

BOND FINANCE COMMITTEE MEETING

at the offices of the
New York State Urban Development Corporation
d/b/a Empire State Development Corporation
633 Third Avenue
New York, N.Y. 10017

Tuesday

December 2, 2014 – 11:00 a.m.

AGENDA

I. FOR CONSIDERATION

- A. New York State Urban Development Corporation State Personal Income Tax Revenue Bonds (General Purpose), Series 2014A and Series 2014B (Federally Taxable) (collectively, the “Series 2014 Bonds”) – Final Committee Authorization to Perform Certain Acts in Connection with the Sale and Delivery of the Corporation’s Series 2014 Bonds and to Take Related Actions

Empire State Development

FOR CONSIDERATION

December 2, 2014

TO: Bond Financing Committee

FROM: Margaret Tobin

SUBJECT: New York State Urban Development Corporation State Personal Income Tax Revenue Bonds (General Purpose), Series 2014A and Series 2014B (Federally Taxable) (collectively, the "Series 2014 Bonds")

REQUEST FOR: Final Committee Authorization to Perform Certain Acts in Connection with the Sale and Delivery of the Corporation's Series 2014 Bonds and to Take Related Actions

Introduction

The Bond Financing Committee of the New York State Urban Development Corporation (the "Corporation") is being asked to approve the forms of the supplemental resolution, preliminary official statement and official statement, notices of sale, supplemental schedule to financing agreement and related documents in connection with the proposed sale and delivery of the Corporation's State Personal Income Tax Revenue Bonds (General Purpose), Series 2014A and State Personal Income Tax Revenue Bonds (General Purpose), Series 2014B (Federally Taxable) (collectively, the "Series 2014 Bonds") and the delegation to certain officers and employees of the Corporation of the power to determine the terms and conditions of the proposed sale of the Series 2014 Bonds, and to award the Series 2014 Bonds to one or more successful bidders in public, competitive sales.

Background

The Series 2014 Bonds will be issued by the Corporation pursuant to the Revenue Bond Financing Program. Bonds issued pursuant to the Revenue Bond Financing Program are secured by a pledge of financing agreement payments payable from amounts legally required to be deposited into the Revenue Bond Tax Fund. The Revenue Bond Tax Fund receives a statutory allocation of 25% of New York personal income tax receipts and distributions of such funds are subject to annual appropriations by the State Legislature.

The Corporation now wishes to sell the Series 2014 Bonds. The Series 2014 Bonds will be issued by the Corporation under the "New York State Urban Development Corporation State

Personal Income Tax Revenue Bonds (General Purpose) General Bond Resolution” adopted on November 16, 2009 (the “General Resolution”) and the “New York State Urban Development Corporation Supplemental Resolution Supplemental Resolution Authorizing State Personal Income Tax Revenue Bonds (General Purpose), Series 2014A and State Personal Income Tax Revenue Bonds (General Purpose), Series 2014B (Federally Taxable)” (the “Supplemental Resolution”). The General Resolution includes the “State Personal Income Tax Revenue Bonds Standard Resolution Provisions” and authorizes the issuance of Bonds pursuant to a Supplemental Resolution. The Bond Finance Committee is being asked to adopt the Supplemental Resolution.

The Bond Financing Committee previously approved a Master Disclosure Agreement which also will apply to the Series 2014 Bonds.

The Bond Financing Committee previously approved the appointment of co-bond counsel, the appointment of a financial advisor and the submission of an application to the Public Authorities Control Board ("PACB") to request authorization to fund the projects or programs for which the Series 2014 Bonds will be issued. The PACB approved such application on November 17, 2014.

Series 2014 Bonds

The Series 2014 Bonds will include two separate series of bonds, each issued pursuant to the General Resolution and the Supplemental Resolution. The Series 2014A Bonds will be issued as fixed rate tax-exempt bonds. The Series 2014B Bonds will be issued as fixed rate taxable bonds.

The Series 2014 Bonds will be offered pursuant to one preliminary official statement. Each of the Series 2014A Bonds and Series 2014B Bonds are expected to be sold pursuant to separate notices of sale. The closing of one series of the Series 2014 Bonds is not conditioned on the sale of the other Series of the Series 2014 Bonds.

Pursuant to a Financing Agreement between the Corporation and the State, the State agrees to pay to the Corporation, subject to appropriation, in accordance with Article 5-C of the State Finance Law, amounts sufficient to pay the debt service on the Bonds. In connection with the issuance of the Series 2014 Bonds, you are being asked to approve a Supplemental Schedule to the Financing Agreement (the “Supplemental Schedule”) that will describe the Series 2014 Bonds.

The Series 2014 Bonds are being issued to finance projects relating to State facilities, economic development activities and certain other State-supported activities. The State programs and the authority for their funding are more fully listed in the Supplemental Resolution. The Series 2014 Bonds are also being issued to refund certain State Personal Income Tax Revenue Bonds previously issued by the Corporation and other authorized State issuers. Proceeds from the Series 2014 Bonds will also be used to finance the cost of issuance of the Series 2014 Bonds.

Requested Action

In accordance with the attached resolution (the “Financing Committee Resolution”), you are hereby requested to adopt the Supplemental Resolution, approve the form of the Supplemental Schedule, authorize the sale of each Series of the Series 2014 Bonds on a public, competitive basis pursuant to the applicable notice of sale, approve the form and content of the preliminary official statement and official statement and various documents connected with the sale and delivery of the Series 2014 Bonds, and authorize certain officers and employees of the Corporation to take all actions deemed necessary to accomplish the final sale and delivery of the Series 2014 Bonds.

Please note that by approving the Financing Committee Resolution you will be:

- (a) establishing an aggregate maximum par amount of Series 2014 Bonds that may be issued;
- (b) establishing the maximum true interest cost for each series of the Series 2014 Bonds; and
- (c) delegating to certain officers and employees the power to (i) determine the terms of the Series 2014 Bonds within the parameters set forth therein, including, but not limited to, the final aggregate principal amount of the Series 2014 Bonds, the principal amount of each series of the Series 2014 Bonds, the principal amount of the Series 2014 Bonds maturing in each year, the final maturity date(s) for such Series 2014 Bonds and the interest rates to be borne by the Series 2014 Bonds, and (ii) make such changes to the related documents as he or she deems necessary and appropriate.

Enclosures

Bond Financing Committee Resolution with the following exhibits:

- Exhibit A Supplemental Resolution for the Series 2014 Bonds
- Exhibit B Supplemental Schedule to Financing Agreement for the Series 2014 Bonds
- Exhibit C Preliminary Official Statement for Series 2014 Bonds
- Exhibit D-1 Notice of Sale for the Series 2014A Bonds
- Exhibit D-2 Notice of Sale for the Series 2014B Bonds

BOND FINANCING COMMITTEE
RESOLUTION CONCERNING THE SALE AND ISSUANCE OF
STATE PERSONAL INCOME TAX REVENUE BONDS
(GENERAL PURPOSE), SERIES 2014A AND
SERIES 2014B (FEDERALLY TAXABLE)

Adopted December 2, 2014

WHEREAS, pursuant to the New York State Urban Development Corporation Act, Chapter 174 of the Laws of 1968, as amended and supplemented (the “**Act**”), the New York State Urban Development Corporation (the “**Corporation**”) is authorized to issue bonds for any corporate purposes of the Corporation under and pursuant to the State Personal Income Tax Revenue Bonds (General Purpose) General Bond Resolution adopted by the Directors of the Corporation on November 16, 2009, as supplemented (the “**General Resolution**”); and

WHEREAS, on August 23, 1995, the Directors of the Corporation adopted a resolution appointing this Bond Financing Committee and delegating to this Bond Financing Committee responsibility for all future activities including the sale or issuance of bonds or notes issued by the Corporation, including the State Personal Income Tax Revenue Bonds (General Purpose), Series 2014A and Series 2014B (Federally Taxable) (collectively, the “**Bonds**”) and including, without limitation, the adoption of the Supplemental Resolution described below, the issuance, sale and delivery of the Bonds, and the preparation, negotiation and approval of appropriate documents in connection therewith; and

WHEREAS, the proceeds of the Bonds will be used to finance certain State of New York (the “**State**”) economic development project costs, grants, or loans, highway and bridge capital projects, and correctional projects, State facilities projects and housing assistance projects or programs all administered by certain State public benefit corporations or agencies (the “**Projects**”), including but not limited to reimbursing the State for money heretofore advanced by it for such Projects; and

WHEREAS, the Bonds are being issued to finance the Projects pursuant to the Project Acts described in Exhibit A to the Supplemental Resolution and the related appropriations acts (the “**Project Acts**”); and

WHEREAS, a portion of the proceeds of the Bonds will also be used to refund certain State Personal Income Tax Revenue Bonds previously issued by authorized State issuers; and

WHEREAS, the Bonds shall be fixed rate bonds; and

WHEREAS, the interest on the Series 2014A Bonds (the “**Tax-Exempt Bonds**”) shall be Federally tax-exempt and the interest on the Series 2014B Bonds (the “**Taxable Bonds**”) shall be Federally taxable; and

WHEREAS, the Series 2014A Bonds and the Series 2014B Bonds are to be sold at separate competitive public sales pursuant to which, in each case, different maturity groups of each Series may be sold to different bidders; and

WHEREAS, the Corporation is required (i) by the relevant Project Acts to obtain the approval of the Director of the Budget for the issuance of the Bonds for certain Projects, (ii) by Article 1-A, Sections 50 and 51, of the Public Authorities Law of the State to obtain the approval of the Public Authorities Control Board (the “**PACB**”) for the issuance and sale of the Bonds, and (iii) by the Act and Article 5-C of the State Finance Law to obtain the written approval of the State Comptroller for the sale of the Bonds and the terms thereof if such sale be a private sale to other than the State Comptroller; and

WHEREAS, the Corporation has already obtained or will obtain the required approvals of the Director of the Budget and the PACB and, if required, the State Comptroller prior to the delivery of the Bonds; and

WHEREAS, the General Resolution authorizes the issuance of one or more series of bonds for the purposes set forth therein and containing certain other terms, restrictions and covenants with respect to such bonds and the security pledged to the payment thereof; and

WHEREAS, officers of the Corporation have caused to be prepared a draft resolution entitled “Supplemental Resolution Authorizing State Personal Income Tax Revenue Bonds (General Purpose), Series 2014A and State Personal Income Tax Revenue Bonds (General Purpose), Series 2014B (Federally Taxable)” (the “**Supplemental Resolution**”), pursuant to which the Corporation will authorize the issuance of the Bonds; and

WHEREAS, the Corporation proposes to execute and deliver a Supplemental Schedule (the “**Supplemental Schedule**”) to the State Personal Income Tax Revenue Bonds (General Purpose) Financing Agreement, dated as of December 1, 2009, between the Corporation and the State, to provide for the pledge of financing agreement payments to secure the Bonds; and

WHEREAS, officers and employees of the Corporation have caused to be prepared a Preliminary Official Statement relating to the Bonds (the “**Preliminary Official Statement**”); and

WHEREAS, certain of the officers and employees of the Corporation intend to participate in the preparation of a final official statement to be used in connection with the issuance and sale of the Bonds;

WHEREAS, officers of the Corporation have caused to be prepared a Notice of Sale for the Series 2014A Bonds (the “**Series 2014A Notice of Sale**”) pursuant to which the Corporation will sell the Series 2014A Bonds by means of a public, competitive sale;

WHEREAS, officers of the Corporation have caused to be prepared a Notice of Sale for the Series 2014B Bonds (the “**Series 2014B Notice of Sale**”) pursuant to which the Corporation will sell the Series 2014B Bonds by means of a public, competitive sale;

NOW THEREFORE, this Bond Financing Committee, in the name and on behalf of the Corporation, hereby adopts the following which shall be considered a single resolution:

I. Supplemental Resolution

RESOLVED, that the Supplemental Resolution of the Corporation presented to this meeting, a copy of which shall be annexed to this resolution as Exhibit A, is hereby adopted and approved, with such modifications therein and additions thereto or deletions therefrom prior to the issuance and delivery of the Bonds as may be approved by an Authorized Officer (hereinafter defined) or further resolution of the Bond Financing Committee; and further

II. Supplemental Schedule

RESOLVED, that the Supplemental Schedule to the Financing Agreement presented to this meeting, a copy of which shall be annexed to this resolution as Exhibit B, is hereby adopted and approved, and any Authorized Officer is hereby authorized and directed to execute and deliver the Supplemental Schedule prior to the issuance and delivery of the Bonds, with such changes therein and additions thereto or deletions therefrom as the Authorized Officer executing the same may approve, such execution to be conclusive evidence of such Authorized Officer's approval; and further

III. Preliminary Official Statement

RESOLVED, that the Preliminary Official Statement of the Corporation presented to this meeting, a copy of which shall be annexed hereto as Exhibit C, is hereby authorized and approved and/or ratified with such changes therein and additions thereto or deletions therefrom as an Authorized Officer may approve, and the distribution thereof in connection with the public offering of the Bonds is hereby authorized and/or ratified, such distribution to be conclusive evidence of such Authorized Officer's approval; and further

IV. Official Statement

RESOLVED, that any Authorized Officer is hereby authorized and directed to make such changes to the Preliminary Official Statement as an Authorized Officer executing the same may approve to create a final Official Statement (the "Official Statement"), and to execute and deliver the same on behalf of the Corporation, such execution to be conclusive evidence of such Authorized Officer's approval; and further

V. Notices of Sale

RESOLVED, that the Series 2014A Notice of Sale and the Series 2014B Notice of Sale, copies of which shall be annexed hereto as Exhibit D-1 and Exhibit D-2, respectively, and the distribution and publication thereof on the Internet, are hereby authorized and/or ratified, with such changes therein and additions thereto or deletions therefrom as the Authorized Officer executing the same may approve, such execution to be conclusive evidence of such Authorized Officer's approval.

