NEW ISSUE **BOOK ENTRY - ONLY**

In the opinion of Harris Beach PLLC, as Bond Counsel to the Authority, under existing statutes, regulations, administrative rulings and court decisions, and assuming compliance with the tax covenants described herein, interest on the Series 2016A Junior Indebtedness Obligations is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; such interest is, however, included in "adjusted current earnings" for purposes of calculating the federal alternative minimum tax liability of certain corporations. Bond Counsel is also of the opinion that under existing statutes, including the New York State Thruway Authority Act, interest on the Series 2016A Junior Indebtedness Obligations is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof. See "TAX MATTERS" for further information.

$850,000,000
NEW YORK STATE THRUWAY AUTHORITY
General Revenue Junior Indebtedness Obligations Series 2016A

Dated: Date of Delivery **Due: January 1, as shown on the inside cover**

Interest is payable each January 1 and July 1 commencing January 1, 2017. The New York State Thruway Authority General Revenue Junior Indebtedness Obligations, Series 2016A (the "Series 2016A Junior Indebtedness Obligations") are issuable only as fully registered bonds without coupons, in denominations of $5,000 or any integral multiple thereof. The Series 2016A Junior Indebtedness Obligations will be issued initially under a book-entry only system and will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2016A Junior Indebtedness Obligations. See **Appendix E** — "BOOK-ENTRY ONLY SYSTEM" herein. Principal of and premium, if any, and interest on the Series 2016A Junior Indebtedness Obligations will be payable to holders of the Series 2016A Junior Indebtedness Obligations through The Bank of New York Mellon, New York, New York, as Trustee.

The Series 2016A Junior Indebtedness Obligations are subject to redemption prior to maturity as described herein.

The Series 2016A Junior Indebtedness Obligations of the New York State Thruway Authority (the "Authority") will be issued pursuant to the Authority's Resolution Authorizing General Revenue Junior Indebtedness Obligations adopted on November 7, 2013, as amended on August 6, 2014 (such resolution as from time to time amended or supplemented being herein called the "Junior Indebtedness Resolution"), including as supplemented by the Fifth Supplemental Junior Indebtedness Resolution Authorizing General Revenue Junior Indebtedness Obligations, Series 2016A adopted by the Authority on February 23, 2016 (the "Fifth Supplemental Junior Indebtedness Resolution").

The Series 2016A Junior Indebtedness Obligations are special obligations of the Authority and are secured as to the payment of principal, premium, if any, and interest thereon by a pledge of the Revenues and certain funds and accounts established under the Junior Indebtedness Resolution, which pledge is subordinate to the pledge created by the Senior Resolution (hereinafter defined) of the Authority with regard to Senior Bonds, as further described herein. The Series 2016A Junior Indebtedness Obligations are the third issuance of Junior Indebtedness Obligations under the Junior Indebtedness Resolution.

The Series 2016A Junior Indebtedness Obligations are not a debt of the State of New York (the "State") nor shall the State be liable thereon.

The Series 2016A Junior Indebtedness Obligations are being issued (i) to fund a portion of the cost of the Authority's New NY Bridge Project twin-span replacement of the Tappan Zee Bridge, (ii) to pay capitalized interest on the Series 2016A Junior Indebtedness Obligations, (iii) to make a deposit to the Series 2016A Subaccount of the Junior Indebtedness Debt Service Reserve Account, and (iv) to pay the Costs of Issuance of the Series 2016A Junior Indebtedness Obligations.

The cover and inside cover pages contain certain information for general reference only. They are not intended to be a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed decision.

The Series 2016A Junior Indebtedness Obligations are offered, when, as and if issued by the Authority and delivered to the Underwriters, and are subject to the approval of legality by Harris Beach PLLC, as Bond Counsel to the Authority. Certain legal matters are subject to the approval of Gordon J. Cuffy, Esq., General Counsel to the Authority, and of Hawkins Delafield & Wood LLP, Counsel to the Underwriters. Public Resources Advisory Group is acting as Financial Advisor to the Authority. It is expected that the Series 2016A Junior Indebtedness Obligations will be available for delivery to The Depository Trust Company, New York, New York, on or about May 12, 2016.

Citigroup **Siebert Brandford Shank & Co., L.L.C.**

BofA Merrill Lynch	**Morgan Stanley**	**Ramirez & Co., Inc.**
Fidelity Capital Markets	**Goldman, Sachs & Co.**	**Janney Montgomery Scott**
RBC Capital Markets	**Roosevelt & Cross, Incorporated**	**Wells Fargo Securities**

May 5, 2016

$850,000,000

New York State Thruway Authority

General Revenue Junior Indebtedness Obligations
Series 2016A

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

$190,665,000 Serial Bonds

Due January 1	Principal Amount	Interest Rate	Yield	CUSIP Number† (Base # 650010)
2021	$ 250,000	3.00%	1.13%	AE1
2022	250,000	4.00	1.30	AF8
2023	250,000	4.00	1.46	AG6
2024	250,000	4.00	1.62	AH4
2025	2,000,000	5.00	1.76	AJ0
2026	4,000,000	5.00	1.89	AK7
2027	6,000,000	5.00	2.05*	AL5
2028	8,000,000	5.00	2.17*	AM3
2029	10,000,000	5.00	2.31*	AN1
2030	12,000,000	5.00	2.39*	AP6
2031	14,000,000	5.00	2.45*	AQ4
2032	16,000,000	5.00	2.51*	AR2
2033	17,330,000	5.00	2.57*	AS0
2034	18,195,000	5.00	2.63*	AT8
2035	19,105,000	5.00	2.69*	AU5
2036	20,060,000	5.00	2.75*	AV3
2037	21,065,000	4.00	3.02*	AW1
2038	21,910,000	4.00	3.06*	AX9

$71,830,000 5.00% Term Bond due January 1, 2041 Yield 2.91%* CUSIP Number† 650010AY7
$145,745,000 5.00% Term Bond due January 1, 2046 Yield 2.97%* CUSIP Number† 650010AZ4
$134,960,000 5.00% Term Bond due January 1, 2051 Yield 3.06%* CUSIP Number† 650010BB6
$50,000,000 4.00% Term Bond due January 1, 2051 Yield 3.37%* CUSIP Number† 650010BA8
$156,800,000 5.25% Term Bond due January 1, 2056 Yield 3.07%* CUSIP Number† 650010BD2
$100,000,000 4.00% Term Bond due January 1, 2056 Yield 3.49%* CUSIP Number† 650010BC4

---

* Priced at the stated yield to the January 1, 2026 optional redemption date at a redemption price of 100%.

† Copyright, American Bankers Association. CUSIP numbers have been assigned by an independent company not affiliated with the Authority and are included solely for the convenience of the holders of the Series 2016A Junior Indebtedness Obligations. Neither the Authority nor the Underwriters are responsible for the selection or uses of these CUSIP numbers and no representation is made to their correctness on the Series 2016A Junior Indebtedness Obligations or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2016A Junior Indebtedness Obligations as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2016A Junior Indebtedness Obligations.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2016A JUNIOR INDEBTEDNESS OBLIGATIONS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH JUNIOR INDEBTEDNESS OBLIGATIONS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations, other than those contained in this Official Statement (the term "Official Statement" when used herein shall for all purposes include reference to the Appendices hereto), and, if given or made, such other information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2016A Junior Indebtedness Obligations by any person in any jurisdiction in which it is unlawful for the person to make such offer, solicitation or sale.

