituting Title 12 of Article 5 of the Public Authorities Law and Chapter 43-A of the Consolidated Laws of the State of New York (the “EFC Act”) and under and in accordance with a Financing Indenture of Trust dated as of June 1, 2010, as supplemented and amended, including as supplemented by a Tenth Supplemental Series Indenture of Trust dated as of September 1, 2016 (collectively referred to herein as the “Financing Indenture”), between the Corporation and Manufacturers and Traders Trust Company, as trustee (the “Trustee”). The 2016 C Bonds are also secured by an Amended and Restated Master Trust Agreement dated as of July 1, 2005, as supplemented and amended, between the Corporation and Manufacturers and Traders Trust Company, as trustee (the “SRF Trustee”) and as custodian thereunder (collectively referred to herein as the “Master Trust Agreement”). The 2016 C Bonds are being issued to provide financial assistance to the New York State Energy Research and Development Authority and Franklin County Solid Waste Management Authority (the “Recipients”) to finance and refinance clean water projects.

The 2016 C Bonds are dated the date hereof (except as otherwise provided in the Financing Indenture will respect to 2016 C Bonds issued in exchange for other 2016 C Bonds). The 2016 C Bonds bear interest payable on January 15 and July 15, in each year, commencing January 15, 2017. The 2016 C Bonds will mature on the dates and in the principal amounts, and will bear interest at the respective rates per annum, set forth in the Financing Indenture.

The 2016 C Bonds are issuable in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof and are subject to redemption prior to maturity in the manner and upon the terms and conditions set forth in the 2016 C Bonds and the Financing Indenture. The Financing Indenture provides that the principal of and premium, if any, on each 2016 C Bond shall be payable to the Registered Owner (as defined in the Financing Indenture) of such Bond upon presentation and surrender thereof when due at the corporate trust office of the Trustee. The interest on each 2016 C Bond is payable

to the Registered Owner thereof as of the close of business on the Record Date (as defined in the Financing Indenture) for each interest payment date as the same becomes due by check, mailed to such Registered Owner thereof at the address appearing on the Bond Register (as defined in the Financing Indenture) as of the close of business on such Record Date or, under certain circumstances, by wire transfer as described in the Financing Indenture.

We also have examined one of the 2016 C Bonds as executed and authenticated.

We also have examined executed copies of the Financing Indenture, the Master Trust Agreement and the finance agreement entered into with the Recipients on August 1, 2016 (the “Recipient Agreement”), whereby the Corporation has agreed to make the proceeds of the Series 2016 C Bonds available to the Recipients for the purpose of financing or reimbursing the Recipients for the costs of the Project (as defined in the Recipient Agreement) and the Recipients have agreed to execute and deliver to the Corporation the bonds (the “Recipient Bonds”) of the Recipients relating to the financial assistance made available to the Recipients.

We also have reviewed and relied upon the opinion of bond counsel to the Recipients relative to the validity of the Recipient Bonds issued by the Recipients to the Corporation, the validity of the Recipient Agreement and certain other matters.

We are of the opinion that:

1. The Corporation 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 of New York, including particularly the EFC Act, and has the right and lawful authority to issue the 2016 C Bonds to provide financial assistance to the Recipients as contemplated by the Financing Indenture, to receive and pledge the Pledged Revenues (as defined in the Financing Indenture) and to secure the 2016 C Bonds in the manner contemplated by the Financing Indenture and the Master Trust Agreement.

2. The Corporation has the right and power pursuant to the EFC Act to enter into and perform its obligations under the Financing Indenture, and the Financing Indenture has been duly authorized, executed and delivered, is in full force and effect and constitutes a legal, valid and binding obligation of the Corporation enforceable in accordance with its terms.

3. The Corporation has the right and power pursuant to the EFC Act to enter into and perform its obligations under the Master Trust Agreement, and the Master Trust Agreement has been duly authorized, executed and delivered, is in full force and effect and constitutes a legal, valid and binding obligation of the Corporation enforceable in accordance with its terms.