VI. Terms of the Bonds

RESOLVED, that the power (i) to establish the final aggregate principal amount of the Bonds at not greater than \$1,550,000,000, the principal amount of the Bonds maturing in each year, the final maturity date for the Bonds of each series (which shall not be later than the date 30 years after the date of issuance), the interest rates to be borne by the Bonds of each series, and the true interest cost of the Bonds of each series (which true interest cost may not exceed 7.5% for the tax-exempt Bonds and 10% for the taxable Bonds), the redemption provisions of each Series of the Bonds, the particular programs or projects to be financed with the proceeds of each Series of the Bonds, the specific State Personal Income Tax Revenue Bonds to be refunded, and other details of the Bonds and the plan of finance relating thereto, and the date of sale of the Bonds (collectively, the **“Terms”**); (ii) to sell each Series of the Bonds at a public, competitive sale pursuant to the applicable Notice of Sale and (iii) to execute and deliver any and all documents required thereby or in connection therewith, is hereby delegated to the Chief Financial Officer of the Corporation (or, in her absence, any other Authorized Officer of the Corporation), and action taken by the Chief Financial Officer or any other Authorized Officer shall be sufficient, and the approval of the Bond Financing Committee shall be conclusively determined from the signature of any such Authorized Officer on the document or documents evidencing such determinations; that the Supplemental Resolution shall be conformed thereto, with the Terms inserted effective as of the date hereof; and that all other documents relating to the Bonds shall similarly, as appropriate, be conformed thereto; and further

VII. Sale and Issuance of the Bonds

RESOLVED, that the Corporation shall sell and award each Series of Bonds at public, competitive sale in accordance with the applicable Notice of Sale to the successful bidder or bidders (the **“Purchasers”**); and further

RESOLVED, that the Corporation shall issue and deliver each Series of Bonds pursuant to the applicable Notice of Sale and shall apply the proceeds thereof in accordance with the Resolution and certain other certificates to be delivered upon issuance of each Series of the Bonds; and further

VIII. Authorized Officers

RESOLVED, that each of the President and Chief Executive Officer, any Senior Vice President, any Vice President, the General Counsel, the Deputy General Counsel, the Controller, the Chief Financial and Administrative Officer, the Treasurer, the Secretary, the Assistant Treasurer and the Assistant Secretary of the Corporation, and any person duly authorized to act in such capacity, is designated an **“Authorized Officer”** for the purposes of this resolution; and further

IX. Appointment of Trustee

RESOLVED, that in connection with the Bonds, the Corporation shall retain The Bank of New York Mellon, as Trustee; and further

X. Further Action

RESOLVED, that the Authorized Officers or their designee(s) are each hereby authorized and directed to approve and execute such documents, make such payments and take such other actions, in the name of the Corporation and on its behalf, as he or she may reasonably deem necessary or appropriate to carry out the foregoing resolutions, including without limitation the acceptance of bids for the purchase of each Series of the Bonds pursuant to the applicable Notice of Sale, the execution and delivery of the Bonds, the acquisition of investments and/or the entering into investment agreements in connection with the Bonds and certifying as to certain Federal tax matters, and that all such actions heretofore taken in connection with the Bonds by any Authorized Officer, or his or her designee(s), are hereby ratified and approved. Delivery of any documents authorized hereunder shall constitute conclusive evidence of the Corporation's due authorization and approval thereof.

Exhibit A
Supplemental Resolution.

See Tab 2

Exhibit B
Supplemental Schedule to the Financing Agreement.

See Tab 3

Exhibit C
Preliminary Official Statement.

See Tab 4

Exhibit D-1
Series 2014A Notice of Sale

See Tab 5

Exhibit D-2
Series 2014B Notice of Sale

See Tab 6

**NEW YORK STATE
URBAN DEVELOPMENT CORPORATION**

**SERIES 2014A
STATE PERSONAL INCOME TAX REVENUE BONDS
(GENERAL PURPOSE)**

and

**SERIES 2014B
STATE PERSONAL INCOME TAX REVENUE BONDS
(FEDERALLY TAXABLE)
(GENERAL PURPOSE)**

SUPPLEMENTAL RESOLUTION

Adopted on December 2, 2014

SERIES 2014A
STATE PERSONAL INCOME TAX REVENUE BONDS
(GENERAL PURPOSE)
and
SERIES 2014B
STATE PERSONAL INCOME TAX REVENUE BONDS
(FEDERALLY TAXABLE)
(GENERAL PURPOSE)

SUPPLEMENTAL RESOLUTION

Authorizing
[\$[2014A PAR AMOUNT]
State Personal Income Tax Revenue Bonds
(General Purpose),
Series 2014A
and
[\$[2014B PAR AMOUNT]
State Personal Income Tax Revenue Bonds
Series 2014B (Federally Taxable),
(General Purpose)

BE IT RESOLVED by New York State Urban Development Corporation (the “Corporation”), as follows:

ARTICLE I

DEFINITIONS AND STATUTORY AUTHORITY

Section 1.01. Supplemental Resolution. This resolution is supplemental to, and is adopted in accordance with Section 104 of the New York State Urban Development Corporation State Personal Income Tax Revenue Bonds (General Purpose) General Bond Resolution adopted by the Corporation on November 16, 2009, as supplemented (the “General Resolution”).

The General Resolution and this Supplemental Resolution are hereinafter collectively referred to as the Resolution.

Section 1.02. Definitions.

(a) All terms which are defined in Section 1.01 of the General Resolution and Article A-1 of Annex A of the General Resolution, or in Section 1.01 of this Supplemental Resolution, unless otherwise defined in (b) below shall have the same meanings, respectively, in this Supplemental Resolution as such terms are given in the General Resolution.

(b) In this Supplemental Resolution:

“**Financing Agreement**” means the State Personal Income Tax Revenue Bonds (General Purpose) Financing Agreement by and between the State of New York, acting by and through its Director of the Budget dated as of December 1, 2009, together with Supplemental Schedule VII to Financing Agreement dated December __, 2014.

“**Series 2014A Bonds**” shall mean the Corporation’s State Personal Income Tax Revenue Bonds (General Purpose), Series 2014A, in a principal amount of \$[2014A PAR AMOUNT] authorized by Article II of this Supplemental Resolution.

“**Series 2014B Bonds**” shall mean the Corporation’s State Personal Income Tax Revenue Bonds (General Purpose), Series 2014B (Federally Taxable), in a principal amount of \$[2014B PAR AMOUNT] authorized by Article II of this Supplemental Resolution.

“**Tax Certificates**” means the certificate or certificates of the Corporation as to arbitrage and compliance with the provisions of Section 103(a) of the Code executed in connection with the issuance of the Series 2014A Bonds.

(c) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations and corporations, including public bodies, as well as natural persons.

(d) The terms “hereby,” “hereof,” “hereto,” “herein” and “hereunder” and any similar terms, as used in this Supplemental Resolution, refer to this Supplemental Resolution.

Section 1.03. Interpretation. Unless the context clearly otherwise requires, this Supplemental Resolution shall be interpreted in accordance with applicable provisions of the General Resolution.

Section 1.04. Authority for this Supplemental Resolution. This Supplemental Resolution is adopted pursuant to the General Resolution and the provisions of the New York State Urban Development Corporation Act and the Project Acts as listed in Exhibit A hereto, Chapter 174 of the Laws of 1968, as amended and supplemented, Part I of Chapter 383 of the Laws of New York of 2001, as amended and supplemented, the provisions of State law that authorize the issuance of the Bonds for Authorized Purposes (as defined in the General Resolution), and Article 5-c of the State Finance Law, Chapter 5 of the Consolidated Laws of the State of New York, as amended and supplemented.

ARTICLE II

AUTHORIZATION OF SERIES 2014 BONDS

Section 2.01. Principal Amount, Designation and Series. Pursuant to the provisions of the General Resolution, one or more Series or subseries of Bonds entitled to the equal benefit, protection and security of the Resolution are hereby authorized to be issued on one or more dates

in an aggregate principal amount not to exceed \$1,550,000,000. Such Series of Bonds shall be designated as, and shall be distinguished from, the Bonds of all other Series by the titles, “State Personal Income Tax Revenue Bonds (General Purpose), Series 2014A (the “Series 2014A Bonds”)” and “State Personal Income Tax Revenue Bonds (General Purpose), Series 2014B (Federally Taxable) (the “Series 2014B Bonds”, collectively with the Series 2014A Bonds, the “2014 Bonds” or the “Bonds”)” or such other title or titles as may be set forth in a Certificate of Determination, pursuant to and subject to the terms, conditions and limitations established in the Resolution and this Supplemental Resolution.

Section 2.02. Purposes. The Series 2014 Bonds are being issued for the purposes of financing Authorized Purposes (as such term is defined in the Resolution). The Series 2014A Bonds and the Series 2014B Bonds are being issued to finance certain State of New York economic development project costs, grants, or loans, highway and bridge capital projects, correctional facilities projects, State facilities projects and housing assistance projects or programs all administered by certain State public benefit corporations or agencies, as further described in Exhibit A hereto. In addition, the Series 2014A Bonds are being issued to refund certain series of Personal Income Tax Revenue Bonds previously issued by the Corporation, the New York State Housing Finance Agency and the New York State Thruway Authority. Additionally, the proceeds of the Series 2014 Bonds will be used to pay all or part of the cost of issuance of the Series 2014 Bonds.

Section 2.03. Maturities and Interest Rates. The Series 2014 Bonds shall be dated the date thereof, shall mature on March 15 in the years and in the amounts, and pay interest at rates per annum, as follows:

Series 2014A Bonds

| <u>Due</u> <u>March 15</u> | <u>Amount</u> | <u>Interest</u> <u>Rate</u> | <u>Due</u> <u>March 15</u> | <u>Amount</u> | <u>Interest</u> <u>Rate</u> |
|-------------------------------|---------------|--------------------------------|-------------------------------|---------------|--------------------------------|
|-------------------------------|---------------|--------------------------------|-------------------------------|---------------|--------------------------------|

Series 2014B Bonds

| Due <u>March 15</u> | <u>Amount</u> | Interest <u>Rate</u> |
|------------------------|---------------|-------------------------|
|------------------------|---------------|-------------------------|

Section 2.04. Interest Payments. The Series 2014 Bonds shall bear interest from their date, payable semi-annually on March 15 and September 15, commencing [March 15, 2015].

Section 2.05. Trustee and Paying Agents. The Trustee under the General Resolution is The Bank of New York Mellon. The Trustee is hereby appointed Paying Agent for the Series 2014 Bonds. Except as otherwise provided in Section 2.06 hereof, the principal and Redemption Price of the Series 2014 Bonds shall be payable, upon surrender thereof, at the principal corporate trust office of the Trustee, and interest on the Series 2014 Bonds shall be payable by check or draft mailed to the registered Holder, or, at the option of the Holder of \$1,000,000 or more in principal amount of the Series 2014 Bonds, by wire transfer.

Section 2.06. Denomination, Numbers and Letters. The Series 2014 Bonds shall be issued in the amount due at maturity of \$5,000 or any integral multiple thereof. The Series 2014A Bonds upon original issuance shall be lettered “2014A-”, followed by the Subseries designation, if any, and the letter “R” and shall be numbered from one (1) consecutively upwards in order of maturity. The Series 2014B Bonds upon original issuance shall be lettered “2014B-” followed by the Subseries designation, if any, and the letter “R” and shall be numbered from one (1) consecutively upwards in order of maturity. The Series 2014 Bonds may bear such other and further letters and numerals as may be agreed upon by the Trustee and an Authorized Officer of the Corporation so that each Series 2014 Bond may be distinguished from every other Bond.

At the written direction of an Authorized Officer of the Corporation, “CUSIP” identification numbers will be imprinted on the Series 2014 Bonds, but such numbers shall not constitute a part of the contract evidenced by the Series 2014 Bonds and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and payment for the Series 2014 Bonds. In addition, failure on the part of the Corporation to use such CUSIP numbers in any notice to Holders of the Series 2014 Bonds shall not constitute an event of default or any similar violation of the Corporation’s contract with such Holders.

Except as provided below, the registered owner of all of the Series 2014 Bonds shall be, and the Series 2014 Bonds shall be registered in the name of, Cede & Co. (“Cede”), as nominee of The Depository Trust Company (“DTC”). Payment of semi-annual interest for any Series 2014 Bond shall be made by wire transfer in same-day funds to the account of Cede on the interest payment date for the Bonds at the address indicated for Cede in the registry books of the Corporation kept by the Trustee.

The Series 2014 Bonds shall be issued initially in the form of a separate single fully registered bond in the amount of each separate stated maturity of each series of the Series 2014 Bonds. Upon initial issuance, the ownership of such Series 2014 Bond shall be registered in the registry books of the Corporation kept by the Trustee in the name of Cede, as nominee of DTC. With respect to Series 2014 Bonds registered in the registry books kept by the Trustee in the name of Cede, as nominee of DTC, the Corporation and the Trustee shall have no responsibility or obligation to any Participant of DTC (a “Participant”) or to any person for whom a Participant acquires an interest in Bonds (a “Beneficial Owner”). Without limiting the immediately preceding sentence, the Corporation and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any Participant with respect to any ownership interest in the Series 2014 Bonds, (ii) the delivery to any Participant, any Beneficial Owner or any other person, other than DTC, of any notice with respect to the Series 2014 Bonds, including any notice of redemption, or (iii) the payment to any Participant, any Beneficial Owner or any other person, other than DTC, of any amount with respect to the principal of or premium, if any, or interest on the Series 2014 Bonds. The Corporation and the Trustee may treat as and deem DTC to be the absolute owner of each Series 2014 Bond for the purpose of payment of the principal of and premium, if any, and interest on such Series 2014 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2014 Bond, for the purpose of registering transfers with respect to such Series 2014 Bonds, and for all other purposes whatsoever. The Trustee shall pay all principal of and premium, if any, and interest on the Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Corporation’s obligations with respect to the principal of and premium, if any, and interest on the Series 2014 Bonds to the extent of the sum or sums so paid. Payments of principal may be made without requiring the surrender of the Series 2014 Bonds, except in the case of final maturity when the Series 2014 Bonds must be surrendered to the Trustee, and the Trustee shall not be liable for the failure of DTC or any successor to properly indicate on the Series 2014 Bonds the payment of such principal. No person other than DTC shall receive a Series 2014 Bond evidencing the obligation of the Corporation to make payments of principal of and premium, if any, and interest pursuant to this resolution. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has

determined to substitute a new nominee in place of Cede, and subject to the transfer provision hereof, the word “Cede” in this resolution shall refer to such new nominee of DTC.