The information set forth herein has been provided by the Authority and other sources which are believed to be reliable by the Authority, but is not guaranteed as to its accuracy or completeness.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The information herein is subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof. This Official Statement is submitted in connection with the sale of the securities referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

This Official Statement and particularly the information contained under the captions "SUMMARY STATEMENT", "THE NEW NY BRIDGE PROJECT", "PLAN OF FINANCE", "SOURCES OF PAYMENT AND SECURITY FOR THE JUNIOR INDEBTEDNESS OBLIGATIONS", "BUDGET AND CAPITAL PROGRAM; TRAFFIC ENGINEER'S REPORT", "NEW YORK STATE INFRASTRUCTURE GRANT AND TOLL-RELATED INITIATIVES", "INVESTMENT CONSIDERATIONS", and "**Appendix A** - Report of Traffic Engineer", contain statements relating to future results and economic performance that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "anticipate", "believe", "may", "will", "should", "seeks", "expect", "assume", "estimate", "projection", "plan", "budget", "forecast", "intend", "goal", and similar expressions identify forward-looking statements. The words or phrases "to date", "now", "currently", and the like are intended to mean as of the date of this Official Statement. Examples of forward-looking statements contained in this Official Statement are statements that concern the Authority's or the New NY Bridge Project's future revenues, costs, traffic projections and liquidity. The forward-looking statements contained herein are based on the Authority's expectations and are necessarily dependent upon assumptions, estimates and data that it believes are reasonable as of the date made but that may be incorrect, incomplete or imprecise or not reflective of actual results. The Authority does not undertake to update or revise any of the forward-looking statements contained herein, even it becomes clear that they will not be realized.

Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. For a discussion of certain risks and possible variations in results, see the information under "INVESTMENT CONSIDERATIONS." The Authority does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

THE SERIES 2016A JUNIOR INDEBTEDNESS OBLIGATIONS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE QUALIFICATION, OR EXEMPTION OF THE SERIES 2016A JUNIOR INDEBTEDNESS OBLIGATIONS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE SECURITIES HAVE BEEN QUALIFIED, OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE GUARANTEED OR PASSED UPON THE SAFETY OF THE SERIES 2016A JUNIOR INDEBTEDNESS OBLIGATIONS AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT.

The order and placement of information in this Official Statement, including appendices, are not an indication of relevance, materiality or relative importance, and this Official Statement, including the appendices, must be read in its entirety. The captions and headings in this Official Statement are for convenience purposes only and in no way define, limit or describe the scope or intent, or affect the meaning or construction, of any provision or section of this Official Statement.

This Official Statement contains summaries of and references to documents that the Authority believes to be accurate, however, reference is made to the actual documents for complete information. All such summaries and references are qualified in their entirety by such reference.

TABLE OF CONTENTS

INTRODUCTION ... 1
THE AUTHORITY ... 1
- History ... 2
- Powers ... 2
- Outstanding Indebtedness ... 3
- Members and Officers ... 3

THE NEW NY BRIDGE PROJECT ... 4
- General ... 4

PLAN OF FINANCE ... 9
SOURCES AND USES OF FUNDS ... 10
AGGREGATE ANNUAL DEBT SERVICE REQUIREMENTS ... 11
DESCRIPTION OF THE SERIES 2016A JUNIOR INDEBTEDNESS OBLIGATIONS ... 12
- General ... 12
- Book-Entry Only System ... 12
- Redemption Provisions ... 12

SOURCES OF PAYMENT AND SECURITY FOR THE JUNIOR INDEBTEDNESS OBLIGATIONS ... 14
- Authorized Projects ... 14
- Revenues ... 15
- Pledge under the Junior Indebtedness Resolution ... 16
- Junior Indebtedness Resolution Flow of Funds ... 16
- Junior Indebtedness Debt Service Reserve Account ... 19
- Additional Junior Indebtedness Obligations, Junior Indebtedness Refunding Obligations and Other Indebtedness ... 20
- Facilities ... 23
- Reserve Maintenance Fund ... 24
- Facilities Capital Improvement Fund ... 24
- Tolls, Fees and Charges ... 24
- Agreement of the State ... 25

AUTHORITY GOVERNANCE, FACILITIES AND OPERATIONS ... 26
- Thruway Facilities and Operations ... 26
- Canal Facilities and Operations ... 27
- Board Members ... 28
- Senior Staff ... 29
- Organization ... 31

RESULTS OF OPERATIONS ... 32
- Financial Results of Operations ... 32

ACTUAL RESULTS OF OPERATIONS ... 33
MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS ... 34
- Discussion of Results of Operations: 2011 through 2015 ... 34
- Traffic and Revenue ... 36

NEW YORK STATE INFRASTRUCTURE GRANT AND TOLL RELATED INITIATIVES ... 37
BUDGET AND CAPITAL PROGRAM; TRAFFIC ENGINEER'S REPORT ... 38
- 2016 Budget ... 38
- Overall 2016 Budget Summary ... 40
- Thruway Authority 2016 Budget Highlights ... 40
- Canal Corporation 2016 Budget Highlights ... 42
- 2016-2020 Capital Program ... 44
- Funding of the 2016-2020 Capital Program ... 46
- Bridge Inspection Program and Condition Ratings ... 47
- Operational Streamlining ... 48
- Federal Funding ... 48
- Report of Independent Traffic Engineer ... 49
- Projected Results ... 50

ADDITIONAL AUTHORITY INFORMATION ... 52
- Employee Relations ... 52
- Retirement Plans and Other Post Employment Benefits ... 52
- Investments ... 55
- Insurance ... 55
- Other Bond Programs ... 55

INVESTMENT CONSIDERATIONS ... 56
- Traffic Engineer's Report ... 56
- Risks Relating to the New NY Bridge Project ... 57
- Ratings of the Junior Indebtedness Obligations Could be Lowered or Withdrawn ... 60
- Certain Matters Relating to Enforceability of Obligations ... 61
- Legislative Action ... 61

LITIGATION ... 61
TAX MATTERS ... 62
- Federal Income Taxes ... 62
- State and Local Income Tax ... 63
- Other Considerations ... 64

RATINGS ... 64
UNDERWRITING ... 65
LEGALITY OF INVESTMENT ... 65
LEGAL MATTERS ... 66
CONSULTANT'S AND ACCOUNTANT'S REPORTS ... 66
FINANCIAL ADVISOR ... 66
CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12 ... 66
MISCELLANEOUS ... 67

Appendix A - Report of Traffic Engineer ... A-1
Appendix B - Audited Financial Statements of the Authority for the Years ended December 31, 2015 and 2014 ... B-1
Appendix C - Summary of Certain Provisions of the Junior Indebtedness Resolution and the Senior Resolution ... C-1
Appendix D - Summary of Certain Provisions of the TIFIA Loan ... D-1
Appendix E - Book-Entry Only System ... E-1
Appendix F - Form of Opinion of Bond Counsel ... F-1
Appendix G - Form of Master Continuing Disclosure Agreement ... G-1

SUMMARY STATEMENT

This summary statement is qualified in its entirety by reference to the information appearing elsewhere in this Official Statement. Terms used in this summary statement and not defined herein shall have the meanings set forth in the body of this Official Statement.

The Authority

The New York State Thruway Authority (the “Authority”), a body corporate and politic constituting a public corporation, created in 1950 by the New York State Thruway Authority Act, as amended, Title 9 of Article 2 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York (the “Act”), is empowered, among other things, to construct, operate and maintain as a toll facility, and to improve and reconstruct the New York State Thruway (the “Thruway”), subject to certain statutory limitations on the Authority’s right to impose tolls on certain parts of the Thruway, including the Cross-Westchester Expressway. The Act also authorizes the Authority to issue, from time to time, negotiable bonds and notes for any corporate purpose secured by tolls, revenues, rates, fees, charges, rents and other earned income of the Authority. See “THE AUTHORITY”.

The Thruway is a 570-mile superhighway system crossing New York State (the “State”) and is one of the largest toll superhighway systems in the United States. In addition to being the principal artery of travel and commerce within New York connecting the State’s principal cities, the Thruway is a vital link to long distance interstate travel. In addition, the Thruway provides the major route of access for visitors to the State’s tourist destinations including Niagara Falls, the State Canal system, the Finger Lakes, the Adirondacks, the Catskills and New York City. The Tappan Zee Bridge is a major component of the Thruway spanning the Hudson River north of New York City. It is being replaced by a new twin-span structure (the “New NY Bridge Project”) currently under construction. See “AUTHORITY GOVERNANCE, FACILITIES AND OPERATIONS — Thruway Facilities and Operations” and **Appendix A —** “Report of Traffic Engineer”.