4. The Corporation has the right and power pursuant to the EFC Act to enter into and perform its obligations under the Recipient Agreement, and the Recipient Agreement has been duly authorized, executed and delivered by the Corporation, is in full force and effect and constitutes a legal, valid and binding agreement of the Corporation, enforceable in accordance with its terms.

5. The 2016 C Bonds have been duly authorized, executed and delivered and issued by the Corporation in accordance with the Financing Indenture and the Constitution and the laws of the State of New York, including the EFC Act. The 2016 C Bonds constitute Senior 2010 MFI Obligations (as defined in the Financing Indenture) and are valid and legally binding special obligations of the Corporation, secured as Senior 2010 MFI Obligations by the Financing Indenture and as 2010 MFI Obligations (as defined in the Master Trust Agreement) by the Master Trust Agreement (in each case, to

the extent provided therein), and are payable as to principal, premium, if any, and interest from, and are secured by a valid lien on and pledge of the Pledged Revenues (as defined in the Financing Indenture) and certain other moneys held by the Trustee under the Financing Indenture and pledged and available therefor under the terms of the Financing Indenture, and are payable from certain moneys held by the SRF Trustee under the Master Trust Agreement and available therefor under the terms of the Master Trust Agreement, all in the manner provided in, and in accordance with the priority established by, the Financing Indenture and the Master Trust Agreement. The 2016 C Bonds are enforceable in accordance with their terms and the terms of the Financing Indenture and are entitled to the benefits of the EFC Act, the Financing Indenture and the Master Trust Agreement. All conditions precedent to the delivery of the 2016 C Bonds have been fulfilled.

6. Under existing law, interest on the 2016 C Bonds is exempt from personal income taxes imposed by the State of New York and its political subdivisions, including The City of New York. We express no other opinion regarding any Federal, state or local tax consequences arising with respect to the 2016 C Bonds or the ownership or disposition thereof.

The opinions set forth in paragraphs 2 through 5 above are qualified only to the extent that the enforceability of the 2016 C Bonds, the Financing Indenture, the Master Trust Agreement, the Recipient Bonds and the Recipient Agreement 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 reviewed such legal proceedings as we have deemed necessary to approve the legality and validity of the 2016 C Bonds. In rendering the foregoing opinions, we have not been requested to examine any document or financial or other information concerning the Corporation, the Recipients, the Recipient Bonds or the project financed with the 2016 C Bonds other than the record of proceedings referred to above, 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 2016 C Bonds.

We assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, or any facts or circumstances, or any changes in law or interpretations thereof, that may hereafter arise or occur, or for any other reason.

Very truly yours,

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## EXHIBIT C

### FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Agreement”) dated September 22, 2016 and between New York State Environmental Facilities Corporation (the “Issuer”) and Manufacturers and Traders Trust Company, as trustee (the “Trustee”) under a Financing Indenture of Trust, dated as of June 1, 2010, as supplemented by an Tenth Supplemental Series Indenture of Trust, dated as of September 1, 2016 (the “Indenture”), is executed and delivered in connection with the issuance of the Issuer’s \$104,415,000 principal amount State Revolving Funds Revenue Bonds, Series 2016 B (2010 Master Financing Program) (Green Bonds) (the “Series 2016 B Bonds”) and \$29,260,000 principal amount State Revolving Funds Revenue Bonds, Series 2016 C (Federally Taxable) (2010 Master Financing Program) (Green Bonds) (the “Series 2016 C Bonds” and, together with the Series 2016 B Bonds, the “Series 2016 B/C Bonds”). The Series 2016 B Bonds and the Series 2016 C Bonds are being sold pursuant to and in accordance with the terms of a Bond Purchase Agreement (the “Series 2016 B/C Bond Purchase Agreement”) dated August 31, 2016, between the Issuer and Senior Manager, along with the other underwriters named therein. Capitalized terms used in this Agreement which are not otherwise defined in this Agreement shall have the respective meanings specified therefor in the Indenture. Pursuant to and in satisfaction of the requirements of Section 3(f) of the Series 2016 B/C Bond Purchase Agreement, the parties agree as follows:

#### ARTICLE I

##### The Undertaking

Section 1.1. Purpose. This Agreement shall constitute a written undertaking for the benefit of the owners of the Series 2016 B/C Bonds, and is being executed and delivered solely to assist the underwriters of any Series 2016 B/C Bonds in complying with subsection (b)(5) of the Rule.