DTC may determine to discontinue providing its services with respect to the Series 2014 Bonds at any time by giving written notice to the Corporation and discharging its responsibilities with respect thereto under applicable law.

An Authorized Officer of the Corporation, in his or her sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Series 2014 Bonds if such Authorized Officer determines that: (i) DTC is unable to discharge its responsibilities with respect to the Series 2014 Bonds; or (ii) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC, is not in the best interests of the Beneficial Owners of the Series 2014 Bonds.

Upon termination of the services of DTC with respect to the Series 2014 Bonds pursuant to item (ii) of the preceding paragraph or upon the discontinuance or termination of the services of DTC with respect to the Series 2014 Bonds pursuant to the fifth paragraph of this Section 2.06 or item (i) of the preceding paragraph, after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of an Authorized Officer of the Corporation, is willing and able to undertake such functions upon reasonable and customary terms, the Series 2014 Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede as nominee of DTC, but may be registered in whatever name or names Bondholders transferring or exchanging Series 2014 Bonds shall designate in accordance with the provisions hereof.

Notwithstanding any other provision of this Supplemental Resolution to the contrary, so long as any Series 2014 Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Series 2014 Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter of the Corporation addressed to DTC, relating to the Series 2014 Bonds.

In connection with any notice or other communication to be provided to Series 2014 Bondholders pursuant to the General Resolution by the Corporation or the Trustee with respect to any consent or other action to be taken by the Series 2014 Bondholders, the Corporation or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

So long as DTC serves, as provided in this Section, or another depository institution provides such services, the Series 2014 Bonds shall be typewritten or in such other form as is satisfactory to DTC or such other depository institution.

Section 2.07. Optional Redemption.

(a) Optional Redemption of the Series 2014A Bonds. [The Series 2014A Bonds maturing on or before _____ 15, 20__ are not subject to redemption at the option of the Corporation. The Series 2014A Bonds maturing on or after _____ 15, 20__ are subject to redemption at the option of the Corporation at any time on or after _____ 15, 20__, either as a whole or in part in such order of maturity as the Corporation may determine (and if less than all of a maturity is to be redeemed, in such manner as the Trustee may determine), at par plus accrued interest to the date of redemption.]

(b) Optional Make-Whole Optional Redemption of the Series 2014B Bonds. The Series 2014B Bonds are subject to redemption prior to their respective maturities at the option of the Corporation, in whole or in part, on any Business Day, at the Make-Whole Redemption Price. The “Make-Whole Redemption Price” is the greater of (i) the issue price(s) set forth below (but not less than 100% of the principal amount of the Series 2014B Bonds to be redeemed), or (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the Series 2014B Bonds to be redeemed (taking into account any mandatory sinking fund redemptions), not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2014B Bonds are to be redeemed, discounted to the date on which such Series 2014B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve (12) 30-day months, at the Treasury Rate plus 25 basis points, plus, in each case, accrued and unpaid interest on the Series 2014B Bonds to be redeemed on the redemption date.

| | <u>Issue Price</u> <u>(Percentage of Principal Amount)</u> |
|---------------------------------------------|---------------------------------------------------------------|
| <u>Series 2014B Bonds Maturing March 15</u> | |

For purposes of determining the Make-Whole Redemption Price, “Treasury Rate” means, with respect to any redemption date for a particular Series 2014B Bond, the yield to maturity as of such redemption date of U.S. 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 45 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 Bond 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 U.S. Treasury securities adjusted to a constant maturity of one year will be used.

Section 2.08. Sinking Fund Redemption.

(a) The Series 2014A Bonds maturing _____ 15, 20__ shall be subject to mandatory redemption in part on March 15 in the years shown below, at a redemption price equal to the principal amount thereof, plus accrued interest, if any, to the date of redemption in an amount equal to the Sinking Fund Installments for such Series 2014A Bonds for such date:

| <u>Year</u> | <u>Sinking Fund Installment</u> |
|-------------|-------------------------------------|
|-------------|-------------------------------------|

†

†Final Maturity

Upon the purchase or redemption of any Series 2014A Bonds for which mandatory Sinking Fund Installments shall have been established, other than by reason of the mandatory Sinking Fund Installment redemption described in this Section 2.08(a) and other than as described in Section 2.08(b), an amount equal to the principal amount of the Series 2014A Bonds so purchased or redeemed shall be credited toward the mandatory Sinking Fund Installments with respect to the Series 2014A Bonds of such maturity on a pro rata basis, or in such other manner as the Corporation may direct.

(b) The Corporation may, at any time at least 45 days prior to the date any mandatory Sinking Fund Installment is due, deliver Series 2014 Bonds of a given Series and maturity to the Trustee for cancellation in satisfaction, in whole or in part, of any such Sinking Fund Installment of such Series and maturity. Monies in the Debt Service Fund to be used to pay the Redemption Price of Series 2014 Bonds of a given Series may also be applied to the purchase of the respective Series of Series 2014 Bonds subject to redemption.

Section 2.09. Selection of Bonds to be Redeemed. (a) *Selection of Series and Maturities.* In the case of redemptions of Series 2014 Bonds at the option of the Corporation, the Corporation will select the Series and maturities of the Series 2014 Bonds to be redeemed.

(b) *Selection of the Series 2014A Bonds for Redemption.* If less than all of the Series 2014A Bonds of a maturity bearing the same interest rate are to be redeemed, the Paying Agent shall assign to each Outstanding Series 2014A Bond of such maturity and interest rate to be redeemed a distinctive number for each unit of the principal amount of such Series 2014A Bond equal to the lowest denomination in which the Series 2014A Bonds are authorized to be issued and shall select by lot, using such method of selection as it shall deem proper in its discretion, from the numbers assigned to such Bonds, as many numbers as, at such unit amount equal to the lowest denomination in which the Series 2014A Bonds are authorized to be issued for each number, shall equal the principal amount of such Series 2014A Bonds to be redeemed.

(c) *Selection of the Series 2014B Bonds for Redemption.* If the Series 2014B Bonds are registered in book-entry form, and so long as DTC or a successor securities depository is the sole registered owner of such Series 2014B Bonds, and if fewer than all of any maturity of the Series 2014B Bonds bearing the same interest rate are to be redeemed, the particular Series 2014B Bonds to be redeemed shall be selected on a pro rata pass-through distribution of principal basis in accordance with DTC procedures, provided that the selection for redemption of such Series 2014B Bonds shall be made in accordance with the operational arrangements of DTC then in effect, and, if the DTC operational arrangements do not allow for redemption on a pro rata pass-through distribution of principal basis, the Series 2014B Bonds will be selected for redemption, in accordance with DTC procedures, by lot; provided, however, that any such redemption must be performed such that all Series 2014B Bonds remaining outstanding will be in authorized denominations.

In connection with any redemption of Series 2014B Bonds, the Trustee shall direct DTC to make a pass-through distribution of principal to the owners of the Series 2014B Bonds. To enable the Trustee to make such direction, the Corporation shall provide or cause to be provided to the Trustee a form of Pro Rata Pass-Through Distribution of Principal Notice that includes a table of factors reflecting the relevant redemption payment, in sufficient time to permit the Trustee to direct DTC to make the distribution in accordance with DTC's then-applicable procedures.

If the Series 2014B Bonds are not registered in book-entry form and if fewer than all of a maturity of the Series 2014B Bonds bearing the same interest rate are to be redeemed, the particular Series 2014B Bonds to be redeemed will be selected on a pro rata basis, such that the principal amount of each registered owner's Series 2014B Bonds of such maturity and interest rate selected for redemption will be calculated according to the formula: (total principal amount to be redeemed) x (outstanding principal amount of registered owner's Series 2014B Bonds of such maturity and interest rate) / (outstanding principal amount of all Series 2014B Bonds of such maturity and interest rate); provided, however, that any such redemption must be performed such that all Series 2014B Bonds remaining outstanding will be in authorized denominations.

Section 2.10. Notice of Redemption.

(a) When the Trustee shall have received notice from the Corporation that Series 2014 Bonds are to be redeemed at the option of the Corporation, and regardless of any such notice in the case of mandatory sinking fund redemption, the Trustee shall give notice, in the name of the Corporation, of the redemption of such Series 2014 Bonds, which notice shall specify the Series 2014 Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Series 2014 Bonds of a Series of any like maturity and interest rate are to be redeemed, the letters and numbers or other distinguishing marks of such Series 2014 Bonds to be redeemed, and in the case of Series 2014 Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed.

Such notice shall further state that on the redemption date there shall become due and payable upon each Series 2014 Bond or portion thereof to be redeemed the Redemption Price

thereof, together with interest accrued to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable on the Series 2014 Bonds or portions thereof to be redeemed.

Notice of any redemption shall be mailed by the Trustee, postage prepaid, no more than 45 days and no less than 20 days before the redemption date, to the Owners of any Series 2014 Bonds or portions of Series 2014 Bonds which are to be redeemed, at their last address, if any appearing upon the registry books

Section 2.11. Any notice of any optional redemption of the Series 2014 Bonds pursuant to Section 2.07 may state that it is conditional upon receipt by the Trustee of money sufficient to pay the Redemption Price of such Series 2014 Bonds or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such Redemption Price if any such condition so specified is not satisfied or if any such other event occurs; provided, however, that with respect to any conditional notice given to Bondholders in connection with a redemption of all or a portion of the Series 2014B Bonds pursuant to Section 2.07(b), such redemption shall only be conditioned upon the issuance of refunding bonds pursuant to a contract of purchase that has been executed in connection therewith. Under the Resolution, the Trustee is required to provide (i) notice or any rescission or failure to meet any such condition or other such event as promptly as practicable after the failure of such condition or the occurrence or such other event, or (ii) notice of the Make-Whole Redemption Price as promptly as practicable after its determination.

Section 2.12. Execution of Series 2014 Bonds. Pursuant to the provisions of Section A-303 of Annex A to the Resolution, the President, Chief Executive Officer, Chief Financial and Administrative Officer or any other Authorized Officer of the Corporation is hereby authorized and directed to execute by his or her manual or facsimile signature the Series 2014 Bonds in the name of the Corporation, and the corporate seal (or a facsimile thereof) shall be thereunto affixed, imprinted, engraved or otherwise reproduced thereon. The Secretary and any Assistant Secretary of the Corporation are, and each of them is, hereby authorized and directed to attest by manual or facsimile signature the execution of the Series 2014 Bonds in accordance with the provisions of the General Resolution.

The Trustee is hereby authorized to authenticate by manual or facsimile signature the Series 2014 Bonds, and deliver the same to or upon the order of the Corporation, in such amounts and at such times as the Trustee shall be directed in writing by an Authorized Officer.

Section 2.13. Form of Series 2014 Bonds. Subject to the provisions of the General Resolution and this Supplemental Resolution, each of the Series 2014 Bonds shall be of substantially the form and tenor of the Form of Bond attached to the General Resolution as Exhibit One.

Section 2.14. No Recourse on Series 2014 Bonds. Except to the extent of the Revenues, Funds, accounts and other Pledged Property as set forth in the General Resolution, including without limitation, Financing Agreement Payments made pursuant to the Financing Agreement,

no recourse shall be had for the payment of the principal, Sinking Fund Installments or Redemption Price of or interest on the Series 2014 Bonds or for any claim based thereon or on the General Resolution or this Supplemental Resolution against the Corporation, any assets of the Corporation, or any director, officer or employee of the Corporation, or any person executing the Series 2014 Bonds and neither the directors of the Corporation nor any other person executing the Series 2014 Bonds of the Corporation shall be subject to any personal liability or accountability by reason of the issuance thereof, all such liability being expressly waived and released by every Holder of Series 2014 Bonds by the acceptance thereof.

ARTICLE III

DISPOSITION OF DEPOSITS AND SERIES 2014 BOND PROCEEDS

Section 3.01. Disposition of Series 2014 Bond Proceeds. (a) Simultaneously with the issuance and delivery of the Series 2014A Bonds, the cash proceeds of the sale of the Series 2014A Bonds (\$_____) (which sum is exclusive of \$_____ initial purchaser's discount and includes \$_____ net original issue premium) shall be deposited into the Bond Proceeds Fund for further transfer as follows:

(i) \$_____ shall be deposited in a separate account therein, which is hereby created, established and designated "Bond Proceeds Fund - Series 2014A Bond Proceeds Account" (the "Series 2014A Bond Proceeds Account"). Such moneys deposited in the Series 2014A Bond Proceeds Account shall be transferred to the Series 2014A Bond Proceeds subaccounts, if any, which are hereby created and established.

(ii) \$_____ shall be deposited in a separate escrow fund established pursuant to a separate escrow deposit agreement, and applied in accordance with irrevocable instructions contained in such escrow deposit agreement.

(iii) \$_____ shall be deposited in a separate escrow fund established pursuant to a separate escrow deposit agreement, and applied in accordance with irrevocable instructions contained in such escrow deposit agreement.

(iv) \$_____ shall be deposited in a separate escrow fund established pursuant to a separate escrow deposit agreement, and applied in accordance with irrevocable instructions contained in such escrow deposit agreement.