See “THE NEW NY BRIDGE PROJECT” and “PLAN OF FINANCE” below for an explanation of the role of Junior Indebtedness Obligations, and the Series 2016A Junior Indebtedness Obligations in particular, in providing financing for the New NY Bridge Project.

Purpose of Issue

The Series 2016A Junior Indebtedness Obligations are being issued (i) to fund a portion of the cost of the Authority’s New NY Bridge Project twin span replacement of the Tappan Zee Bridge, (ii) to pay capitalized interest on the Series 2016A Junior Indebtedness Obligations, (iii) to make a deposit to the Series 2016A Subaccount of the Junior Indebtedness Debt Service Reserve Account, and (iv) to pay the Costs of Issuance of the Series 2016A Junior Indebtedness Obligations. See “PLAN OF FINANCE”.

Security

The Series 2016A Junior Indebtedness Obligations are special obligations of the Authority. All Junior Indebtedness Obligations, including the Series 2016A Junior Indebtedness Obligations, issued under the Authority’s Resolution Authorizing General Revenue Junior Indebtedness Obligations, adopted on November 7, 2013 (the “Junior Indebtedness Resolution”), are secured as to the payment of principal, premium, if any, and interest thereon by a pledge of the Revenues and certain funds and accounts established under the Junior Indebtedness Resolution, subject to the prior pledge securing Bonds (“Senior Bonds”) issued and to be issued under the Authority’s General Revenue Bond Resolution (“Senior Resolution”) adopted August 3, 1992, as amended on January 5, 2007. The pledge and lien created by the Junior Indebtedness Resolution for Junior Indebtedness Obligations is subordinate in all respects to any pledge or lien now or hereafter created for Senior Bonds and is senior in all respects to any pledge or lien now or hereafter created for Subordinated Indebtedness. In addition, a Series 2016A Subaccount of the

Junior Indebtedness Debt Service Reserve Account is being established and funded solely for the purpose of additionally securing the Series 2016A Junior Indebtedness Obligations.

The Series 2016A Junior Indebtedness Obligations are not a debt of the State nor shall the State be liable thereon. The Authority has no taxing power.

The Senior Resolution and the Junior Indebtedness Resolution provide that Operating Expenses of Facilities will be funded from Revenues prior to the provision for Accrued Debt Service on the Senior Bonds and prior to Accrued Debt Service on Junior Indebtedness Obligations. See "SOURCES OF PAYMENT AND SECURITY FOR THE JUNIOR INDEBTEDNESS OBLIGATIONS" and "AGGREGATE ANNUAL DEBT SERVICE REQUIREMENTS".

Toll Covenant

Pursuant to the Junior Indebtedness Resolution, the Authority has covenanted at all times to fix, charge and collect such tolls, fees and charges for the use of the Facilities as are required in order that, in each fiscal year, Net Revenues shall at least equal the Junior Indebtedness Net Revenue Requirement for such year. "Junior Indebtedness Net Revenue Requirement" means, with respect to any period of time, an amount equal to the greater of (i) the sum of (A) Aggregate Debt Service on Senior Bonds, (B) amounts required to make deposits to the Senior Debt Service Reserve Fund (as defined in the Senior Resolution), if any, (C) amounts required to make Reserve Maintenance Payments (as defined in the Senior Resolution), and (D) amounts required to be deposited in the Junior Indebtedness Fund pursuant to the Senior Resolution and the Junior Indebtedness Resolution and any Supplemental Resolution thereto or other resolution or agreement authorizing Junior Indebtedness Obligations or (ii) for such period of time, 1.20 times the sum of (A) Aggregate Debt Service on Senior Bonds and (B) amounts required to be deposited in the Junior Indebtedness Fund's Debt Service Payment Account pursuant to the Junior Indebtedness Resolution and any Supplemental Resolution thereto or other resolution or agreement authorizing Junior Indebtedness Obligations; provided, however, that (1) Aggregate Debt Service on Senior Bonds for purposes of calculating the Junior Indebtedness Net Revenue Requirement, may be reduced by an amount equal to investment income on the Senior Debt Service Fund (as defined in the Senior Resolution) and the Senior Debt Service Reserve Fund (to the extent such investment income is required to be retained in or transferred to the Senior Debt Service Fund, as appropriate, pursuant to a Supplemental Resolution); and (2) amounts required to be deposited in the Junior Indebtedness Fund for purposes of calculating the Junior Indebtedness Net Revenue Requirement may be reduced by an amount equal to investment income on deposit in the Junior Indebtedness Debt Service Payment Account and the Junior Indebtedness Debt Service Reserve subaccounts (to the extent such investment income is required to be retained in or transferred to the Junior Indebtedness Debt Service Payment Account). See "SOURCES OF PAYMENT AND SECURITY FOR THE JUNIOR INDEBTEDNESS OBLIGATIONS — Tolls, Fees and Charges" and **Appendix C —** "Summary of Certain Provisions of the Junior Indebtedness Resolution and the Senior Resolution — Tolls, Fees and Charges".

Issuance of Additional Junior Indebtedness Obligations and Senior Bonds

Under the Junior Indebtedness Resolution, the Authority may issue Additional Junior Indebtedness Obligations and Junior Indebtedness Refunding Obligations payable from Revenues, subject to the satisfaction of certain conditions set forth therein. Under the Junior Indebtedness Resolution, the Series 2016A Junior Indebtedness Obligations are not required to meet the coverage test referred to below. Prior to the completion of the construction and equipping of the New NY Bridge Project, (A) Junior Indebtedness Obligations may be issued to pay for Project Costs solely related to the New NY Bridge Project, and (B) Junior Indebtedness Refunding Obligations may be issued to refund Outstanding Junior Indebtedness Obligations. After the completion of the New NY Bridge Project, and subject to certain limitations, (A) Additional Junior Indebtedness Obligations may be issued to pay for Project Costs of the Original Project, any Additional Junior Indebtedness Projects and any Other Authority Projects, and (B) Junior Indebtedness Refunding Obligations may be issued to refund Outstanding Senior Bonds, Junior Indebtedness Obligations and Subordinated Indebtedness. Such limitations include, but are not limited to, satisfaction of a coverage test or a not-to-exceed Aggregate Debt Service test. See "SOURCES OF PAYMENT AND SECURITY FOR THE JUNIOR INDEBTEDNESS OBLIGATIONS — Additional Junior Indebtedness Obligations, Junior Indebtedness Refunding Obligations and Other Indebtedness".

The pledge and lien created by the Junior Indebtedness Resolution for Junior Indebtedness Obligations is subordinate in all respects to any pledge or lien now or hereafter created for Senior Bonds (including Senior Bonds to be issued in the future) and is senior in all respects to any pledge or lien now or hereafter created for Subordinated Indebtedness.

New NY Bridge Project

The Authority is replacing the Tappan Zee Bridge, a critical Hudson River crossing north of New York City that carries approximately 50 million vehicles per year. In addition to being a major metropolitan New York transportation asset, the Tappan Zee Bridge is a key economic generator for New York, New Jersey, Connecticut, and Southern New England.

The design-build team constructing the New NY Bridge Project to replace the Tappan Zee Bridge, Tappan Zee Constructors, LLC ("Design-Build Contractor"), is a partnership of global firms that has strong financial capacity and a proven track record of successfully delivering complex, high profile mega projects, both individually and together as a team. The Authority gave the Design-Build Contractor notice-to-proceed on January 18, 2013 and pre-construction, construction and design activities have been proceeding pursuant to the terms and conditions of the design-build contract entered into with the Authority ("Design-Build Contract").