Section 1.2. Annual Financial Information. (a) The Issuer shall provide Annual Financial Information with respect to each fiscal year of the Issuer, commencing with the fiscal year ending March 31, 2016, by no later than the expiration of 9 calendar months after the end of the respective fiscal year, to the MSRB.

(b) The Issuer shall provide, in a timely manner, notice of any failure of the Issuer to provide the Annual Financial Information by the date specified in subsection (a) above to the MSRB.

Section 1.3. Audited Financial Statements. If not provided as part of Annual Financial Information by the date required by Section 1.2(a) hereof, the Issuer shall provide its Audited Financial Statements, when and if available, to the MSRB.

Section 1.4. Notice Events. (a) If a Notice Event occurs, the Issuer shall provide, in a timely manner (not in excess of ten business days after the occurrence of such Notice Event) a notice of a Notice Event to the MSRB.

(b) Any notice of a defeasance of Series 2016 B/C Bonds shall state whether the Series 2016 B/C Bonds have been escrowed to maturity or to an earlier redemption date and the timing of such maturity or redemption.

(c) The Trustee shall promptly advise the Issuer whenever, in the course of performing its duties as Trustee under the Indenture, the Trustee has actual notice of an occurrence which, if material, would require the Issuer to provide notice of a Notice Event hereunder; provided, however, that the

failure of the Trustee so to advise the Issuer shall not constitute a breach by the Trustee of any of its duties and responsibilities under this Agreement or the Indenture.

Section 1.5. Notification to Significant Recipients. Promptly following the end of each fiscal year of the Issuer, the Issuer shall notify each Significant Recipient that it is required to (i) file a copy of its Significant Recipient Annual Financial Information at the times hereafter set forth to the MSRB, (ii) provide, in a timely manner, notice of any failure of such Significant Recipient to provide such Significant Recipient Annual Financial Information to the MSRB, and (iii) if not provided as part of Significant Recipient Annual Financial Information by the date specified above, provide Audited Financial Statements of the Significant Recipient, when and if available, to the MSRB. Such Notice shall provide instructions, consistent with the terms of this Agreement, as to the time, place, and procedures for all filings to be made by such Significant Recipient pursuant to this Section 1.5. The Issuer shall further notify each Significant Recipient should it no longer meet the percentage threshold specified in the definition of Significant Recipient and no longer be obligated to make filings pursuant to this Section 1.5. Each Significant Recipient's initial Significant Recipient Annual Financial Information filing shall be made no later than the expiration of 9 calendar months following the end of such fiscal year of the Issuer. Thereafter, such Significant Recipient shall make filings of its Significant Recipient Annual Financial Information no later than the expiration of 9 calendar months following the end of each of such Significant Recipient's fiscal years.

Section 1.6. Additional Information. Nothing in this Agreement shall be deemed to prevent the Issuer or any Significant Recipient from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Annual Financial Information or Notice Event, in addition to that which is required by this Agreement. If the Issuer chooses to include any information in any Annual Financial Information or Notice Event in addition to that which is specifically required by this Agreement, the Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Financial Information or Notice Event.

Section 1.7. Additional Disclosure Obligations. The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the Issuer and that, under some circumstances, compliance with this Agreement without additional disclosures or other action may not fully discharge all duties and obligations of the Issuer under such laws.

Section 1.8. No Previous Non-Compliance. The Issuer represents that in the previous five years it has not failed to comply in all material respects with any previous undertaking in a written contract or agreement specified in paragraph (b)(5)(i) of the Rule.

## ARTICLE II Operating Rules

Section 2.1. Reference to Other Documents. It shall be sufficient for purposes of Section 1.2 hereof and Section 1.5 hereof if the Issuer provides Annual Financial Information or Significant Recipient Annual Financial Information, as applicable, by specific reference to documents (i) available to the public on the MSRB Internet Web site (currently, [www.emma.msrb.org](http://www.emma.msrb.org)) or (ii) filed with the SEC. The provisions of this Section shall not apply to notices of Notice Events pursuant to Section 1.4 hereof.