(v) \$_____ shall be deposited in a separate account therein, which is hereby created, established and designated "Bond Proceeds Fund - Series 2014AB Cost of Issuance Account" (the "Series 2014AB Cost of Issuance Account").

(b) Simultaneously with the issuance and delivery of the Series 2014B Bonds, the cash proceeds of the sale of the Series 2014B Bonds (\$_____) (which sum is exclusive of \$_____ the initial purchasers' discount and includes \$_____ original issue premium) shall be deposited into the Bond Proceeds Fund as follows:

(i) \$_____ shall be deposited in a separate account therein, which is hereby created, established and designated “Bond Proceeds Fund - Series 2014B Bond Proceeds Account” (the “Series 2014B Bond Proceeds Account”). Such moneys deposited in the Series 2014B Bond Proceeds Account shall be transferred to the Series 2014B Bond Proceeds subaccounts, if any, which are hereby created and established.

(ii) \$_____ shall be deposited in the Series 2014AB Cost of Issuance Account.

(c) The Trustee shall transfer the moneys on deposit in the accounts of the Series 2014A Bond Proceeds Fund and the Series 2014B Bond Proceeds Fund, as follows:

(i) the moneys deposited in the Series 2014A Bond Proceeds Account shall be transferred to the Series 2014A Bond Proceeds subaccounts, which are hereby created and established and shall be designated as set forth in Exhibit B, in the amount set forth in Exhibit B; and

(ii) the moneys deposited in the Series 2014B Bond Proceeds Account shall be transferred to the Series 2014B Bond Proceeds subaccounts, which are hereby created and established and shall be designated as set forth in Exhibit B, in the amount set forth in Exhibit B.

Section 3.02. Payment of Amounts on Deposit in the Series 2014AB Cost of Issuance Account. Amounts in the Series 2014AB Cost of Issuance Account may be applied by the Corporation to the payment of Costs of Issuance of the Series 2014 Bonds.

ARTICLE IV

SPECIAL COVENANTS RELATING TO THE SERIES 2014 BONDS

Section 4.01. Tax Exemption; Rebates. In order to maintain the exclusion from gross income for purposes of federal income taxation of interest on the Series 2014A Bonds, the Corporation shall comply with the provisions of the Code applicable to the Series 2014A Bonds, including without limitation the provisions of the Code relating to the computation of the yield on investments of the “gross proceeds” of the Series 2014A Bonds, as such term is defined in the Code, reporting of the earnings on such gross proceeds and rebates of earnings on such gross proceeds to the Department of the Treasury of the United States of America. In furtherance of the foregoing, the Corporation shall comply with the provisions of the Tax Certificate executed by the Corporation in connection with the Series 2014A Bonds. The Corporation shall not take any action or fail to take any action which would cause the Series 2014A Bonds to be “arbitrage bonds” within the meaning of Section 148(a) of the Code; nor shall any part of the proceeds of the Series 2014A Bonds or any other funds of the Corporation be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Series 2014A Bond to be an “arbitrage bond” within the meaning of Section 148(a) of the Code.

The Corporation shall make any and all payments required to be made to the United States Department of the Treasury in connection with the Series 2014A Bonds pursuant to Section 148(f) of the Code from amounts on deposit in the Arbitrage Rebate Fund and available therefor.

Section 4.02. Survival of Covenant. The obligation of the Corporation to comply with the provisions of Section 4.01 hereof with respect to the rebate to the Department of the Treasury of the United States of America relating to the Series 2014A Bonds shall remain in full force and effect so long as the Corporation shall be required by the Code to rebate such earnings on the gross proceeds of the Series 2014A Bonds notwithstanding that the Series 2014A Bonds are no longer Outstanding.

ARTICLE V

MISCELLANEOUS

Section 5.01. Terms of Sale. All the amounts, rates and arithmetical computations set forth herein and the time, place and manner of sale of the Series 2014A Bonds shall conform with the terms and provisions of the Notice of Sale relating to the Series 2014A Bonds. All the amounts, rates and arithmetical computations set forth herein and the time, place and manner of sale of the Series 2014B Bonds shall conform with the terms and provisions of the Notice of Sale relating to the Series 2014B Bonds.

Section 5.02. Authorization of Documents. The form of the schedule to the Financing Agreement to be executed and delivered on or before December __, 2014 is hereby authorized.

Section 5.03. Effective Date. This Supplemental Resolution shall take effect immediately.

EXHIBIT A

PROJECTS EXPECTED TO BE FINANCED WITH PROCEEDS OF SERIES 2014 BONDS

Economic Development (Tax-Exempt)

Authorizing Legislation

| | |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| Buffalo Regional Innovation Center | UDC Act, as amended by Section 34 of part I of Chapter 55 of the laws of 2014 |
| Cap Proj Fund - University | Section 1 of part X of Chapter 58 of the laws of 2006, as amended by Section 57-c of part BB of Chapter 58 of the laws of 2011 |
| Empire Opportunity Fund (EOF) | Section 1 of part T of Chapter 84 of the laws of 2002, as amended by Section 51 of part BB of Chapter 58 of the laws of 2011 |
| Regional Council Capital Fund | UDC Act, as amended by Section 34 of part I of Chapter 55 of the laws of 2014 |

State Facilities/Transportation (Tax-Exempt)

| | |
|-------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|
| Correctional Facilities | Section 16 of part D of Chapter 389 of the laws of 1997, as amended by Section 29 of part I of Chapter 55 of the laws of 2014 |
| OGS State Buildings | Subdivision (a) of Section 48 of part K of Chapter 81 of the laws of 2002, as amended by Section 38 of part I of Chapter 55 of the laws of 2014 |
| Homeland Security | Chapter 81 of the laws of 2002, as amended by Section 38 of part I of Chapter 55 of the laws of 2014 |
| IT Projects | UDC Act, as amended by Section 28 of part I of Chapter 55 of the laws of 2014 |
| Consolidated Highway Improvement Program | Section 11 of Chapter 329 of the laws of 1991, as amended by Section 31 of part I of Chapter 55 of the laws of 2014 |
| Housing | Section 47-e of the private housing finance law, as amended by Section 30 of part I of Chapter 55 of the laws of 2014 |

Taxable Bonds

| | |
|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| Housing | Section 47-e of the private housing finance law, as amended by Section 30 of part I of Chapter 55 of the laws of 2014 |
| Buffalo Bills | UDC Act, as amended by Section 34 of part I of Chapter 55 of the laws of 2014 |
| Buffalo Regional Innovation Center | UDC Act, as amended by Section 34 of part I of Chapter 55 of the laws of 2014 |
| Cap Proj Fund - Nanotech | UDC Act, as amended by Section 34 of part I of Chapter 55 of the laws of 2014 |
| Economic Transformation Program | UDC Act, as amended by Section 34 of part I of Chapter 55 of the laws of 2014 |
| New York Genome Center | UDC Act, as amended by Section 34 of part I of Chapter 55 of the laws of 2014 |
| State and Muni Facilities Program | UDC Act, as amended by Section 46-a of part I of Chapter 55 of the laws of 2014 |

**Supplemental Schedule VII to
New York State Urban Development Corporation
State Personal Income Tax Revenue Bonds
(General Purpose) Financing Agreement
dated as of December 1, 2009 (the “Financing Agreement”)**

Pursuant to Section 1.5 of the Financing Agreement, the following Bonds are hereby made subject to the Financing Agreement for all purposes, including, but not limited to, debt service and related payments on the Bonds.

\$ _____
New York State Urban Development Corporation
State Personal Income Tax Revenue Bonds (General Purpose)
Series 2014A

\$ _____
New York State Urban Development Corporation
State Personal Income Tax Revenue Bonds (General Purpose)
Series 2014B (Federally Taxable)

Dated: December __, 2014

Approved:

New York State Urban
Development Corporation

By: _____
Authorized Officer

Certified:

State of New York

By: _____
For Robert L. Megna
Director of the Budget,
State of New York

NOTICE OF SALE

\$938,580,000*

NEW YORK STATE URBAN DEVELOPMENT CORPORATION

STATE PERSONAL INCOME TAX REVENUE BONDS

(GENERAL PURPOSE), SERIES 2014A

TWO SEPARATE ELECTRONIC BIDS VIA IPREO LLC'S BiDCOMP™/Parity® COMPETITIVE BIDDING SYSTEM ("BiDCOMP") WILL BE RECEIVED BY THE NEW YORK STATE URBAN DEVELOPMENT CORPORATION for the purchase of two separate groups of bonds that together comprise all of the \$938,580,000* State Personal Income Tax Revenue Bonds (General Purpose), Series 2014A of the New York State Urban Development Corporation (the "Corporation"), doing business as Empire State Development, to be dated the date of delivery expected to be December 18, 2014 (the "Series 2014A Bonds"). Each such group of the Series 2014A Bonds will include different non-overlapping maturities as set forth below (the "Series 2014A Bonds Maturity Group A" and the "Series 2014A Bonds Maturity Group B", each a "Maturity Group" and collectively the "Maturity Groups"). Bids for each Maturity Group will be received on:

December 2, 2014

Until 12:00PM (New York Time) -- \$423,990,000* Series 2014A Bonds Maturity Group A

Until 12:30PM (New York Time) – \$514,590,000* Series 2014A Bonds Maturity Group B

At such times, electronic bids received will be made publicly available. No other form of proposal or provider of electronic bidding services will be accepted. Proposals submitted in person or via facsimile will not be considered by the Corporation.

THE SALE AND DELIVERY OF EACH MATURITY GROUP IS DEPENDENT UPON THE SALE AND DELIVERY OF THE OTHER MATURITY GROUP.

PRINCIPAL AMORTIZATION*

As set forth below, the Series 2014A Bonds Maturity Group A includes the Series 2014A Bonds maturing in the years 2016 to 2024, inclusive, and the Series 2014A Bonds Maturity Group B includes the Series 2014A Bonds maturing in the years 2025 to 2044, inclusive.

Series 2014A Bonds Maturity Group A

Principal with respect to Series 2014A Bonds Maturity Group A will mature on March 15, in each of the years and in the principal amounts set forth below:

* Subject to change, as described herein.

| <u>Year</u> | <u>Preliminary Annual Principal Amount*</u> | <u>Year</u> | <u>Preliminary Annual Principal Amount*</u> |
|-------------|---------------------------------------------|-------------|---------------------------------------------|
| 2016 | \$17,970,000 | 2021 | \$50,230,000 |
| 2017 | 36,030,000 | 2022 | 53,600,000 |
| 2018 | 30,845,000 | 2023 | 56,320,000 |
| 2019 | 42,010,000 | 2024 | 80,980,000 |
| 2020 | 56,005,000 | | |

Series 2014A Bonds Maturity Group B

Principal with respect to Series 2014A Bonds Maturity Group B will mature on March 15, in each of the years and in the principal amounts set forth below:

| <u>Year</u> | <u>Preliminary Annual Principal Amount*</u> | <u>Year</u> | <u>Preliminary Annual Principal Amount*</u> |
|-------------|---------------------------------------------|-------------|---------------------------------------------|
| 2025 | \$71,180,000 | 2035 | \$26,235,000 |
| 2026 | 62,470,000 | 2036 | 13,085,000 |
| 2027 | 28,145,000 | 2037 | 10,040,000 |
| 2028 | 22,600,000 | 2038 | 4,965,000 |
| 2029 | 33,520,000 | 2039 | 5,210,000 |
| 2030 | 35,190,000 | 2040 | 5,470,000 |
| 2031 | 36,945,000 | 2041 | 5,745,000 |
| 2032 | 42,750,000 | 2042 | 6,035,000 |
| 2033 | 44,885,000 | 2043 | 6,335,000 |
| 2034 | 47,130,000 | 2044 | 6,655,000 |

RIGHT TO AMEND

The Corporation reserves the right to amend this Notice of Sale, including, but not limited to, the right to change the date and/or time of the bond sale of each Maturity Group or the total or annual principal amounts of the Series 2014A Bonds in each Maturity Group being offered. ANY POSTPONEMENT OF THE DATE OR TIME ESTABLISHED FOR THE RECEIPT OF BIDS WILL BE ANNOUNCED BY MEANS OF A SUPPLEMENT TO THIS NOTICE OF SALE TO BE TRANSMITTED VIA NOTIFICATION PUBLISHED ON THOMSON MUNICIPAL MARKET MONITOR (“TM3”) (www.tm3.com) NOT LATER THAN THIRTY (30) MINUTES PRIOR TO THE TIME REQUIRED FOR THE SUBMISSION OF BIDS FOR THE APPLICABLE MATURITY GROUP OF THE SERIES 2014A BONDS ON THE LAST ANNOUNCED DATE FOR RECEIPT OF BIDS.

The preliminary aggregate principal amount of the Series 2014A Bonds and of each Maturity Group and the preliminary annual principal amounts in each Maturity Group as set forth above in this Notice of Sale (the “Preliminary Amounts”) may be revised before the opening of bids for the purchase of the Series 2014A Bonds. Any such revisions for each Maturity Group (the “Revised Aggregate Principal Amount” and the “Revised Annual Principal Amounts,” respectively; collectively, the “Revised Amounts”) WILL BE ANNOUNCED BY MEANS OF A SUPPLEMENT TO THIS NOTICE OF SALE TO BE TRANSMITTED VIA TM3 (www.tm3.com) NOT LATER THAN 11:00 A.M. (NEW YORK TIME) ON THE LAST

* Subject to change, as described herein.