Substantial progress in the actual construction of the New NY Bridge Project has occurred. Through 2015, approximately $1.980 billion has been paid or is pending to be paid to the Design-Build Contractor. See "THE NEW NY BRIDGE PROJECT" for a current description of the project and the status of construction activities.

The primary sources of financing to construct the New NY Bridge Project will be proceeds of the issuances of Junior Indebtedness Obligations, the TIFIA Loan (described herein) as well as NYS Infrastructure Grant Contributions (as defined herein).

New York State Infrastructure Grant and Toll Related Initiatives

As part of an initiative to materially improve critical transportation infrastructure in the State and to moderate the future need for Thruway toll adjustments, the State in 2015, at Governor Cuomo's urging, appropriated $1.285 billion for general Thruway capital projects, including $535 million for system-wide projects and $750 million for the New NY Bridge Project.

Consistent with the Governor's 2016-2017 Executive Budget, the State's 2016-2017 enacted budget, passed by the Legislature on April 1, 2016 (the "State's 2016-2017 Enacted Budget") provides for an additional $700 million in grant moneys for investment in Thruway infrastructure. The $700 million in new grant moneys and the $1.285 billion from last year's enacted State budget are collectively referred to herein as "NYS Infrastructure Grant Contributions".

At the November 9, 2015 Board meeting the Authority announced that there will be no toll adjustments on the System, including the Tappan Zee Bridge, in 2016. In addition to no toll increase, the Authority announced the formation of the New NY Bridge Toll Advisory Task Force (the "Toll Advisory Task Force"). The Toll Advisory Task Force will review toll rates, potential commuter discount options, a resident discount program and commercial vehicle rates to secure additional funding for the New NY

Bridge Project. See "NEW YORK STATE INFRASTRUCTURE GRANT AND TOLL RELATED INITIATIVES".

At the Governor's initiative, the State's 2016-2017 Enacted Budget, included statutory authority transferring jurisdiction over the State Canal system from the Authority to the New York Power Authority (the "Power Authority"). Pursuant to the Legislation, the Canal Corporation will become a subsidiary of the Power Authority. See "NEW YORK STATE INFRASTRUCTURE GRANT AND TOLL RELATED INITIATIVES."

TIFIA Loan

Pursuant to the TIFIA Loan Agreement entered into between the US Department of Transportation, acting by and through the Federal Highway Administration (the "TIFIA Lender"), and the Authority, the Series 2013B Junior Indebtedness Obligation was issued in connection with a portion of the financing of the New NY Bridge Project. The Series 2013B Junior Indebtedness Obligation secured the loan from the TIFIA Lender in an aggregate principal amount not to exceed $1.6 billion (and in the same aggregate principal amount of the Series 2013A Junior Indebtedness Obligations). The proceeds of the TIFIA Loan are anticipated to be disbursed in a single draw in March, 2019, no later than one year after substantial completion of the twin-spans of the New NY Bridge Project; provided, that total disbursements under the TIFIA Loan cannot exceed 33% of all such eligible costs of the New NY Bridge Project. The Authority, as authorized in the First Supplemental Junior Indebtedness Resolution, has reserved the right to pay, but is not obligated to pay, all or a portion of the principal of the Series 2013A Junior Indebtedness Obligations when due from the proceeds of the TIFIA Loan. The Authority issued the Series 2013B Junior Indebtedness Obligation to secure its payment obligations under the TIFIA Loan Agreement and, accordingly, the TIFIA Loan is on a parity with the other Junior Indebtedness Obligations issued or to be issued by the Authority under the Junior Indebtedness Resolution, including the 2016A Junior Indebtedness Obligations (except with respect to any subaccount of the Debt Service Reserve Account specifically established for a particular Series of Junior Indebtedness Obligations). Pursuant to the TIFIA Loan Agreement and the Junior Indebtedness Resolution, no proceeds of Senior Bonds may be used to pay Project Costs of the New NY Bridge Project prior to its completion. For more information regarding the terms and conditions of the TIFIA Loan, see "**Appendix D** – Summary of Certain Provisions of the TIFIA Loan".

Projected Results

The Authority retained Jacobs Civil Consultant's Inc. (the "Traffic Engineer") to prepare a study (the "Traffic Engineer's Report") that analyzes the Authority's current operations, and projects financial results of the Authority's operations for the years 2016-2020. The forecast of traffic and revenues detailed in the Traffic Engineer's Report are based on the Authority's current toll schedule and other information provided by the Authority. The Traffic Engineer's Report identifies future revenues required for the Authority to meet its system-wide operating, debt service, and capital needs, as well as the contractual financial covenants contained in its Senior Resolution and Junior Indebtedness Resolution. The Traffic Engineer's forecast incorporates the additional $700 million in NYS Infrastructure Grants provided for in the State's 2016-2017 Enacted Budget and reflects the transfer of the State Canal system to the Power Authority. Future funding needs through 2020 were established by the Authority at amounts necessary to maintain levels of safety and service, good infrastructure conditions, support Thruway operations, and maintain the Authority's established debt service coverage policy targets. Canal capital and operating costs have been eliminated from the future funding needs of the Authority for 2017-2020, and all State Canal system costs on or after April 1, 2016 paid by the Authority from April 1, 2016 are assumed to be reimbursed by the Power Authority.

The projections summarized in the following table entitled "Projected Results" show the Traffic Engineer's findings for the years 2016 through 2020 and include the $700 million NYS Infrastructure Grant provided in the State's 2016-2017 Enacted Budget. The results of this analysis are included in the

Traffic Engineer's Report included in **Appendix A**, which should be read in its entirety. See "BUDGET AND CAPITAL PROGRAM; TRAFFIC ENGINEER'S REPORT – Projected Results."

	Projected Results (in millions)				
	Estimated Budget **2016**[1]	Estimated **2017**	Estimated **2018**	Estimated **2019**	Estimated **2020**
Total Revenue	$724.4	$732.3	$740.1	$748.1	$756.1
Operating Expenses	315.2	319.1	322.0	325.0	328.0
Net Revenue (A)	409.2	413.2	418.1	423.2	428.1
Senior Debt Service[2] (B)	227.2	235.7	209.1	224.2	227.3
Net Revenue after Senior Debt Service	182.0	177.5	208.9	199.0	200.8
Junior Debt Service (C)	28.0	52.6	79.2	67.6	68.0
Junior Debt Service Reserve Account	-0-	-0-	-0-	10.0	10.0
Senior Debt Service Coverage Ratio (A/B) [3]	1.80	1.75	2.00	1.89	1.88
Senior & Junior Debt Service Coverage Ratio (A/(B+C)) [3]	1.60	1.43	1.45	1.45	1.45

Source: Jacobs Civil Consultants, Inc. Traffic Engineer's Report dated April 20, 2016.

(1) Subject to final approval by the Authority Board.

(2) Reflects expectation of using a portion of the NYS Infrastructure Grants to fund an escrow account to fund principal payments of $36.4 million, $50.3 million and $60.4 million in 2018, 2019 and 2020, respectively.

(3) Board-adopted Fiscal Management Guidelines require a minimum 1.5x Senior Bond coverage ratio. The Senior Resolution requires the greater of 1.2x annual Senior Bond debt service or 1.0x Senior Bond debt service, required deposits to the Senior Debt Service Reserve Fund, amounts required to make Reserve Maintenance Payments, and amounts required to be deposited into the Junior Indebtedness Fund. The Junior Indebtedness Resolution requires a 1.2x combined annual Senior Bond debt service and annual Junior Indebtedness Obligation debt service.

Note: Totals may not add due to rounding.

Ratings

Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Services ("S&P") have rated the Series 2016A Junior Indebtedness Obligations "A3" and "A-", respectively. See "RATINGS."