Section 2.2. Submission of Information. Annual Financial Information and Significant Recipient Annual Financial Information may each be provided in one document or multiple documents,

and at one time or in part from time to time, and may be provided by delivery of an official statement which includes such information.

Section 2.3. Dissemination Agents. The Issuer may from time to time designate an agent to act on its behalf in providing or filing notices, documents and information as required of the Issuer under this Agreement, and revoke or modify any such designation.

Section 2.4. Notice Events Notices. Each notice of a Notice Event shall be so captioned and shall prominently state the title, date and series of the bonds.

Section 2.5. Transmission of Information and Notices. (a) Unless otherwise required by the MSRB, all notices, documents and information provided to the MSRB shall be provided to the MSRB's Electronic Municipal Markets Access (EMMA) system, the current Internet Web address of which is www.emma.msrb.org.

All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 2.6. Fiscal Year. Annual Financial Information shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months. The Issuer's current fiscal year is April 1- March 31, and the Issuer shall promptly notify (i) the MSRB and (ii) the Trustee of any change in its fiscal year.

### ARTICLE III

#### Termination, Amendment and Enforcement

Section 3.1. Termination. (a) With respect to any Series 2016 B/C Bonds, the Issuer's and the Trustee's obligations under this Agreement shall terminate upon a legal defeasance pursuant to Article XIV of the Indenture, prior redemption or payment in full of such Series 2016 B/C Bonds.

(b) This Agreement, or any provision hereof, shall be null and void in the event that the Issuer (1) delivers to the Trustee an opinion of Counsel, addressed to the Issuer and the Trustee, to the effect that those portions of the Rule which require the provisions of this Agreement, or any of such provisions, do not or no longer apply to the Series 2016 B/C Bonds, whether because such portions of the Rule are invalid, have been repealed, or otherwise, as shall be specified in such opinion, and (2) delivers copies of such opinion to the MSRB.

Section 3.2. Amendment. (a) This Agreement may be amended, by written agreement of the parties, without the consent of the owners of the Series 2016 B/C Bonds (except to the extent required under clause (4)(ii) below), if all of the following conditions are satisfied: (1) such amendment is made in connection with a change in circumstances that arises from a change in legal (including regulatory) requirements, a change in law (including rules or regulations) or in interpretations thereof, or a change in the identity, nature or status of the Issuer or the type of business conducted thereby, (2) this Agreement as so amended would have complied with the requirements of the Rule as of the date of this Agreement, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, (3) the Issuer shall have delivered to the Trustee an opinion of Counsel, addressed to the Issuer and the Trustee, as to the veracity of the condition as set forth in clause (2) above, (4) either (i) the Issuer shall have delivered to the Trustee an opinion of Counsel or a determination by an entity in each case unaffiliated with the Issuer (such as bond counsel or the Trustee), addressed to the Issuer and the Trustee, to the effect that the amendment does not materially impair the interests of the

owners of the Series 2016 B/C Bonds, or (ii) the owners of the Series 2016 B/C Bonds consent to the amendment to this Agreement pursuant to the same procedures as are required for amendments to the Indenture with consent of owners of Series 2016 B/C Bonds pursuant to Section 13.02 of the Indenture as in effect on the date of this Agreement, and (5) the Issuer shall have delivered copies of any such opinion(s) and amendment to the MSRB.

(b) In addition to subsection (a) above, this Agreement may be amended and any provision of this Agreement may be waived, by written agreement of the parties, without the consent of the owners of the Series 2016 B/C Bonds, if all of the following conditions are satisfied: (1) an amendment to the Rule is adopted, or a new or modified official interpretation of the Rule is issued, after the effective date of this Agreement which is applicable to this Agreement, (2) the Issuer shall have delivered to the Trustee an opinion of Counsel, addressed to the Issuer and the Trustee, to the effect that performance by the Issuer and Trustee under this Agreement as so amended or giving effect to such waiver, as the case may be, will not result in a violation of the Rule, and (3) the Issuer shall have delivered copies of such opinion and amendment to the MSRB.