ANNOUNCED DATE FOR RECEIPT OF BIDS. In the event that no such revisions are made, the Preliminary Amounts for each Maturity Group will constitute the Revised Amounts for each Maturity Group. **BIDDERS SHALL SUBMIT BIDS BASED ON THE REVISED AMOUNTS FOR EACH MATURITY GROUP.**

After selecting the winning bid for each Maturity Group, the Corporation will determine the final aggregate principal amount of the Series 2014A Bonds for each Maturity Group and each final annual principal amount (the “Final Aggregate Principal Amount” and the “Final Annual Principal Amounts,” respectively; collectively, the “Final Amounts”). In determining the Final Amounts for each Maturity Group, the Corporation will not reduce or increase the Revised Aggregate Principal Amount of each Maturity Group by more than 10% of such amount.

THE SUCCESSFUL BIDDER FOR EACH MATURITY GROUP MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL OFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS WITHIN THESE LIMITS. The dollar amount bid by the successful bidder for each Maturity Group will be adjusted to reflect any adjustments in the aggregate principal amount or any annual principal amount of each Maturity Group of the Series 2014A Bonds. Such adjusted bid price for each Maturity Group will reflect changes in the dollar amount of the underwriters’ discount and original issue discount/premium, if any, but will not change the selling compensation per \$1,000 of par amount of Series 2014A Bonds from the selling compensation that would have been received based on the purchase price of the winning bid in each Maturity Group and the Initial Offering Prices (as defined under the caption “Undertakings of the Successful Bidder” below). The interest rate specified by the successful bidder for each Maturity Group for each maturity at the Initial Offering Prices will not change. The Final Amounts and the adjusted purchase price for the Series 2014A Bonds Maturity Group A and for the Series 2014A Bonds Maturity Group B will be communicated to the respective successful bidders as soon as possible, but no later than 9:00 a.m. (New York Time) on the day following the date of the sale of the Series 2014A Bonds.

MINORITY/WOMEN BUSINESS ENTERPRISES

It is the policy of the Corporation that appropriate consideration be given to firms which are minority business enterprises (“MBE”) and women’s business enterprises (“WBE”). The Corporation requests and strongly urges bidders to include such firms in their management group or syndicate and to allocate bonds accordingly. The Corporation may request a report of the winning bidder showing the portion of the issue that was allocated to MBE and WBE firms.

AUTHORIZATION AND PURPOSE

The Corporation is a corporate governmental agency of the State of New York (the “State”) created pursuant to the provisions of the New York State Urban Development Corporation Act, constituting Chapter 174 of the Laws of New York of 1968, as amended (the “Act”). The Series 2014A Bonds will be issued pursuant to the Act, Part I of Chapter 383 of the Laws of New York of 2001 (the “Enabling Act”) and the Project Acts (as defined in the Resolution as defined below), and pursuant and subject to the provisions, terms and conditions of a resolution of the Corporation adopted on November 16, 2009, entitled “State Personal Income Tax Revenue Bonds (General Purpose) General Bond Resolution,” as supplemented, including by a resolution of the Corporation adopted on December 2, 2014, entitled “Supplemental Resolution Authorizing State Personal Income Tax Revenue Bonds (General Purpose), Series 2014A and Series 2014B (Federally Taxable)” and by a resolution adopted on December 2, 2014 and entitled “Bond Financing Committee Resolution Concerning the Sale and Issuance of State Personal Income Tax Revenue Bonds (General Purpose), Series 2014A and Series 2014B (Federally Taxable)” (collectively, the “Resolution”).

The Series 2014A Bonds are being issued for the purpose of financing Authorized Purposes (as defined in the Preliminary Official Statement as defined below). Proceeds of the Series 2014A Bonds are expected to be used to (i) finance or reimburse all or a portion of the costs of programs and projects throughout the State, including highway and bridge capital projects, correctional projects, housing projects, economic development

projects and State Facilities projects, (ii) refund certain outstanding State Personal Income Tax Revenue Bonds, and (iii) pay certain costs relating to the issuance of the Series 2014A Bonds. Proceeds of the Series 2014A Bonds also may be used to finance other projects as permitted under the Project Acts and the Resolution.

SECURITY FOR SERIES 2014A BONDS

The Series 2014A Bonds are special obligations of the Corporation, secured by a pledge of the revenues, funds, accounts and other pledged property as set forth in the Resolution, including payments (“Financing Agreement Payments”) to be made by the State Comptroller to the Trustee pursuant to the Financing Agreement entered into by the Corporation with the Director of the Budget. Financing Agreement Payments are made from certain personal income taxes imposed by the State of New York on a statewide basis and deposited, as required by the Enabling Act, to the Revenue Bond Tax Fund. Additional information regarding the security and sources of payment for State Personal Income Tax Revenue Bonds and the sources of New York State personal income tax receipts for the Revenue Bond Tax Fund is set forth in the Preliminary Official Statement.

CERTAIN DETAILS OF SERIES 2014A BONDS

The Series 2014A Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, NY (“DTC”) which will act as securities depository for the Series 2014A Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2014A Bonds purchased. Beneficial ownership interests in the Series 2014A Bonds in the amount of \$5,000 or any integral multiple thereof may be purchased by or through DTC Participants.

Interest will be payable commencing on March 15, 2015, and semi-annually thereafter on each September 15 and March 15 until maturity or prior redemption.

BOND INSURANCE

The Corporation has not contracted for the issuance of any policy of municipal bond insurance for the Series 2014A Bonds. If the Series 2014A Bonds qualify for any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the successful bidder for that Maturity Group, and any increased costs of issuance or delivery of the Series 2014A Bonds for that Maturity Group resulting by reason of such insurance or commitment shall be assumed by such bidder. Bids shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Series 2014A Bonds to be so insured or of any such policy or commitment to be issued, or any rating downgrade or other material event occurring relating to the issuer of any such policy or commitment, shall not in any way relieve the successful bidder of its contractual obligations arising from the acceptance of its bid for the purchase of the respective Maturity Group of the Series 2014A Bonds.

In the event that the successful bidder for either Maturity Group has on its own obtained a commitment for a municipal bond insurance policy, the Corporation shall indicate in the final Official Statement those maturities for which the successful bidder has informed the Corporation that credit enhancement is being sought. The Corporation will also indicate within the final Official Statement that further information concerning such potential credit enhancement may be obtained through the successful bidder for that Maturity Group. The Corporation will not include the identity of the potential credit enhancer or other information with respect to the potential credit enhancer in the final Official Statement. In addition, the Corporation will not place a statement of insurance on the Series 2014A Bonds or provide such documentation, or make such covenants or arrangements, as would customarily be provided, made or arranged were the Corporation to obtain a commitment for municipal bond insurance or other credit enhancement on its own.

TERM BOND OPTION

The successful bidder for the Series 2014A Bonds Maturity Group B may designate two or more of the consecutive serial maturities of such Maturity Group as term bond maturities equal in aggregate principal amounts, and with amortization requirements corresponding, to such designated serial maturities. Any such term bond shall be subject to mandatory sinking fund redemption commencing on March 15 of the first year which has been combined to form such term bond and continuing on March 15 in each year thereafter until the stated maturity date of that term bond. Series 2014A Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par, as described in the Preliminary Official Statement.

OPTIONAL REDEMPTION

Series 2014A Bonds Maturity Group A

The Series 2014A Bonds Maturity Group A are not subject to redemption at the option of the Corporation.

Series 2014A Bonds Maturity Group B

The Series 2014A Bonds Maturity Group B are subject to redemption at the option of the Corporation at any time on or after March 15, 2024, either as a whole or in part in such order of maturity as the Corporation may determine (and if less than all of a maturity is to be redeemed, in such manner as the Trustee may determine), at par plus accrued interest to the date of redemption.

PROPOSALS

Series 2014A Bonds Maturity Group A

Each bid for the Series 2014A Bonds Maturity Group A must be for all but not part of the entire \$423,990,000* of Series 2014A Bonds Maturity Group A and must name the rate or rates of interest which the Series 2014A Bonds Maturity Group A are to bear. The bids shall comply with the following conditions: (1) each interest rate specified in any bid must be a multiple of 1/8 or 1/100 of one percent (1%); (2) no Series 2014A Bond Maturity Group A shall bear more than one rate of interest; (3) each Series 2014A Bond Maturity Group A shall bear interest from its date to its stated maturity date at the interest rate specified in the bid; and (4) no Series 2014A Bond Maturity Group A shall have a coupon greater than five percent (5.00%). All bids for the Series 2014A Bonds Maturity Group A must be for no less than 100% of the par value of the Revised Aggregate Principal Amount of the Series 2014A Bonds Maturity Group A. Bids must be submitted via BiDCOMP.

Series 2014A Bonds Maturity Group B

Each bid for the Series 2014A Bonds Maturity Group B must be for all but not part of the entire \$514,590,000* of Series 2014A Bonds Maturity Group B and must comply with the following condition: (1) all Series 2014A Bonds Maturity Group B shall have a coupon of five percent (5.00%). All bids for the Series 2014A Bonds Maturity Group B must be for no less than 100% of the par value of the Revised Aggregate Principal Amount of the Series 2014A Bonds Maturity Group B. Bids must be submitted via BiDCOMP.

* Subject to change, as described herein.

AWARD

The award of each Maturity Group of the Series 2014A Bonds, if any, will be made to the bidder complying with the terms of this Notice of Sale and offering to purchase each Maturity Group of the Series 2014A Bonds at the lowest true interest cost to the Corporation, calculated by the Corporation or its agent, based on the Revised Amounts described above. True interest cost shall be determined for each bid in each Maturity Group of the Series 2014A Bonds by doubling the semi-annual interest rate, compounded semiannually, necessary to discount the debt service payments (interest, or principal and interest, as due, including any mandatory redemptions) from the payment dates to the dated date, which is the delivery date, expected to be December 18, 2014, and to the price bid. If more than one bid in each Maturity Group offers the same lowest true interest cost, the successful bid for that Maturity Group will be selected by lot from among all such bids. Each bidder for a Maturity Group shall include in its bid a statement of true interest cost offered in its bid for that Maturity Group, but this statement shall not be deemed to be part of the bid.

ELECTRONIC BIDDING AND BIDDING PROCEDURES

Registration to Bid

Prospective bidders must be contracted customers of BiDCOMP. If you do not have a contract with BiDCOMP /Parity, call (212) 849-5021 to become a customer. By submitting a bid for a Maturity Group of the Series 2014A Bonds, a prospective bidder represents and warrants to the Corporation that such bidder's bid for the purchase of a Maturity Group of the Series 2014A Bonds (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of a Maturity Group of the Series 2014A Bonds. By contracting with BiDCOMP, a prospective bidder is not obligated to submit a bid in connection with the sale.

If any provisions of this Notice of Sale conflict with information provided by BiDCOMP as approved provider of electronic bidding services, this Notice of Sale shall control. Further information about BiDCOMP, including any fee charged, may be obtained from BiDCOMP, 1359 Broadway, 2nd Floor, New York, NY 10018, Attention: Eric Washington, (212) 849-5021.

Bidding Procedures

Series 2014A Bonds Maturity Group A

Bids must be submitted for the purchase of the Series 2014A Bonds Maturity Group A by means of the Corporation's bid form via BiDCOMP electronically by 12:00 P.M., New York Time, on Tuesday, December 2, 2014, unless postponed as described herein. Prior to that time, a prospective bidder may input and save the proposed terms of its bid in BiDCOMP. Once the final bid has been saved in BiDCOMP, the bidder may select the final bid button in BiDCOMP to submit the bid to BiDCOMP. Once the bids for the Series 2014A Bonds Maturity Group A are communicated electronically via BiDCOMP to the Corporation and the sale time has passed (12:00 P.M. New York Time), each bid will constitute an irrevocable offer to purchase the Series 2014A Bonds Maturity Group A on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on BiDCOMP shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Corporation represented by the rate or rates of interest and the bid price specified in their respective bids for the Series 2014A Bonds Maturity Group A. No bid will be received after the time for receiving such bids specified above.

Series 2014A Bonds Maturity Group B

Bids must be submitted for the purchase of the Series 2014A Bonds Maturity Group B by means of the Corporation's bid form via BiDCOMP electronically by 12:30 P.M., New York Time, on Tuesday, December

2, 2014, unless postponed as described herein. Prior to that time, a prospective bidder may input and save the proposed terms of its bid in BiDCOMP. Once the final bid has been saved in BiDCOMP, the bidder may select the final bid button in BiDCOMP to submit the bid to BiDCOMP. Once the bids for the Series 2014A Bonds Maturity Group B are communicated electronically via BiDCOMP to the Corporation and the sale time has passed (12:30 P.M. New York Time), each bid will constitute an irrevocable offer to purchase the Series 2014A Bonds Maturity Group B on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on BiDCOMP shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Corporation represented by the rate or rates of interest and the bid price specified in their respective bids for the Series 2014A Bonds Maturity Group B. No bid will be received after the time for receiving such bids specified above.