OFFICIAL STATEMENT

$850,000,000
New York State Thruway Authority
General Revenue Junior Indebtedness Obligations
Series 2016A

Albany, New York
May 5, 2016

INTRODUCTION

The purpose of this Official Statement, including the cover and inside cover pages, the summary statement and appendices, is to set forth information with respect to the General Revenue Junior Indebtedness Obligations, Series 2016A (the "Series 2016A Junior Indebtedness Obligations"), of the New York State Thruway Authority (the "Authority"). The Series 2016A Junior Indebtedness Obligations are authorized by the New York State Thruway Authority Act, as amended, Title 9 of Article 2 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York (the "Act"). The Series 2016A Junior Indebtedness Obligations are authorized to be issued under and pursuant to the Authority's Resolution Authorizing General Revenue Junior Indebtedness Obligations, adopted on November 7, 2013, as amended on August 6, 2014 (such resolution as from time to time amended or supplemented being herein called the "Junior Indebtedness Resolution"), including as supplemented by the Fifth Supplemental Junior Indebtedness Resolution Authorizing General Revenue Junior Indebtedness Obligations, Series 2016A (the "Fifth Supplemental Junior Indebtedness Resolution"), adopted by the Authority on February 23, 2016.

The Series 2016A Junior Indebtedness Obligations are special obligations of the Authority and are secured as to the payment of principal, premium, if any, and interest thereon by a pledge of the Revenues primarily derived from tolls and other revenues of the Authority from the operation of the Thruway System (as defined herewith), as such term is defined in the Junior Indebtedness Resolution, and certain funds and accounts established under the Junior Indebtedness Resolution. The pledge and lien created by the Junior Indebtedness Resolution for Junior Indebtedness Obligations is subordinate in all respects to any pledge or lien now or hereafter created for Bonds ("Senior Bonds") issued under the Authority's General Revenue Bond Resolution adopted on August 3, 1992, amended on January 5, 2007 (as further amended and supplemented, the "Senior Resolution") and is senior in all respects to any pledge or lien now or hereafter created for Subordinated Indebtedness. The Series 2016A Junior Indebtedness Obligations are the third issuance of Junior Indebtedness Obligations under the Junior Indebtedness Resolution. A summary of certain provisions of the Junior Indebtedness Resolution, together with certain defined terms used therein, in the Senior Resolution and in this Official Statement, is contained in **Appendix C** hereto.

See "THE NEW NY BRIDGE PROJECT" and "PLAN OF FINANCE" below for an explanation of the role of Junior Indebtedness Obligations, in general, and the Series 2016A Junior Indebtedness Obligations in particular, in financing the cost of constructing and equipping the New NY Bridge Project.

THE AUTHORITY

The Authority, a body corporate and politic constituting a public corporation, created in 1950 by the Act, is empowered to finance, construct, operate and maintain as a toll facility, and to improve and reconstruct, the Governor Thomas E. Dewey Thruway. In addition, pursuant to Chapter 766 of the Laws of New York of 1992 and other authorizations, the Authority, among other things, (i) has jurisdiction of and operational and financing authority over the State Canal system, (ii) will finance and undertake specified economic development transportation projects in the State and (iii) may undertake certain financings on behalf of the State for transportation purposes.

History

In 1942, the State's leaders recognized that the State's highway system would not be adequate for post-war needs and ordered the planning of a superhighway system through the major travel corridors of the State. In 1944, the State Legislature authorized the State Bureau of Public Works (the predecessor of the New York State Department of Transportation) to proceed with construction of the Thruway. Governor Thomas E. Dewey broke ground for the Thruway in 1946. In May 1948, the first section, four miles between Canandaigua and Victor near Rochester, was opened. By 1950, approximately $25 million of State funds had been spent on the Thruway. A special committee of State officials from whom Governor Dewey sought advice urged that it become a toll highway operated by an independent public authority.

In 1950, the Legislature created the Authority to construct, operate and maintain the Thruway. It was financed primarily through the issuance of $500,000,000 of State Guaranteed Bonds and $472,000,000 of Prior General Revenue Bonds, all of which have been paid in full and are no longer outstanding. The revenue to retire these bonds was generated primarily from tolls. In June 1954, the first toll section, a 115-mile stretch from Lowell (west of Utica) to Rochester, was opened. The 416-mile mainline was completed in 1956 and in 1964 it was given Governor Dewey's name in recognition of his role in its development.

In 1992 and 1993, legislation was adopted which, among other things, created and transferred jurisdiction of the State Canal system to a subsidiary corporation of the Authority and authorized the Authority to assist in or finance the development of certain projects. As noted below, the State's 2016-2017 Enacted Budget included legislation transferring jurisdiction of the State Canal system to the New York Power Authority (the "Power Authority").

Powers

The Authority is authorized under the Act to establish and collect such tolls and charges as may be convenient or necessary to produce at all times sufficient revenues to meet its expenses of maintenance and operation, to pay, as the same shall become due, the principal of and interest on the Senior Bonds and Junior Indebtedness Obligations and to fulfill the terms of any agreement made with the holders of Senior Bonds and Junior Indebtedness Obligations until such Senior Bonds and Junior Indebtedness Obligations and the interest thereon are fully met and discharged. Under the Senior Resolution and the Junior Indebtedness Resolution, tolls shall remain in effect until all of the Senior Bonds and Junior Indebtedness Obligations, as applicable, have been retired.

Under the Act, the powers of the Authority include, among others, the power to maintain, reconstruct and operate the Thruway so long as its corporate existence shall continue; and, in addition, to construct and maintain facilities for the public not inconsistent with the appropriate use of the Thruway, to contract for such construction, and to lease the right to construct and use such facilities on such terms and for such considerations as it determines.

Title to the real property utilized by the Authority is vested in the State, but the Authority has the right, so long as its corporate existence shall continue, to possess, use and dispose of all real property and rights therein. The Authority has the power to acquire, hold and dispose of personal property for its corporate purposes. The Authority has no taxing power.

Outstanding Indebtedness

The Authority has been authorized under the Act to issue its bonds and notes to fund a portion of the capital needs of the Authority. As of January 4, 2016 the Authority has outstanding under the Senior Resolution $3,224,340,000 aggregate principal amount of Senior Bonds.

The Series 2016A Junior Indebtedness Obligations will be the third Series of Junior Indebtedness Obligations issued by the Authority. On December 18, 2013, the Authority issued $1,600,000,000 of General Revenue Junior Indebtedness Obligations, Series 2013A (the "Series 2013A Junior Indebtedness Obligations") pursuant to the Junior Indebtedness Resolution. In addition, in order to secure the Authority's obligations under a loan agreement (the "TIFIA Loan Agreement") with the United States Department of Transportation, acting through the Federal Highway Administration ("USDOT"), whereby USDOT is loaning up to $1,600,000,000 (the "TIFIA Loan") to the Authority, the Authority on December 19, 2013 issued its General Revenue Junior Indebtedness Obligations, Series 2013B (the "Series 2013B Junior Indebtedness Obligations"). The Authority has reserved the right to pay, but is not obligated to pay, all or a portion of the principal of the Series 2013A Junior Indebtedness Obligations when due on May 1, 2019 from the proceeds of the TIFIA Loan. The Authority expects to issue multiple Series of Junior Indebtedness Obligations to finance the costs of the New NY Bridge Project. See the category of "Proposed Debt Issuances by Year" in the chart entitled "Projected Results" under "BUDGET AND CAPITAL PROGRAM; TRAFFIC ENGINEER'S REPORT". The Authority has covenanted under the TIFIA Loan Agreement that Junior Indebtedness Obligations will only be used to finance construction and equipping of the New NY Bridge Project through the substantial completion of that project, and that no proceeds of Senior Bonds will be applied to pay costs of construction and equipping of the New NY Bridge Project. See "INVESTMENT CONSIDERATIONS" for additional discussion relating to the New NY Bridge Project and the TIFIA Loan.