(c) This Agreement may be amended by written agreement of the parties, without the consent of the holders of the Series 2016 B/C Bonds, if all of the following conditions are satisfied: (1) the Issuer shall have delivered to the Trustee an opinion of Counsel, addressed to the Issuer and the Trustee, to the effect that the amendment is permitted by rule, order or other official pronouncement, or is consistent with any interpretive advice or no-action positions of staff of the SEC, and (2) the Trustee shall have delivered copies of such opinion and amendment to the MSRB.

(d) To the extent any amendment to this Agreement results in a change in the type of financial information or operating data provided pursuant to this Agreement, the first Annual Financial Information provided thereafter shall include a narrative explanation of the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

(e) If an amendment is made to the basis on which financial statements are prepared, the Annual Financial Information for the fiscal year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a quantitative and, to the extent reasonably feasible, qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information.

Section 3.3. Benefit; Third-Party Beneficiaries; Enforcement. (a) The provisions of this Agreement shall constitute a contract with and inure solely to the benefit of the registered owners from time to time of the Series 2016 B/C Bonds, except that, if the bonds are book-entry-only Bonds as described in Section 2.05 of the Indenture, beneficial owners of Bonds as shown on the records of the Securities Depository (within the meaning of the Indenture) or its participants shall be third-party beneficiaries of this Agreement.

(b) The provisions of this Agreement shall create no rights in any person or entity except as provided in subsection (a) of this Section 3.3 and in this subsection (b). The obligations of the Issuer to comply with the provisions of this Agreement shall be enforceable (i) in the case of enforcement of obligations to provide financial statements, financial information, operating data and notices, by any owner of Outstanding Series 2016 B/C Bonds, or by the Trustee on behalf of the owners of Outstanding Series 2016 B/C Bonds, or (ii), in the case of challenges to the adequacy of the financial statements, financial information and operating data so provided, by the Trustee on behalf of the owners of Outstanding Series 2016 B/C Bonds; provided, however, that the Trustee shall not be required to take any

enforcement action except at the direction of the owners of not less than a majority in aggregate principal amount of the Series 2016 B/C Bonds at the time outstanding who shall have provided the Trustee with adequate security and indemnity. Neither the Issuer, its directors, officers or employees shall have any liability hereunder for any act or failure to act hereunder; the owners' and Trustee's sole remedy with respect to enforcement of the provisions of this Agreement shall be a right, by action in mandamus or for specific performance, to compel performance of the Issuer's obligations under this Agreement. In consideration of the third-party beneficiary status of beneficial owners of Series 2016 B/C Bonds pursuant to subsection (a) of this Section 3.3, beneficial owners shall be deemed to be owners of Series 2016 B/C Bonds for purposes of this subsection (b).

(c) Any failure by the Issuer or the Trustee to perform in accordance with this Agreement shall not constitute a default or an Event of Default under the Indenture, and the rights and remedies provided by the Indenture upon the occurrence of a default or an Event of Default thereunder shall not apply to any such failure.

(d) This Agreement shall be construed and interpreted in accordance with the laws of the State of New York, and any suits and actions arising out of this Agreement shall be instituted in a court of competent jurisdiction in the State of New York; provided, however, that to the extent this Agreement addresses matters of federal securities laws, including the Rule, this Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

#### ARTICLE IV Definitions

Section 4.1. Definitions. The following terms used in this Agreement shall have the following respective meanings:

(1) "Annual Financial Information" means, collectively, (i) updated versions of the following financial information and operating data with respect to the Issuer, for each fiscal year of the Issuer, as follows:

(x) financial information and operating data of the type appearing in Exhibit A to the Official Statement; and

(y) financial information and operating data of the type appearing in the Official Statement under the captions "STATE REVOLVING FUNDS PROGRAMS – Establishment of SRFs" (Ninth paragraph only), "2010 MFI PROGRAM – 2010 MFI Program Administration" (second paragraph only), and "SECURITY AND SOURCES OF PAYMENT FOR THE 2010 MFI OBLIGATIONS – Pledged Recipient Payments - *Offered Bonds Debt Service and Pledged Recipient Payments*, Available De-Allocated Reserve Account Release Payments- *De-allocated Reserve Account*, - *Deficiency Reserve Account*, - *Aggregate Historical Cash Flows and Reserves* and - *Projected Cash Flows and Reserves*, Equity Accounts of the Clean Water SRF and Drinking Water SRF" (tables only); and

(ii) the information regarding amendments to this Agreement required pursuant to Sections 3.2(d) and (e) of this Agreement. Annual Financial Information shall include Audited Financial Statements of the Issuer, if then available, or Unaudited Financial Statements of the Issuer.