Disclaimer

Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access BiDCOMP for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Corporation nor BiDCOMP shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the Corporation nor BiDCOMP shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by BiDCOMP. The Corporation is using BiDCOMP as a communication mechanism, and not as the Corporation's agent, to conduct the electronic bidding for the Series 2014A Bonds, and the Corporation shall not be responsible or liable for bids submitted electronically. The Corporation is not bound by any advice or determination of BiDCOMP to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the specifications under "Proposals" set forth above. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via BiDCOMP are the sole responsibility of the bidders, and the Corporation is not responsible, directly or indirectly, for any of such costs or expenses. **WARNING REGARDING ELECTRONIC BIDS: THE CORPORATION WILL ACCEPT BIDS IN ELECTRONIC FORM SOLELY THROUGH BIDCOMP ON THE OFFICIAL BID FORMS CREATED FOR SUCH PURPOSE. EACH BIDDER SUBMITTING AN ELECTRONIC BID UNDERSTANDS AND AGREES BY DOING SO THAT IT IS SOLELY RESPONSIBLE FOR ALL ARRANGEMENTS WITH BIDCOMP AND THAT BIDCOMP IS NOT ACTING AS AN AGENT OF THE CORPORATION. INSTRUCTIONS AND FORMS FOR SUBMITTING ELECTRONIC BIDS MUST BE OBTAINED FROM BIDCOMP, AND THE CORPORATION ASSUMES NO RESPONSIBILITY FOR ENSURING OR VERIFYING BIDDER COMPLIANCE WITH THE PROCEDURES OF BIDCOMP. THE CORPORATION SHALL ASSUME THAT ANY BID RECEIVED THROUGH BIDCOMP HAS BEEN MADE BY A DULY AUTHORIZED AGENT OF THE BIDDER.**

THE CORPORATION, ITS FINANCIAL ADVISOR AND CO-BOND COUNSEL ASSUME NO RESPONSIBILITY FOR ANY ERROR CONTAINED IN ANY BID SUBMITTED ELECTRONICALLY, OR FOR FAILURE OF ANY BID TO BE TRANSMITTED, RECEIVED OR OPENED AT THE OFFICIAL TIME FOR RECEIPT OF BIDS FOR EITHER OR BOTH OF THE MATURITY GROUPS. EACH BIDDER EXPRESSLY ASSUMES THE RISK OF ANY INCOMPLETE, ILLEGIBLE, UNTIMELY OR NONCONFORMING BID SUBMITTED BY ELECTRONIC TRANSMISSION BY SUCH BIDDER, INCLUDING WITHOUT LIMITATION, BY REASON OF GARBLED TRANSMISSIONS, MECHANICAL FAILURE, ENGAGED TELECOMMUNICATIONS LINES, OR ANY OTHER CAUSE ARISING FROM SUBMISSION BY ELECTRONIC TRANSMISSION.

GOOD FAITH DEPOSIT

A good faith deposit by the successful bidder for the Series 2014A Bonds Maturity Group A in the amount of \$4,200,000 is required in connection with the sale and bid for the Series 2014A Bonds Maturity Group A (the "Deposit A"). A good faith deposit by the successful bidder for the Series 2014A Bonds Maturity Group B in the amount of \$5,100,000 is required in connection with the sale and bid for the Series 2014A Bonds Maturity

Group B (the “Deposit B” and together with Deposit A, the “Deposits”). The Deposits shall be provided for by a Federal funds wire transfer to be submitted to JPMorgan Chase Bank, N.A., acting on behalf of the Corporation, by the respective successful bidders not later than 3:00 p.m. (New York Time) on the date of sale (the “Wire Transfer Deadline”).

Deposit A of the successful bidder for the Series 2014A Bonds Maturity Group A will be collected and the proceeds thereof retained by the Corporation to be applied in partial payment for the Series 2014A Bonds Maturity Group A and no interest will be allowed or paid upon the amount thereof. The balance of the purchase price for the Series 2014A Bonds Maturity Group A shall be paid by Federal funds wire transfer as required under the caption “Delivery and Payment” below. If the successful bidder fails to accept and pay for the Series 2014A Bonds Maturity Group A when tendered pursuant to the terms of this Notice of Sale, the Deposit A will be retained by the Corporation as liquidated damages and in full satisfaction of any claims of the Corporation against the successful bidder relating to the Series 2014A Bonds Maturity Group A.

Deposit B of the successful bidder for the Series 2014A Bonds Maturity Group B will be collected and the proceeds thereof retained by the Corporation to be applied in partial payment for the Series 2014A Bonds Maturity Group B and no interest will be allowed or paid upon the amount thereof. The balance of the purchase price for the Series 2014A Bonds Maturity Group B shall be paid by Federal funds wire transfer as required under the caption “Delivery and Payment” below. If the successful bidder fails to accept and pay for the Series 2014A Bonds Maturity Group B when tendered pursuant to the terms of this Notice of Sale, the Deposit B will be retained by the Corporation as liquidated damages and in full satisfaction of any claims of the Corporation against the successful bidder relating to the Series 2014A Bonds Maturity Group B.

The Corporation will distribute wiring instructions for the Deposits to the successful bidders upon verification of the bids submitted by the bidders and prior to the Wire Transfer Deadline. If the Deposit A is not received by the Wire Transfer Deadline, the award of the sale of the Series 2014A Bonds Maturity Group A to the successful bidder may be cancelled by the Corporation in its discretion without any financial liability of the Corporation to the successful bidder or any limitation whatsoever on the Corporation’s right to sell the Series 2014A Bonds Maturity Group A to a different purchaser upon such terms and conditions as the Corporation shall deem appropriate. If the Deposit B is not received by the Wire Transfer Deadline, the award of the sale of the Series 2014A Bonds Maturity Group B to the successful bidder may be cancelled by the Corporation in its discretion without any financial liability of the Corporation to the successful bidder or any limitation whatsoever on the Corporation’s right to sell the Series 2014A Bonds Maturity Group B to a different purchaser upon such terms and conditions as the Corporation shall deem appropriate.

RIGHT OF REJECTION

The Corporation reserves the right to reject any or all bids and to waive any irregularity in any proposal.

UNDERTAKINGS OF THE SUCCESSFUL BIDDER

The successful bidder (the “Purchaser”) for each Maturity Group shall make a bona fide public offering of all the Series 2014A Bonds in each respective Maturity Group and shall represent to the Corporation that such reoffering is in compliance with all applicable securities laws of the jurisdictions in which such Series 2014A Bonds are offered. **Within 30 minutes after being notified of the award of the Maturity Group A of the Series 2014A Bonds and of the Maturity Group B of the Series 2014A Bonds, the respective Purchasers shall advise the Corporation in writing (by email to Robert M. Godley at Robert.Godley@esd.ny.gov) of the initial public offering prices of the Maturity Group A of the Series 2014A Bonds and of the Maturity Group B of the Series 2014A Bonds (the “Initial Offering Prices”).** The Purchaser of the Series 2014A Bonds Maturity Group A and the Purchaser of the Series 2014A Bonds Maturity Group B must each, by email or delivery received by the Corporation within 2 hours after notification of the Final Annual Principal Amounts for each respective Maturity Group, furnish the following information with respect to the applicable

Maturity Group to the Corporation to complete the Official Statement in final form and to adjust the amortization requirements:

- A. Selling compensation (aggregate total anticipated compensation to the Purchaser expressed in dollars, based on the expectation that all Series 2014A Bonds Maturity Group A or Maturity Group B awarded to it are sold at the prices or yields at which the Purchaser advised the Corporation that such Series 2014A Bonds Maturity Group A or Maturity Group B were initially offered to the public).
- B. Details of any bond insurance.
- C. Any desired combination of annual principal installments of Series 2014A Bonds Maturity Group B bearing the same interest rate into term bonds with mandatory sinking fund redemption requirements.
- D. Any additional pricing or other information that the Corporation determines is necessary to complete the Official Statement.

After the award of the Series 2014A Bonds Maturity Group A and the Series 2014A Bonds Maturity Group B, the Corporation will prepare copies of the final Official Statement and will include therein such additional information concerning the reoffering of the Series 2014A Bonds as the Purchasers may reasonably request; provided, however, that the Corporation will not include in the final Official Statement a “NRO” (“not reoffered”) designation with respect to any maturity of the Series 2014A Bonds. The Purchaser of each Maturity Group will be responsible to the Corporation in all respects for the accuracy and completeness of information provided by such Purchaser with respect to such reoffering of the Maturity Group that it purchased.

REOFFERING AND SALE OF BONDS TO PUBLIC

Each Purchaser of a Maturity Group will be required to provide a separate certificate in substantially the form attached hereto as Exhibit A, with only such changes as may be approved by Harris Beach PLLC and Lewis & Munday, A Professional Corporation, Co-Bond Counsel (the “Reoffering Certificate”) not later than the 4:00 P.M. New York City time on the business day prior to the closing with respect to its Maturity Group. The Initial Offering Prices set forth in such certificate must match the Initial Offering Prices submitted to the Corporation following the award of the Series 2014A Bonds of that Maturity Group (see “Undertakings of the Successful Bidder”).

The Purchasers also will be required to provide to the Corporation and Co-Bond Counsel with such additional information as may be requested by Co-Bond Counsel. If the Reoffering Certificate is sent by email or fax transmission, a hard copy must also be sent by mail or courier service.

FAILURE OF THE PURCHASER OF ANY MATURITY GROUP TO DEMONSTRATE COMPLIANCE WITH THIS REQUIREMENT WITH RESPECT TO THE SERIES 2014A BONDS WILL CONSTITUTE A DEFAULT BY THE RESPECTIVE PURCHASER OF THAT MATURITY GROUP ENTITLING THE CORPORATION TO RETAIN THE SUCH BIDDER’S DEPOSIT EVEN THOUGH IN SUCH EVENT THE CORPORATION WILL NOT DELIVER THE RESPECTIVE MATURITY GROUP SERIES 2014A BONDS TO THE PURCHASER.

THE CORPORATION, ITS FINANCIAL ADVISOR AND CO-BOND COUNSEL WILL BE RELYING ON THE CONTENTS OF THE RESPECTIVE REOFFERING PRICE CERTIFICATES OF THE PURCHASERS IN DETERMINING THE ARBITRAGE YIELD ON THE SERIES 2014A BONDS.

OFFICIAL STATEMENT

The Preliminary Official Statement, dated November 24, 2014 (the “Preliminary Official Statement “), issued by the Corporation in connection with the sale of its Series 2014A Bonds, has been deemed final by the Corporation as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”), except for certain permitted omissions described in paragraph (b) (1) of Rule 15c2-12, but is subject to change without notice and to completion or amendment or supplementation in the final Official Statement.

Potential bidders may obtain an electronic copy of the Preliminary Official Statement at “www.munios.com”.

After the sale of the Series 2014A Bonds, the Corporation will provide the successful bidders of the Series 2014A Bonds Maturity Group A and the Series 2014A Bonds Maturity Group B with a reasonable number of copies of the final Official Statement within seven (7) business days of the award of each Maturity Group of the Series 2014A Bonds. Each Purchaser may order additional copies at its own expense and is responsible for distributing the final Official Statement to its syndicate members.

The Purchasers will be required to promptly provide, on the date the bid is awarded, pricing information necessary for the Corporation to complete the final Official Statement. (See “Undertakings of the Successful Bidder”).

CONTINUING DISCLOSURE

In order to assist bidders in complying with Rule 15c2-12(b)(5), the State of New York has undertaken, pursuant to the New York State Personal Income Tax Revenue Bonds Master Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) to provide annual reports and notices of certain events. A description of the Continuing Disclosure Agreement is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement. A copy of the executed Master Continuing Disclosure Agreement is attached to the Preliminary Official Statement as Appendix D. The Purchasers agree to file the final Official Statement with the Municipal Securities Rulemaking Board by the closing date.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP identification numbers will be printed on the Series 2014A Bonds, but neither the failure to print such number on any Series 2014A Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchasers thereof to accept delivery of and pay for the Series 2014A Bonds. Each Purchaser shall be responsible for obtaining CUSIP identification numbers for each maturity of the Series 2014A Bonds of the applicable Maturity Group and providing such CUSIP numbers to the Corporation. The CUSIP Service Bureau charge, if any, for the assignment of the CUSIP numbers on the Series 2014A Bonds shall be the responsibility of and shall be paid for by the Purchasers.

CLOSING DOCUMENTS

As a condition to the obligation of each of the Purchasers to accept delivery of and pay for its Maturity Group of the Series 2014A Bonds, the Purchasers will be furnished the following documents: (i) a copy of the Official Statement relating to the Series 2014A Bonds, dated as of the date of sale of the Series 2014A Bonds and similar in form and substance in all material respects to the Preliminary Official Statement, as amended or supplemented to the date and time of the sale of the Series 2014A Bonds (the “Official Statement “); (ii) a certificate of the Director of the Budget of the State of New York described in the third paragraph under “PART 21 - MISCELLANEOUS” in the Preliminary Official Statement; (iii) the Continuing Disclosure Agreement; and (iv) the approving opinions of Harris Beach PLLC and Lewis & Munday, A Professional Corporation, Co-Bond Counsel to the Corporation, as to the validity of the Series 2014A Bonds and the extent to which interest on the Series 2014A Bonds is exempt from federal and State income taxes, substantially in

the forms set forth in Appendix E.

DELIVERY AND PAYMENT

The Series 2014A Bonds will be available for delivery through the facilities of DTC on or about December 18, 2014. The Purchaser of the Series 2014A Bonds Maturity Group A will be required to pay to the Corporation the balance of the purchase price for the Series 2014A Bonds Maturity Group A, and the Purchaser of the Series 2014A Bonds Maturity Group B will be required to pay to the Corporation the balance of the purchase price for the Series 2014A Bonds Maturity Group B upon delivery of the Series 2014A Bonds, by Federal funds wire transfers.

THE DELIVERY OF EACH MATURITY GROUP IS DEPENDENT UPON THE SALE AND DELIVERY OF THE OTHER MATURITY GROUP.

CONFLICT WAIVER

Harris Beach PLLC and Lewis & Munday, A Professional Corporation, are serving as Co-Bond Counsel to the Corporation in connection with the issuance and sale of the Series 2014A Bonds. By placing a bid, each bidder represents that it understands that Harris Beach PLLC and Lewis & Munday, A Professional Corporation, in their capacity as Co-Bond Counsel, represent the Corporation, and, to the extent that the Purchasers may deem the involvement of Harris Beach PLLC and Lewis & Munday, A Professional Corporation in connection with the issuance and sale of the Series 2014A Bonds to present a conflict of interest to such Purchasers, the Purchasers waive any such conflict of interest.

OTHER INFORMATION

Electronic copies of the Preliminary Official Statement and Notice of Sale are available on the Internet at “www.munios.com”.