In 2012, the Authority entered into an agreement with Citibank, N.A. for a revolving loan in an aggregate amount not to exceed $60 million. The loan matures in 2017 and may be pre-paid at any time by the Authority without penalty. As of December 31, 2015, the Authority has borrowed $32 million via the revolving loan to reconstruct portions of the Canal system damaged or destroyed by Hurricane Irene and Tropical Storm Lee. The Authority's obligation to repay the revolving loan is secured by a note constituting Subordinate Indebtedness under the Senior Resolution through a pledge of revenues available in the General Reserve Fund, as well as federal (FEMA) grant funds. Pursuant to the State's 2016-2017 Enacted Budget, the Authority will continue to repay the revolving loan, and will continue to be the grant recipient of the FEMA grants for reimbursement. As of March 21, 2016, the Authority had received $7,645,184 in FEMA reimbursements. *This obligation is subordinate to all Senior Bonds and all Junior Indebtedness Obligations and is payable solely from the Authority's General Reserve Fund.*

The Authority regularly reviews the interest rates borne by its outstanding Senior Bonds and the redemption provisions thereof in light of current market conditions and the restrictions of federal tax law with a view towards reducing aggregate debt service expenses by appropriately timed and sized refundings.

Members and Officers

The Act provides that the Authority consists of a Board of seven members appointed by the Governor of the State, with the advice and consent of the State Senate. Board members serve for terms of nine years each. Vacancies in the Authority occurring other than by expiration of term are filled for the remainder of the unexpired term in the manner previously stated. Pursuant to the New York State Public Officers Law, members of the Authority whose terms have expired continue to serve until a successor is appointed and qualified. The members of the Authority receive no salary but are reimbursed for their necessary expenses incurred in connection with their duties. There are currently two vacancies on the Board. The Chair serves in that capacity for the full term of his/her appointment as a member of the Authority. The members of the Authority may appoint other officers. The present members of the Board and the expiration dates of their terms of office are as follows:

Name	Expiration of Term
Joanne M. Mahoney	January 1, 2020
José Holguín-Veras	December 12, 2018
Donna J. Luh	June 22, 2017
J. Donald Rice, Jr.	June 13, 2018
Richard N. Simberg	September 14, 2017

The present officers of the Authority are as follows:

Name	Office
Joanne M. Mahoney	Chair
Donna J. Luh	Vice Chair
Maria Lehman, P.E.	Interim Executive Director
Matthew A. Howard	Treasurer
William F. McDonough	Assistant Treasurer
Kathy M. LeFave	Secretary
Keith Fragomeni	Assistant Secretary
Maria Lehman	Assistant Secretary
Jerry Yomoah	Assistant Secretary

Maria Lehman, P.E. is the Interim Executive Director and Chief Operating Officer of the New York State Thruway Authority and the New York State Canal Corporation. Matthew A. Howard serves as Chief Financial Officer of the Authority. Gordon J. Cuffy, Esq. serves as the General Counsel to the Authority. See "AUTHORITY GOVERNANCE, FACILITIES AND OPERATIONS" for additional detail on the Board membership and senior staff at the Authority.

THE NEW NY BRIDGE PROJECT

General

The Tappan Zee Bridge is a major state and regional crossing of the Hudson River, and has historically been a significant source of toll revenues for the Thruway System since it opened to traffic in 1955. In 2015, the Tappan Zee Bridge generated $140.9 million of toll revenue and carried approximately 50 million vehicles. Over the years, the Tappan Zee Bridge has been the subject of numerous replacement studies due to growing congestion and aging of its structural components. Opened in 1955, the Tappan Zee Bridge was built to last only 50 years. It is a vital Hudson River crossing in the dense core of the Northeast with no nearby alternative crossings and is servicing traffic that is 40% more than it was designed to handle. In addition, the current bridge has no shoulders for emergency services or disabled vehicles, no mass transit capability and seismic and other structural deficiencies exist (below current standards). After many years of study and debate, a final project scope was developed in 2011 that would deliver a realistic, affordable and expedited bridge replacement project.

In 2011, the New NY Bridge Project was advanced to replace the Tappan Zee Bridge. The project includes the construction of twin bridge spans that will replace existing structural deficiencies that require ongoing extraordinary maintenance, address longstanding safety concerns, and provide sufficient capacity to serve current usage safely and allow for future economic growth. Because of its national and regional importance, the New NY Bridge Project was named one of fourteen infrastructure projects that President Obama selected for expedited federal environmental review.

The New NY Bridge Project is designed to provide:

- At least a 100-year design life before major maintenance is required, greatly improving operational efficiencies and lowering life-cycle costs;
- Four travel lanes in each direction to match the highway approaches on either side of the Hudson River;
- Dedicated bus lanes during commuter rush hours;
- A structural envelope with the strength and capacity to allow for potential future transit modes, including commuter rail, light rail and/or bus rapid transit service;
- Conformance with current seismic, safety, security and geometric requirements;
- Adequate shoulders to properly manage traffic incidents and emergencies;
- All Electronic Tolling and reconfigured toll plazas to reduce barrier-related congestion;
- Enhanced environmental features that will lessen long term impacts on the Hudson River; and
- Accommodation for bike/pedestrian use.

The following illustrates the design elements of the New NY Bridge Project:

1) View of the Hudson River looking west toward Rockland County:

2) View of the Shared Use Pedestrian/Bike Path and Bridge Deck:

To advance the New NY Bridge Project on an accelerated pace, the Authority pursued a parallel environmental review and procurement process that is serving as a national model for the delivery of mega-transportation projects. On December 9, 2011, Governor Andrew M. Cuomo signed the "Infrastructure Investment Act of 2011" permitting the use of design-build contracts for certain government procurements, paving the way for a design-build procurement for the New NY Bridge Project. The Federal Highway Administration, the lead federal agency in the environmental review process, signed the final Environmental Impact Statement for the New NY Bridge Project on July 25, 2012. The Joint Record of Decision and State Environmental Quality Review Act Findings Statement were both signed by the Federal Highway Administration on September 25, 2012, completing the National Environmental Policy Act ("NEPA") approval process in approximately eleven months.

The Authority initiated a design-build procurement process and in December 2012, the review process of the three submitted proposals was completed and the Authority Board authorized the award of a $3.14 billion design-build contract ("Design-Build Contract") to Tappan Zee Constructors, LLC ("TZC LLC" or "Design-Build Contractor"). TZC LLC received notice to proceed on the New NY Bridge Project in January 2013. TZC LLC is a special purpose joint venture of Fluor Enterprises, Inc., American Bridge Company, Granite Construction Northeast, Inc. and Traylor Brothers Inc.

The fixed-price, date-certain, Design-Build Contract with the Authority transfers significant risk for the design and construction of the New NY Bridge Project to TZC LLC. The key risks associated with the New NY Bridge Project involve geotechnical conditions due to the large number of pilings in the riverbed. The Design-Build Contract effectively transfers the risks of changed geotechnical conditions to TZC LLC. Other major risks, such as commodity price escalation, design interfaces, and labor relations also have been contractually transferred to TZC LLC or are addressed through the Project Labor Agreement. Risks associated with completion delay and traffic or toll collection interruption are borne by TZC LLC and are subject to an extensive liquidated damages regime. TZC LLC is responsible for substantial completion of the project by 2018.

TZC LLC's performance is secured by a construction security package that includes a joint and several guarantee of TZC LLC's performance from its members, including a parent guarantee from Fluor Corp. which has credit ratings of "A-", "A3" and "A-" from Standard & Poor's Rating Services, Moody's Investors Service and Fitch Ratings, respectively, with a stable outlook. The construction security package also includes surety bonds for payment and performance of approximately $1.5 billion each, contractual liquidated damages for delays in completing major project milestones and for lane closures, and a maximum liability cap of 50% of the contract price.