The descriptions contained in clause (i) above of financial information and operating data constituting Annual Financial Information are of general categories of financial information and operating data. When such descriptions include information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided in lieu of such information.

(2) “Audited Financial Statements” means the annual financial statements, if any, of the Issuer or any Significant Recipient, as the case may be, audited by such auditor as shall then be required or permitted by applicable law or the Indenture. In the case of the Issuer, Audited Financial Statements shall be prepared in accordance with GAAP or applicable law; provided, however, that pursuant to Sections 3.2(a) and (e) hereof, the Issuer may from time to time, if required by federal or state legal requirements, modify the accounting principles to be followed in preparing its financial statements. In the case of any Significant Recipient, Audited Financial Statements shall be prepared in accordance with GAAP or such other accounting principles as shall be specified in the initial filing of Significant Recipient Annual Financial Information by such Significant Recipient or in the initial Official Statement of the Issuer setting forth financial and operating data of such Significant Recipient; provided, however, that such Significant Recipient may from time to time, if required by federal or State legal requirements, modify the basis upon which its financial statements are prepared. Notice of any such modification shall include a reference to the specific federal or state law or regulation describing such accounting basis and shall be provided by the Issuer or Significant Recipient, as applicable, to the MSRB.

(3) “Counsel” means Norton Rose Fulbright US LLP or other nationally recognized bond counsel or counsel expert in federal securities laws.

(4) “GAAP” means generally accepted accounting principles as prescribed from time to time for governmental units by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, or any successor to the duties and responsibilities of either of them.

(5) “Indenture” shall mean the Financing Indenture of Trust dated as of June 1, 2010 between the Issuer and the Trustee, along with any amendments or supplements thereto.

(6) “Notice Event” means any of the following events, with respect to the Series 2016 B/C Bonds, whether relating to the Issuer or otherwise:

- (i) principal and interest payment delinquencies;
- (ii) non-payment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices and determinations with respect to the tax status of the Series 2016 B/C Bonds or other material events affecting the tax-exempt status of the Series 2016 B/C Bonds;

- (vii) modifications to rights of Bondholders, if material;
- (viii) bond calls, if material, and tender offers;
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of the Series 2016 B/C Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership or similar event of the Issuer or a Significant Recipient;
- (xiii) the consummation of a merger, consolidation or acquisition involving the Issuer or a Significant Recipient, or the sale of all or substantially all of the assets of the Issuer or a Significant Recipient, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

For these purposes, any event described in the immediately preceding paragraph (xii) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer or a Significant Recipient in a proceeding under the United States Bankruptcy Code or in any other 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 Issuer or a Significant Recipient, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer or a Significant Recipient.

(7) “MSRB” means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

(8) “Official Statement” means the “final official statement”, as defined in paragraph (f)(3) of the Rule, relating to the Series 2016 B/C Bonds.

(9) “Recipient Undertaking” means the separate agreement, if any, of a Significant Recipient and the provisions of a loan agreement committing a Significant Recipient to provide continuing disclosure relating to certain financial and operating data relating to its affairs.

(10) “Rule” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as in effect on the date of this Agreement, including any official interpretations thereof issued either before or after the effective date of this Agreement which are applicable to this Agreement.

(11) “SEC” means the United States Securities and Exchange Commission.

(12) “Significant Recipient” means a Recipient of proceeds of Series 2016 B/C Bonds, the outstanding principal amount of whose outstanding balance of financings under the Indenture shall equal or exceed twenty percent (20%) of the aggregate outstanding principal amount of all financings which are the sources of Pledged Recipient Bond Payments under the Indenture as of the close of the Issuer’s fiscal year.