New York State Urban Development Corporation

Dated November 24, 2014

CERTIFICATE AS TO ISSUE PRICE

This Certificate is furnished by _____, as the winning bidder (the “Original Purchaser”) with respect to \$_____ aggregate principal amount of New York State Urban Development Corporation State Personal Income Tax Revenue Bonds (General Purpose) Series 2014A Maturity Group [A or B] (the “Series 2014A Bonds—Maturity Group [A or B]”), to establish the initial offering prices of the Series 2014A Bonds for purposes of determining the “issue price” of the Series 2014A Bonds within the meaning of Sections 148 and 1273 of the Internal Revenue Code of 1986, as amended (the “Code”).

WE DO HEREBY CERTIFY as follows:

1. On December ____, 2014 (the “**Sale Date**”), all Series 2014A Bonds, Maturity Group [A or B] of all maturities were the subject of a bona fide initial offering to the public (excluding bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers), at the respective initial offering prices for each maturity (each, an “**Initial Offering Price**” and collectively, the “**Initial Offering Prices**”), as set forth in the Official Statement relating to the Bonds (the “**Official Statement**”).

2. As of the Sale Date, the Purchaser reasonably expected that the respective Initial Offering Price applicable to each maturity would be the first price at which at least 10 percent of each maturity of the Series 2014A Bonds, Maturity Group [A or B] would be sold. At the time the Purchaser agreed to purchase the Series 2014A Bonds, Maturity Group [A or B], based upon then prevailing market conditions, it had no reason to believe any of the Series 2014A Bonds, Maturity Group [A or B] would be initially sold to the general public (excluding bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at initial offering prices greater than the Initial Offering Prices

3. On the Sale Date, to the best of our knowledge based on our records, the first price at which at least ten percent of each maturity of the Series 2014A Bonds, Maturity Group [A or B], [except for Series 2014A Bonds maturing on _____, 20 _____, 20 _____ and _____, 20 (the “**Undersold Bonds**”)], was sold to the public (excluding bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) was not greater than the respective Initial Offering Price.

4. [With respect to the Unsold Maturities, (i) each of such maturities were continuously offered to the general public at their Initial Offering Price for a period after the Purchaser was awarded to the Series 2014A Bonds, Maturity Group [A or B] (the “**Initial Offering Period**”); (ii) the Purchaser made reasonable efforts to sell the Unsold Maturities to the general public at their respective Initial Offering Prices throughout the Initial Offering Period; (iii) during the Initial Offering Period, the Unsold Maturities were not offered to bond houses, brokers, or similar persons acting in the capacity of underwriters or wholesalers; and (iv) market conditions during the Initial Offering Period prevented a substantial amount of the Undersold Maturities from being sold at or below their respective Initial Offering Prices.]

5. The aggregate of the Initial Offering Prices does not exceed the fair market price of the Series 2014A Bonds, Maturity Group [A or B] as of the Sale Date;

6. The aggregate of the Initial Offering Prices for the Series 2014A Bonds, Maturity Group [A or B] is \$_____;

We may have relied, in part, on the undertakings and representations of the other underwriters respecting the offering of the Series 2014A Bonds, Maturity Group [A or B] and set forth in the contract with the other underwriters. Although certain information furnished in this certificate has been derived from other

underwriters, bond houses, brokers and purchasers and cannot be independently verified by us, we have no reason to believe it to be untrue in any material respect.

We understand that certifications contained herein may be relied upon by the Corporation with respect to certain of the representations set forth in the Tax Certificate of the Corporation with respect to the Series 2014A Bonds, and we further understand that the Corporation's Co-Bond Counsel, Harris Beach PLLC and Lewis & Munday, A Professional Corporation, may rely upon this certificate, among other things, in providing an opinion with respect to the exclusion from gross income of the interest on the Series 2014A Bonds for federal income tax purposes pursuant to Section 103 of the Code.

Dated: December ____, 2014

[NAME OF WINNING BIDDER]

By: _____
[NAME]
[TITLE]

NOTICE OF SALE

\$371,745,000*

NEW YORK STATE URBAN DEVELOPMENT CORPORATION

STATE PERSONAL INCOME TAX REVENUE BONDS

(GENERAL PURPOSE), SERIES 2014B (FEDERALLY TAXABLE)

ELECTRONIC BIDS VIA IPREO LLC'S BiDCOMP™/Parity® COMPETITIVE BIDDING SYSTEM ("BiDCOMP") WILL BE RECEIVED BY THE NEW YORK STATE URBAN DEVELOPMENT CORPORATION for the purchase of all of the \$371,745,000* State Personal Income Tax Revenue Bonds (General Purpose), Series 2014B (Federally Taxable) of the New York State Urban Development Corporation (the "Corporation"), doing business as Empire State Development, to be dated the date of delivery expected to be December 18, 2014 (the "Series 2014B Bonds"). Bids for the Series 2014B Bonds will be received until 1:00PM (New York Time) on:

December 2, 2014

At such time, electronic bids received will be made publicly available. No other form of proposal or provider of electronic bidding services will be accepted. Proposals submitted in person or via facsimile will not be considered by the Corporation.

PRINCIPAL AMORTIZATION*

Principal with respect to Series 2014B Bonds will mature on March 15, in each of the years and in the principal amounts set forth below:

| <u>Year</u> | <u>Preliminary Annual Principal Amount*</u> | <u>Year</u> | <u>Preliminary Annual Principal Amount*</u> |
|-------------|---------------------------------------------|-------------|---------------------------------------------|
| 2016 | \$41,695,000 | 2021 | \$44,415,000 |
| 2017 | 41,810,000 | 2022 | 45,500,000 |
| 2018 | 42,125,000 | 2023 | 46,700,000 |
| 2019 | 42,705,000 | 2024 | 23,285,000 |
| 2020 | 43,510,000 | | |

RIGHT TO AMEND

The Corporation reserves the right to amend this Notice of Sale, including, but not limited to, the right to change the date and/or time of the bond sale or the total or annual principal amounts of the Series 2014B Bonds being offered. ANY POSTPONEMENT OF THE DATE OR TIME ESTABLISHED FOR THE RECEIPT OF BIDS WILL BE ANNOUNCED BY MEANS OF A SUPPLEMENT TO THIS NOTICE OF SALE TO BE TRANSMITTED VIA NOTIFICATION PUBLISHED ON THOMSON MUNICIPAL MARKET MONITOR ("TM3") (www.tm3.com) NOT LATER THAN THIRTY (30) MINUTES PRIOR TO THE TIME REQUIRED FOR THE SUBMISSION OF BIDS FOR THE SERIES 2014B BONDS ON THE LAST ANNOUNCED DATE FOR RECEIPT OF BIDS.

* Subject to change, as described herein.

The preliminary aggregate principal amount of the Series 2014B Bonds and the preliminary annual principal amounts as set forth above in this Notice of Sale (the “Preliminary Amounts”) may be revised before the opening of bids for the purchase of the Series 2014B Bonds. Any such revisions (the “Revised Aggregate Principal Amount” and the “Revised Annual Principal Amounts,” respectively; collectively, the “Revised Amounts”) WILL BE ANNOUNCED BY MEANS OF A SUPPLEMENT TO THIS NOTICE OF SALE TO BE TRANSMITTED VIA TM3 (www.tm3.com) NOT LATER THAN 11:00 A.M. (NEW YORK TIME) ON THE LAST ANNOUNCED DATE FOR RECEIPT OF BIDS. In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts. BIDDERS SHALL SUBMIT BIDS BASED ON THE REVISED AMOUNTS.

After selecting the winning bid, the Corporation will determine the final aggregate principal amount of the Series 2014B Bonds and each final annual principal amount (the “Final Aggregate Principal Amount” and the “Final Annual Principal Amounts,” respectively; collectively, the “Final Amounts”). In determining the Final Amounts, the Corporation will not reduce or increase the Revised Aggregate Principal Amount by more than 10% of such amount.

THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL OFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS WITHIN THESE LIMITS. The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the aggregate principal amount or any annual principal amount of the Series 2014B Bonds. Such adjusted bid price will reflect changes in the dollar amount of the underwriters’ discount and original issue discount/premium, if any, but will not change the selling compensation per \$1,000 of par amount of Series 2014B Bonds from the selling compensation that would have been received based on the purchase price of the winning bid and the Initial Offering Prices (as defined under the caption “Undertakings of the Successful Bidder” below). The interest rate specified by the successful bidder for each maturity at the Initial Offering Prices will not change. The Final Amounts and the adjusted purchase price will be communicated to the successful bidder as soon as possible, but no later than 9:00 a.m. (New York Time) on the day following the date of the sale of the Series 2014B Bonds.

MINORITY/WOMEN BUSINESS ENTERPRISES

It is the policy of the Corporation that appropriate consideration be given to firms which are minority business enterprises (“MBE”) and women’s business enterprises (“WBE”). The Corporation requests and strongly urges bidders to include such firms in their management group or syndicate and to allocate bonds accordingly. The Corporation may request a report of the winning bidder showing the portion of the issue that was allocated to MBE and WBE firms.

AUTHORIZATION AND PURPOSE

The Corporation is a corporate governmental agency of the State of New York (the “State”) created pursuant to the provisions of the New York State Urban Development Corporation Act, constituting Chapter 174 of the Laws of New York of 1968, as amended (the “Act”). The Series 2014B Bonds will be issued pursuant to the Act, Part I of Chapter 383 of the Laws of New York of 2001 (the “Enabling Act”) and the Project Acts (as defined in the Resolution as defined below), and pursuant and subject to the provisions, terms and conditions of a resolution of the Corporation adopted on November 16, 2009, entitled “State Personal Income Tax Revenue Bonds (General Purpose) General Bond Resolution,” as supplemented, including by a resolution of the Corporation adopted on December 2, 2014, entitled “Supplemental Resolution Authorizing State Personal Income Tax Revenue Bonds (General Purpose), Series 2014A and Series 2014B (Federally Taxable)” and by a resolution adopted on December 2, 2014 and entitled “Bond Financing Committee Resolution Concerning the Sale and Issuance of State Personal Income Tax Revenue Bonds (General Purpose), Series 2014A and Series 2014B (Federally Taxable)” (collectively, the “Resolution”).

The Series 2014B Bonds are being issued for the purpose of financing Authorized Purposes (as defined in the Preliminary Official Statement as defined below). Proceeds of the Series 2014B Bonds are expected to be used to (i) finance or reimburse all or a portion of the costs of programs and projects throughout the State, including highway and bridge capital projects, correctional projects, housing projects, economic development projects and State Facilities projects, and (ii) pay certain costs relating to the issuance of the Series 2014B Bonds. Proceeds of the Series 2014B Bonds also may be used to finance other projects as permitted under the Project Acts and the Resolution.

SECURITY FOR SERIES 2014B BONDS

The Series 2014B Bonds are special obligations of the Corporation, secured by a pledge of the revenues, funds, accounts and other pledged property as set forth in the Resolution, including payments (“Financing Agreement Payments”) to be made by the State Comptroller to the Trustee pursuant to the Financing Agreement entered into by the Corporation with the Director of the Budget. Financing Agreement Payments are made from certain personal income taxes imposed by the State of New York on a statewide basis and deposited, as required by the Enabling Act, to the Revenue Bond Tax Fund. Additional information regarding the security and sources of payment for State Personal Income Tax Revenue Bonds and the sources of New York State personal income tax receipts for the Revenue Bond Tax Fund is set forth in the Preliminary Official Statement.

CERTAIN DETAILS OF SERIES 2014B BONDS

The Series 2014B Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, NY (“DTC”) which will act as securities depository for the Series 2014B Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2014B Bonds purchased. Beneficial ownership interests in the Series 2014B Bonds in the amount of \$5,000 or any integral multiple thereof may be purchased by or through DTC Participants.

Interest will be payable commencing on March 15, 2015, and semi-annually thereafter on each September 15 and March 15 until maturity or prior redemption.

BOND INSURANCE

The Corporation has not contracted for the issuance of any policy of municipal bond insurance for the Series 2014B Bonds. If the Series 2014B Bonds qualify for any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the successful bidder, and any increased costs of issuance or delivery of the Series 2014B Bonds resulting by reason of such insurance or commitment shall be assumed by such bidder. Bids shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Series 2014B Bonds to be so insured or of any such policy or commitment to be issued, or any rating downgrade or other material event occurring relating to the issuer of any such policy or commitment, shall not in any way relieve the successful bidder of its contractual obligations arising from the acceptance of its bid for the purchase of the Series 2014B Bonds.

In the event that the successful bidder has on its own obtained a commitment for a municipal bond insurance policy, the Corporation shall indicate in the final Official Statement those maturities for which the successful bidder has informed the Corporation that credit enhancement is being sought. The Corporation will also indicate within the final Official Statement that further information concerning such potential credit enhancement may be obtained through the successful bidder. The Corporation will not include the identity of the potential credit enhancer or other information with respect to the potential credit enhancer in the final Official Statement. In addition, the Corporation will not place a statement of insurance on the Series 2014B Bonds or provide such documentation, or make such covenants or arrangements, as would customarily be provided, made or arranged were the Corporation to obtain a commitment for municipal bond insurance or other credit enhancement on its own.

TERM BOND OPTION

The successful bidder may designate two or more of the consecutive serial maturities as term bond maturities equal in aggregate principal amounts, and with amortization requirements corresponding, to such designated serial maturities. Any such term bond shall be subject to mandatory sinking fund redemption commencing on March 15 of the first year which has been combined to form such term bond and continuing on March 15 in each year thereafter until the stated maturity date of that term bond. Series 2014B Bonds to be redeemed in any year by mandatory sinking fund redemption shall be redeemed at par, as described in the Preliminary Official Statement.

OPTIONAL REDEMPTION

The Series 2014B Bonds are subject to redemption at the option of the Corporation, in whole or in part, on any Business Day, at the Make-Whole Redemption Price as described in the Preliminary Official Statement.