On October 16, 2013, formal construction began with installation of the first permanent piles that will comprise the foundation of the New NY Bridge Project. Construction in progress as of February, 2016 includes: concrete piers which support the structural steel girders of the spans are 63% completed, 67% of the structural steel girders have been fabricated, 50% of bridge deck panels have been fabricated, and 36% of the concrete for the main towers of the spans has been poured. The project schedule estimates that the new north (westbound) span will open in 2017, at which point all traffic will be moved off of the existing Tappan Zee Bridge and onto the new north span.

The new north span is designed to accommodate all existing Tappan Zee Bridge traffic, with no decrease in capacity due to a larger deck capacity than the existing Tappan Zee Bridge, which assures full traffic-carrying capacity throughout construction. During construction of the new south (eastbound) span, which is scheduled to open at the project's substantial completion in 2018, the existing Tappan Zee Bridge will be deconstructed.

All-electronic toll collection ("AETC") was implemented at the existing Tappan Zee Bridge beginning April 24, 2016. Implementing AETC offers the Authority's patrons advantages including reduced travel times, enhanced safety and improved traffic flow, and provides environmental benefits by limiting idling and reducing delays, as vehicles no longer have to stop at a toll plaza; instead, overhead gantries detect E-ZPass or use cameras to read license plates of non-E-ZPass customers who are later billed by mail. In the opinion of the Authority's Traffic Engineers, AETC will result in (i) small traffic changes and payment type shifts, and (ii) some uncollectable revenues associated with video tolling. This is in addition to the lag in time to allow for video toll revenues collection. Video toll enforcement is expected to be enhanced by a new regulation enacted by the State on January 20, 2016 authorizing the Department of Motor Vehicles to suspend the registrations of New York State drivers with five or more toll violations in 18 months. See **Appendix A —** "Report of Traffic Engineer".

During the entire time the twin bridge spans are constructed, tolls will continue to be collected across the Thruway System (including the existing Tappan Zee Bridge or the north span of the New NY Bridge Project).

Under the Design-Build Contract, the key risks retained by the Authority involve exposure for any pre-existing contamination not previously disclosed to the contractor, errors in geotechnical data at specific locations, and changes in law or regulation, such as those related to Homeland Security considerations or changes in the Authority's specifications and unforeseen costs associated with delay. The completion of dredging has largely mitigated risks associated with contamination and the validity of earlier test boring data has been confirmed. For changes in law, unforeseen costs associated with delay or other factors, and any potential owner-directed changes, the Authority's cost estimate includes over $650 million of contingency and allowances – over 20% of the underlying $3.14 billion Design-Build Contract price. As noted above, full toll collection will be maintained throughout the construction process and even if completion is delayed.

The Authority entered into a TIFIA Loan Agreement on December 19, 2013 with the United States Department of Transportation (acting by and through the Federal Highway Administrator) authorizing a loan for an amount up to $1.6 billion (the "TIFIA Loan"). The TIFIA Loan is secured by the Series 2013B Junior Indebtedness Obligation and bears an interest rate of 3.89% per annum. The Series 2013B Junior Indebtedness Obligation securing the TIFIA Loan is on parity with all other Junior Indebtedness Obligations issued or incurred and outstanding, or to be issued or incurred by the Authority under the Junior Indebtedness Resolution (except with respect to any subaccount of the Debt Service Reserve Account specifically established for a particular Series of Junior Indebtedness Obligations). The Authority anticipates drawing on the TIFIA Loan in March, 2019. The Authority has reserved the right to pay, but is not obligated to pay, all or a portion of the principal of the Series 2013A Junior Indebtedness Obligations when due from the proceeds of the TIFIA Loan.

The Authority expects to issue additional Series of Junior Indebtedness Obligations to finance a substantial portion of the costs of the New NY Bridge Project. See the category of "Proposed Debt Issuances by Year – Junior Indebtedness" in the chart under "Projected Results" below for the current planned issuances of Junior Indebtedness Obligations to finance the New NY Bridge Project.

Thruway Authority Interim Executive Director, Maria Lehman, P.E. serves as Project Executive, and Jamey Barbas, P.E. serves as Project Director for the New NY Bridge Project. Additional information regarding the New NY Bridge Project can be found at www.newnybridge.com. No statement on the foregoing website or any other website is included by specific cross-reference herein.

PLAN OF FINANCE

The Series 2016A Junior Indebtedness Obligations are being issued (i) to fund a portion of the cost of the construction of the New NY Bridge Project, (ii) to pay capitalized interest on the Series 2016A Junior Indebtedness Obligations, (iii) to make a deposit to the Series 2016A Subaccount of the Junior Indebtedness Debt Service Reserve Account, and (iv) to pay the Costs of Issuance of the Series 2016A Junior Indebtedness Obligations. See "SOURCES AND USES OF FUNDS".

The Series 2016A Junior Indebtedness Obligations are the third Series of Junior Indebtedness Obligations to be issued pursuant to the Junior Indebtedness Resolution. On December 18, 2013, the Authority issued $1,600,000,000 of General Revenue Junior Indebtedness Obligations, Series 2013A (the "Series 2013A Junior Indebtedness Obligations") pursuant to the Junior Indebtedness Resolution. In addition, in order to secure the Authority's obligations under a loan agreement (the "TIFIA Loan Agreement") with the United States Department of Transportation, acting through the Federal Highway Administration ("USDOT"), whereby USDOT is loaning up to $1,600,000,000 (the "TIFIA Loan") to the Authority, the Authority on December 19, 2013 issued its General Revenue Junior Indebtedness Obligations, Series 2013B (the "Series 2013B Junior Indebtedness Obligations"). The Authority has reserved the right to pay, but is not obligated to pay, all or a portion of the principal of the Series 2013A Junior Indebtedness Obligations when due on May 1, 2019 from the proceeds of the TIFIA Loan. The Authority has covenanted under the TIFIA Loan Agreement that Junior Indebtedness Obligations will only be used to finance construction and equipping of the New NY Bridge Project through the substantial completion of that project, and that no proceeds of Senior Bonds will be applied to pay costs of construction and equipping of the New NY Bridge Project prior to its completion. See "INVESTMENT CONSIDERATIONS" for additional discussion relating to the New NY Bridge Project and the TIFIA Loan. *All Junior Indebtedness Obligations issued under the Junior Indebtedness Resolution are issued on a parity with each other except for any subaccount of the Junior Indebtedness Debt Service Reserve Account which shall only secure the Series of Junior Indebtedness Obligations for which it was established. The first such subaccount is being established and funded with a portion of the proceeds of the Series 2016A Junior Indebtedness Obligations to additionally secure the Series 2016A Junior Indebtedness Obligations.*

The Authority expects to issue multiple Series of Junior Indebtedness Obligations to finance the costs of the New NY Bridge Project. See the category of "Proposed Debt Issuances by Year" in the chart entitled "Projected Results" under "BUDGET AND CAPITAL PROGRAM; TRAFFIC ENGINEER'S REPORT". Additional sources of funding for the New NY Bridge Project include revenues on a pay-as-you-go basis, NYS Infrastructure Grant Contributions and other funds available to the Authority. Pursuant to the TIFIA Loan Agreement and the Junior Indebtedness Resolution, no proceeds of Senior Bonds may be used to pay Project Costs of the New NY Bridge Project. Senior Bonds are expected to be issued by the Authority from time-to-time to pay a portion of the costs of the Authority's ongoing capital program to keep the remaining portions of the Thruway System in a state of good repair.

[Remainder of page intentionally left blank]

SOURCES AND USES OF FUNDS

The proceeds received from the sale of the Series 2016A Junior Indebtedness Obligations are expected to be applied in the following approximate amounts:

Sources of Funds	
Principal Amount of Series 2016A Junior Indebtedness Obligations	$850,000,000.00
Original Issue Premium	128,736,144.00
Total Sources of Funds	$978,736,144.00
Uses of Funds	
Deposit to Series 2016A Junior Indebtedness Construction Account	$857,884,728.34
Junior Indebtedness Capitalized Interest[(1)]	53,558,047.38
Deposit to the Series 2016A Subaccount of the Junior Indebtedness Debt Service Reserve Account	62,213,425.00
Costs of Issuance	630,000.00
Underwriters' Discount	4,449,943.28
Total Uses of Funds	$978,736,144.00

[(1)] Such capitalized interest will be deposited in the Series 2016A Junior Indebtedness Construction Account.