(13) “Significant Recipient Annual Financial Information” means, collectively, (i) financial information or operating data with respect to the Significant Recipient, of the type theretofore disclosed with respect to the Significant Recipient in the Issuer’s official statements for Bonds (whether expressly set forth therein or incorporated by reference therein) and if financial information and operating data with respect to the Significant Recipient shall not have theretofore been so disclosed, then financial information and operating data of the type typically disclosed in Official Statements or other official disclosures by entities of the same type and character as the Significant Recipient. Significant Recipient Annual Financial Information shall include Audited Financial Statements of the Significant Recipient, if then available, or Unaudited Financial Statements of the Significant Recipient.

(14) “Unaudited Financial Statements” means the same as Audited Financial Statements, except that they shall not have been audited.

#### ARTICLE V Miscellaneous

Section 5.1. Duties, Immunities and Liabilities of Trustee. Article XI of the Indenture is hereby made applicable to this Agreement as if this Agreement were (solely for this purpose) contained in the Indenture. Without limiting the generality of the foregoing, the Trustee shall have only such duties under the Agreement as are specifically set forth in this Agreement, and the Issuer agrees to indemnify and save the Trustee, its officers, directors, employees and agents, against any loss, expense and liability which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys’ fees) of defending against any claim of liability, but excluding liabilities due to the Trustee’s negligence or willful misconduct in the performance of its duties hereunder. Such indemnity shall be separate from and in addition to that provided to the Trustee under the Indenture. The obligations of the Issuer under this Section shall survive resignation or removal of the Trustee, the termination of this Agreement, and the payment of the Series 2016 B/C Bonds.

Section 5.2. No Issuer Responsibility or Liability with Respect to Recipient Undertakings; Assignment of Recipient Undertakings. The Trustee acknowledges that the Issuer has undertaken no responsibility, and shall not be required to undertake any responsibility, with respect to any reports, notices or disclosures required by or provided pursuant to any Recipient Undertaking, and neither the Issuer, its directors, officers, nor employees have any responsibility or liability to any person, including any holder of the Series 2016 B/C Bonds, with respect to any such reports, notices or disclosures or for the sufficiency, performance, or enforcement of any Recipient Undertaking other than to give any notice required to be given under Section 1.5 hereof.

The Issuer hereby assigns to the Trustee for the benefit of the owners of the Series 2016 B/C Bonds, all of its right, title and interest in the commitment by Recipients set forth in the Recipient Undertakings to file Significant Recipient Annual Financial Information, subject to a right of the Issuer to independently enforce such commitment and to a right of the Issuer to consent to an amendment of such commitment on the same basis and subject to the same conditions applicable to an amendment of this

Agreement pursuant to Section 3.2 hereof. The Issuer may, but shall not be obligated to, similarly assign to the Trustee any of its other rights, but not its obligations, if any, under any Recipient Undertaking.

Section 5.3. Counterparts. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties have each caused this Agreement to be executed by their duly authorized representatives, all as of the date first above written.