PROPOSALS

Each bid must be for all but not part of the entire \$371,745,000* of Series 2014B Bonds and must name the rate or rates of interest which the Series 2014B Bonds are to bear. The bids shall comply with the following conditions: (1) each interest rate specified in any bid must be a multiple of 1/8 or 1/100 of one percent (1%); (2) each Series 2014B Bond shall bear interest from its date to its stated maturity date at the interest rate specified in the bid; and (3) all Series 2014B Bonds maturing at any one time shall bear the same rate of interest. All bids for the Series 2014B Bonds must be for no less than 99.5% of the par value of the Revised Aggregate Principal Amount of the Series 2014B Bonds. Bids must be submitted via BiDCOMP.

AWARD

The award, if any, will be made to the bidder complying with the terms of this Notice of Sale and offering to purchase the Series 2014B Bonds at the lowest true interest cost to the Corporation, calculated by the Corporation or its agent, based on the Revised Amounts described above. True interest cost shall be determined for each bid by doubling the semi-annual interest rate, compounded semiannually, necessary to discount the debt service payments (interest, or principal and interest, as due, including any mandatory redemptions) from the payment dates to the dated date, which is the delivery date, expected to be December 18, 2014, and to the price bid. If more than one bid offers the same lowest true interest cost, the successful bid will be selected by lot from among all such bids. Each bidder shall include in its bid a statement of true interest cost offered in its bid, but this statement shall not be deemed to be part of the bid.

ELECTRONIC BIDDING AND BIDDING PROCEDURES

Registration to Bid

Prospective bidders must be contracted customers of BiDCOMP. If you do not have a contract with BiDCOMP /Parity, call (212) 849-5021 to become a customer. By submitting a bid for the Series 2014B Bonds, a prospective bidder represents and warrants to the Corporation that such bidder's bid for the purchase of the Series 2014B Bonds (if a bid is submitted in connection with the sale) is submitted for and on behalf of such prospective bidder by an officer or agent who is duly authorized to bind the prospective bidder to a legal, valid and enforceable contract for the purchase of the Series 2014B Bonds. By contracting with BiDCOMP, a prospective bidder is not obligated to submit a bid in connection with the sale.

If any provisions of this Notice of Sale conflict with information provided by BiDCOMP as approved provider of electronic bidding services, this Notice of Sale shall control. Further information about BiDCOMP,

* Subject to change, as described herein.

including any fee charged, may be obtained from BiDCOMP, 1359 Broadway, 2nd Floor, New York, NY 10018, Attention: Eric Washington, (212) 849-5021.

Bidding Procedures

Bids must be submitted for the purchase of the Series 2014B Bonds by means of the Corporation's bid form via BiDCOMP electronically by 1:00 P.M., New York Time, on Tuesday, December 2, 2014, unless postponed as described herein. Prior to that time, a prospective bidder may input and save the proposed terms of its bid in BiDCOMP. Once the final bid has been saved in BiDCOMP, the bidder may select the final bid button in BiDCOMP to submit the bid to BiDCOMP. Once the bids for the Series 2014B Bonds are communicated electronically via BiDCOMP to the Corporation and the sale time has passed (1:00 P.M. New York Time), each bid will constitute an irrevocable offer to purchase the Series 2014B Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on BiDCOMP shall constitute the official time. For information purposes only, bidders are requested to state in their bids the true interest cost to the Corporation represented by the rate or rates of interest and the bid price specified in their respective bids. No bid will be received after the time for receiving such bids specified above.

Disclaimer

Each qualified prospective bidder shall be solely responsible to make necessary arrangements to access BiDCOMP for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Notice of Sale. Neither the Corporation nor BiDCOMP shall have any duty or obligation to undertake such registration to bid for any prospective bidder or to provide or assure such access to any qualified prospective bidder, and neither the Corporation nor BiDCOMP shall be responsible for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by BiDCOMP. The Corporation is using BiDCOMP as a communication mechanism, and not as the Corporation's agent, to conduct the electronic bidding for the Series 2014B Bonds, and the Corporation shall not be responsible or liable for bids submitted electronically. The Corporation is not bound by any advice or determination of BiDCOMP to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the specifications under "Proposals" set forth above. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via BiDCOMP are the sole responsibility of the bidders, and the Corporation is not responsible, directly or indirectly, for any of such costs or expenses. **WARNING REGARDING ELECTRONIC BIDS: THE CORPORATION WILL ACCEPT BIDS IN ELECTRONIC FORM SOLELY THROUGH BIDCOMP ON THE OFFICIAL BID FORMS CREATED FOR SUCH PURPOSE. EACH BIDDER SUBMITTING AN ELECTRONIC BID UNDERSTANDS AND AGREES BY DOING SO THAT IT IS SOLELY RESPONSIBLE FOR ALL ARRANGEMENTS WITH BIDCOMP AND THAT BIDCOMP IS NOT ACTING AS AN AGENT OF THE CORPORATION. INSTRUCTIONS AND FORMS FOR SUBMITTING ELECTRONIC BIDS MUST BE OBTAINED FROM BIDCOMP, AND THE CORPORATION ASSUMES NO RESPONSIBILITY FOR ENSURING OR VERIFYING BIDDER COMPLIANCE WITH THE PROCEDURES OF BIDCOMP. THE CORPORATION SHALL ASSUME THAT ANY BID RECEIVED THROUGH BIDCOMP HAS BEEN MADE BY A DULY AUTHORIZED AGENT OF THE BIDDER.**

THE CORPORATION, ITS FINANCIAL ADVISOR AND CO-BOND COUNSEL ASSUME NO RESPONSIBILITY FOR ANY ERROR CONTAINED IN ANY BID SUBMITTED ELECTRONICALLY, OR FOR FAILURE OF ANY BID TO BE TRANSMITTED, RECEIVED OR OPENED AT THE OFFICIAL TIME FOR RECEIPT OF BIDS. EACH BIDDER EXPRESSLY ASSUMES THE RISK OF ANY INCOMPLETE, ILLEGIBLE, UNTIMELY OR NONCONFORMING BID SUBMITTED BY ELECTRONIC TRANSMISSION BY SUCH BIDDER, INCLUDING WITHOUT LIMITATION, BY REASON OF GARBLED TRANSMISSIONS, MECHANICAL FAILURE, ENGAGED TELECOMMUNICATIONS LINES, OR ANY OTHER CAUSE ARISING FROM SUBMISSION BY ELECTRONIC TRANSMISSION.

GOOD FAITH DEPOSIT

A good faith deposit by the successful bidder in the amount of \$3,700,000 is required in connection with the sale and bid for the Series 2014B Bonds (the “Deposit”). The Deposit shall be provided for by a Federal funds wire transfer to be submitted to JPMorgan Chase Bank, N.A., acting on behalf of the Corporation, by the respective successful bidders not later than 3:00 p.m. (New York Time) on the date of sale (the “Wire Transfer Deadline”).

The Deposit of the successful bidder will be collected and the proceeds thereof retained by the Corporation to be applied in partial payment for the Series 2014B Bonds and no interest will be allowed or paid upon the amount thereof. The balance of the purchase price for the Series 2014B Bonds shall be paid by Federal funds wire transfer as required under the caption “Delivery and Payment” below. If the successful bidder fails to accept and pay for the Series 2014B Bonds when tendered pursuant to the terms of this Notice of Sale, the Deposit will be retained by the Corporation as liquidated damages and in full satisfaction of any claims of the Corporation against the successful bidder relating to the Series 2014B Bonds.

The Corporation will distribute wiring instructions for the Deposit to the successful bidder upon verification of the bids submitted by the bidders and prior to the Wire Transfer Deadline. If the Deposit is not received by the Wire Transfer Deadline, the award of the sale of the Series 2014B Bonds to the successful bidder may be cancelled by the Corporation in its discretion without any financial liability of the Corporation to the successful bidder or any limitation whatsoever on the Corporation’s right to sell the Series 2014B Bonds to a different purchaser upon such terms and conditions as the Corporation shall deem appropriate.

RIGHT OF REJECTION

The Corporation reserves the right to reject any or all bids and to waive any irregularity in any proposal.

UNDERTAKINGS OF THE SUCCESSFUL BIDDER

The successful bidder (the “Purchaser”) shall make a bona fide public offering of all the Series 2014B Bonds and shall represent to the Corporation that such reoffering is in compliance with all applicable securities laws of the jurisdictions in which such Series 2014B Bonds are offered. **Within 30 minutes after being notified of the award of the Series 2014B Bonds, the Purchaser shall advise the Corporation in writing (by email to Robert M. Godley at Robert.Godley@esd.ny.gov) of the initial public offering prices of the Series 2014B Bonds (the “Initial Offering Prices”).** The Purchaser must, by email or delivery received by the Corporation within 2 hours after notification of the Final Annual Principal Amounts, furnish the following information to the Corporation to complete the Official Statement in final form and to adjust the amortization requirements:

- A. Selling compensation (aggregate total anticipated compensation to the Purchaser expressed in dollars, based on the expectation that all Series 2014B Bonds awarded to it are sold at the prices or yields at which the Purchaser advised the Corporation that such Series 2014B Bonds were initially offered to the public).
- B. Details of any bond insurance.
- C. Any desired combination of annual principal installments of Series 2014B Bonds bearing the same interest rate into term bonds with mandatory sinking fund redemption requirements.
- D. Any additional pricing or other information that the Corporation determines is necessary to complete the Official Statement.

After the award of the Series 2014B Bonds, the Corporation will prepare copies of the final Official Statement and will include therein such additional information concerning the reoffering of the Series 2014B Bonds as

the Purchaser may reasonably request; provided, however, that the Corporation will not include in the final Official Statement a “NRO” (“not reoffered”) designation with respect to any maturity of the Series 2014B Bonds. The Purchaser will be responsible to the Corporation in all respects for the accuracy and completeness of information provided by such Purchaser with respect to such reoffering.

OFFICIAL STATEMENT

The Preliminary Official Statement, dated November 24, 2014 (the “Preliminary Official Statement “), issued by the Corporation in connection with the sale of its Series 2014B Bonds, has been deemed final by the Corporation as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission (“Rule 15c2-12”), except for certain permitted omissions described in paragraph (b) (1) of Rule 15c2-12, but is subject to change without notice and to completion or amendment or supplementation in the final Official Statement.

Potential bidders may obtain an electronic copy of the Preliminary Official Statement at “www.munios.com”.

After the sale of the Series 2014B Bonds, the Corporation will provide the successful bidder with a reasonable number of copies of the final Official Statement within seven (7) business days of the award of the Series 2014B Bonds. The Purchaser may order additional copies at its own expense and is responsible for distributing the final Official Statement to its syndicate members.

The Purchaser will be required to promptly provide, on the date the bid is awarded, pricing information necessary for the Corporation to complete the final Official Statement. (See “Undertakings of the Successful Bidder”).

CONTINUING DISCLOSURE

In order to assist bidders in complying with Rule 15c2-12(b)(5), the State of New York has undertaken, pursuant to the New York State Personal Income Tax Revenue Bonds Master Continuing Disclosure Agreement (the “Continuing Disclosure Agreement”) to provide annual reports and notices of certain events. A description of the Continuing Disclosure Agreement is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement. A copy of the executed Master Continuing Disclosure Agreement is attached to the Preliminary Official Statement as Appendix D. The Purchaser agrees to file the final Official Statement with the Municipal Securities Rulemaking Board by the closing date.

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP identification numbers will be printed on the Series 2014B Bonds, but neither the failure to print such number on any Series 2014B Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser thereof to accept delivery of and pay for the Series 2014B Bonds. The Purchaser shall be responsible for obtaining CUSIP identification numbers for each maturity of the Series 2014B Bonds and providing such CUSIP numbers to the Corporation. The CUSIP Service Bureau charge, if any, for the assignment of the CUSIP numbers on the Series 2014B Bonds shall be the responsibility of and shall be paid for by the Purchaser.

CLOSING DOCUMENTS

As a condition to the obligation of the Purchaser to accept delivery of and pay for the Series 2014B Bonds, the Purchaser will be furnished the following documents: (i) a copy of the Official Statement relating to the Series 2014B Bonds, dated as of the date of sale of the Series 2014B Bonds and similar in form and substance in all material respects to the Preliminary Official Statement, as amended or supplemented to the date and time of the sale of the Series 2014B Bonds (the “Official Statement “); (ii) a certificate of the Director of the Budget of the State of New York described in the third paragraph under “PART 21 - MISCELLANEOUS” in the

Preliminary Official Statement; (iii) the Continuing Disclosure Agreement; and (iv) the approving opinions of Harris Beach PLLC and Lewis & Munday, A Professional Corporation, Co-Bond Counsel to the Corporation, as to the validity of the Series 2014B Bonds and the extent to which interest on the Series 2014B Bonds is exempt from State income taxes, substantially in the forms set forth in Appendix E.

DELIVERY AND PAYMENT

The Series 2014B Bonds will be available for delivery through the facilities of DTC on or about December 18, 2014. The Purchaser will be required to pay to the Corporation the balance of the purchase price for the Series 2014B Bonds upon delivery of the Series 2014B Bonds, by Federal funds wire transfers.

CONFLICT WAIVER

Harris Beach PLLC and Lewis & Munday, A Professional Corporation, are serving as Co-Bond Counsel to the Corporation in connection with the issuance and sale of the Series 2014B Bonds. By placing a bid, each bidder represents that it understands that Harris Beach PLLC and Lewis & Munday, A Professional Corporation, in their capacity as Co-Bond Counsel, represent the Corporation, and, to the extent that the Purchasers may deem the involvement of Harris Beach PLLC and Lewis & Munday, A Professional Corporation in connection with the issuance and sale of the Series 2014B Bonds to present a conflict of interest to such Purchasers, the Purchasers waive any such conflict of interest.

OTHER INFORMATION

Electronic copies of the Preliminary Official Statement and Notice of Sale are available on the Internet at “www.munios.com”.

New York State Urban Development Corporation

Dated November 24, 2014