NEW YORK STATE ENVIRONMENTAL  
FACILITIES CORPORATION

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

MANUFACTURERS AND TRADERS TRUST  
COMPANY, as Trustee

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

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## EXHIBIT D

### SERIES 2016 B PROJECTS

**Projects Financed or Refinanced with 2016 B Bonds \***

<u>Recipient</u>	<u>Program<sup>1</sup></u>	<u>Principal Amount of Green Bond Proceeds<sup>2</sup></u>	<u>Project Description</u>	<u>Completion Date<sup>3</sup></u>
Town of Bethlehem	CW	\$ 1,300,000	Construction of forcemain and interceptor sewer improvements in North Bethlehem to improve the water quality of the Hudson River.	9/1/2016
City of Binghamton	CW	14,589,561	Rebuild components of the sewage treatment plant to improve the water quality in the Susquehanna and Chenango Rivers.	12/1/2019
Village of Bloomfield	CW	1,047,346	Rehabilitation of a sewage treatment plant to improve the water quality in Fish Creek.	9/30/2016
Village of Brocton	DW	1,990,000	Upgrade distribution system.	10/17/2016
City of Cortland	CW	5,551,367	Sewage treatment plant improvements to improve the water quality of the Tioughoniga River.	11/1/2016
Dutchess County Water and Wastewater Authority	CW	1,362,087	Wastewater treatment plant improvements in the Chelsea Cove sewer district to protect the water quality of Sylvan Lake and the Hudson River.	11/9/2016
Dutchess County Water and Wastewater Authority	CW	708,992	Wastewater treatment plant upgrades in the Valley Dale sewer district to protect the water quality of Wappingers Creek and the Hudson River.	12/1/2016
Town of East Greenbush	CW	7,526,549	Sewage treatment plant rehabilitation to improve the water quality of the Hudson River.	12/31/2016
City of Hornell	CW	117,281	Construction of facilities for the chemical removal of phosphorus from the wastewater flow to improve water quality in Canistota River.	10/1/2016
City of Hornell	CW	30,228	Repair of the existing filter underdrains and provide new clarifier drives to maintain water quality in the Canistota River.	1/29/2016
Village of Johnson City	CW	12,027,347	Rebuild components of the sewage treatment plant to improve the water quality in the Susquehanna and Chenango Rivers.	12/1/2019
Village of Kiryas Joel	DW	36,147,639	New Water Treatment Plant, New Ground Water Source, New Transmission, New Pump Station.	3/1/2017
County of Onondaga	CW	1,773,908	Combined sewer overflow [Clinton CSO abatement phase 2 - storage/green infrastructure].	4/17/2015
County of Onondaga	CW	169,449	Construction of multiple green projects to mitigate combined sewer overflows and improve the water quality of the Onondaga Lake.	11/30/2015
City of Rensselaer	CW	3,185,578	Sewer line replacement and sewer separation along Washington Ave and North Broadway to improve water quality in the Hudson River.	8/31/2016
Town of Riverhead	CW	6,394,179	Sewage treatment plant upgrade at the plant in the Riverhead Sewer District to improve water quality to the Peconic River.	8/31/2016
City of Rome	DW	3,405,223	Upgrade water treatment plant, new storage.	3/4/2015
City of Rome	DW	13,814,544	Upgrade transmission.	8/31/2016
Town of Sand Lake	CW	305,566	Construction of collector sewers to improve water quality in Reichards Lake.	9/1/2016
Town of Sand Lake	CW	156,199	Sewer line rehabilitation and replacement at Gundrum Point to improve water quality in Burden Lake.	9/1/2016
County of Westchester	CW	1,234,000	Construction for Croton Point Landfill leachate collection, treatment and pump station improvements.	9/1/2016
County of Westchester	CW	12,013,000	Construction at Tarrytown Pump Station and forcemain improvements in the Saw Mill Sanitary Sewer District to improve water quality in the Hudson River	2/24/2017

\* May include projects initially funded with recipient bonds or notes.

<sup>1</sup> CW: Clean Water DW: Drinking Water

<sup>2</sup> Amount may include costs of issuance.

<sup>3</sup> Future completion dates are estimates provided by recipients and are subject to change.

## SERIES 2016 C PROJECTS

### Projects Financed or Refinanced with 2016 C Bonds\*

<u>Recipient</u>	<u>Program<sup>1</sup></u>	<u>Principal Amount of Green Bond Proceeds<sup>2</sup></u>	<u>Project Description</u>	<u>Completion Date<sup>3</sup></u>
Franklin County Solid Waste Management Authority	CW	\$ 6,075,341	Municipal solid waste landfill expansion to provide environmentally secure disposal for waste generated within Franklin County.	12/31/2016
New York State Energy Research Development Agency	CW	23,180,000	Green Jobs Green New York Residential Energy Efficiency Loans.	3/31/2017

\* May include projects initially funded with recipient bonds or notes.

<sup>1</sup> CW: Clean Water; DW: Drinking Water

<sup>2</sup> Amount may include costs of issuance and, in the case of public authorities, recipient debt service reserves.

<sup>3</sup> Future completion dates are estimates provided by recipients and are subject to change.

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# Environmental Facilities Corporation



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