[Remainder of page intentionally left blank]

AGGREGATE ANNUAL DEBT SERVICE REQUIREMENTS

The following schedule sets forth, for each 12-month period of the years shown, the amounts required to be paid by the Authority for the Debt Service for the Outstanding Senior Bonds, the Outstanding Series 2013A Junior Indebtedness Obligations, the Series 2016A Junior Indebtedness Obligations, and the aggregate Senior Bond and Junior Indebtedness Obligations Debt Service after issuance of the Series 2016A Junior Indebtedness Obligations.

		Junior Indebtedness Obligations				
Calendar Year[(1)]	**Total Senior Bond Debt Service**	**Outstanding Junior Indebtedness Obligations Debt Service[(2)]**	**Series 2016A Principal**	**Series 2016A Interest[(3)]**	**Total Junior Indebtedness Obligations Debt Service**	**Aggregate Senior Bond and Junior Indebtedness Obligations Debt Service**
2016	$227,795,013	-	-	$26,048,591	$ 26,048,591	$253,843,603
2017	236,371,463	-	-	40,949,750	40,949,750	277,321,213
2018	241,201,563	$79,516,900	-	-	79,516,900	320,718,463
2019	261,702,913	26,505,633	-	27,299,833	53,805,467	315,508,379
2020	261,699,713	-	$ 250,000	40,949,750	41,199,750	302,899,463
2021	261,699,113	-	250,000	40,942,250	41,192,250	302,891,363
2022	261,697,113	17,810,847	250,000	40,932,250	58,993,097	320,690,210
2023	261,696,463	71,355,443	250,000	40,922,250	112,527,693	374,224,155
2024	261,697,013	76,216,418	2,000,000	40,912,250	119,128,668	380,825,680
2025	261,698,313	81,796,463	4,000,000	40,812,250	126,608,713	388,307,026
2026	261,701,563	82,558,759	6,000,000	40,612,250	129,171,009	390,872,571
2027	261,701,250	84,191,838	8,000,000	40,312,250	132,504,088	394,205,338
2028	261,695,250	85,725,301	10,000,000	39,912,250	135,637,551	397,332,801
2029	261,702,713	86,740,649	12,000,000	39,412,250	138,152,899	399,855,611
2030	263,316,663	89,677,593	14,000,000	38,812,250	142,489,843	405,806,506
2031	263,315,494	105,912,777	16,000,000	38,112,250	160,025,027	423,340,521
2032	131,918,744	108,316,141	17,330,000	37,312,250	162,958,391	294,877,135
2033	131,921,813	110,200,572	18,195,000	36,445,750	164,841,322	296,763,135
2034	131,922,006	110,941,700	19,105,000	35,536,000	165,582,700	297,504,707
2035	131,911,288	116,855,726	20,060,000	34,580,750	171,496,476	303,407,764
2036	131,919,094	118,916,383	21,065,000	33,577,750	173,559,133	305,478,227
2037	95,696,931	120,633,460	21,910,000	32,735,150	175,278,610	270,975,541
2038	95,697,806	121,369,762	22,785,000	31,858,750	176,013,512	271,711,318
2039	95,694,519	121,071,251	23,925,000	30,719,500	175,715,751	271,410,269
2040	95,699,050	121,038,013	25,120,000	29,523,250	175,681,263	271,380,313
2041	95,696,944	122,357,687	26,375,000	28,267,250	176,999,937	272,696,881
2042	23,074,994	122,326,487	27,695,000	26,948,500	176,969,987	200,044,981
2043	23,075,044	122,360,984	29,080,000	25,563,750	177,004,734	200,079,778
2044	-	122,368,237	30,535,000	24,109,750	177,012,987	177,012,987
2045	-	122,238,823	32,060,000	22,583,000	176,881,823	176,881,823
2046	-	122,346,554	33,665,000	20,980,000	176,991,554	176,991,554
2047	-	122,041,820	35,245,000	19,396,750	176,683,570	176,683,570
2048	-	122,693,995	36,910,000	17,734,500	177,338,495	177,338,495
2049	-	122,534,710	38,655,000	15,989,000	177,178,710	177,178,710
2050	-	122,947,630	40,485,000	14,156,250	177,588,880	177,588,880
2051	-	122,728,975	42,410,000	12,232,000	177,370,975	177,370,975
2052	-	122,906,825	44,385,000	10,255,475	177,547,300	177,547,300
2053	-	-	54,035,000	8,175,263	62,210,263	62,210,263
2054	-	-	56,625,000	5,588,425	62,213,425	62,213,425
2055	-	-	59,345,000	2,865,613	62,210,613	62,210,613
2056	-	-	-	-	-	-
Total[(4)]	$5,294,919,838	$3,407,204,357	$850,000,000	$1,134,077,349	$5,391,281,706	$10,686,201,543

(1) Includes principal and interest due January 1 of the following calendar year.

(2) This column reflects the special debt service treatment accorded to the Series 2013A Junior Indebtedness Obligations in the Authority's Certificate of Determination related to the First Supplemental Resolution, pursuant to which the Series 2013A Junior Indebtedness Obligations were issued. Payment of the entire principal of the Series 2013A Junior Indebtedness Obligations which is due on May 1, 2019, is expected to be made from a draw on the TIFIA Loan or from other available moneys of the Authority, or a combination thereof. Series 2013A Junior Indebtedness Obligations interest shown net of capitalized interest.

(3) Series 2016A Junior Indebtedness Obligations interest shown net of capitalized interest.

(4) Totals may not add due to rounding.

DESCRIPTION OF THE SERIES 2016A JUNIOR INDEBTEDNESS OBLIGATIONS

General

The Series 2016A Junior Indebtedness Obligations will be dated their date of delivery, will bear interest at the rates per annum and will mature, subject to optional and mandatory redemption as described below, on the dates and in the principal amounts set forth on the inside cover page of this Official Statement. Interest on the Series 2016A Junior Indebtedness Obligations will be payable semiannually on January 1 and July 1 of each year, commencing on January 1, 2017. The Series 2016A Junior Indebtedness Obligations are issuable only as fully registered bonds without coupons, in denominations of $5,000 or any integral multiple thereof.

Book-Entry Only System

The Series 2016A Junior Indebtedness Obligations will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). The Series 2016A Junior Indebtedness Obligations will be held in book-entry only form. Principal of and premium, if any, and interest on the Series 2016A Junior Indebtedness Obligations will be payable through The Bank of New York Mellon, as paying agent (the "Paying Agent"). The Bank of New York Mellon is also serving as trustee (the "Trustee") under the Junior Indebtedness Resolution and the Senior Resolution. Purchases from DTC of beneficial interests in the Series 2016A Junior Indebtedness Obligations will be made in book-entry only form (without certificates) in the principal amount of $5,000 or any integral multiple of $5,000 in excess thereof. For so long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2016A Junior Indebtedness Obligations, payments of the principal of, premium, if any, and interest on the Series 2016A Junior Indebtedness Obligations will be made directly to DTC. Disbursement of such payment to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, each such term as hereinafter defined. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2016A JUNIOR INDEBTEDNESS OBLIGATIONS, AS NOMINEE FOR DTC, REFERENCES HEREIN TO HOLDERS OR OWNERS OF THE SERIES 2016A JUNIOR INDEBTEDNESS OBLIGATIONS (OTHER THAN UNDER THE CAPTION "TAX MATTERS" AND "CONTINUING DISCLOSURE UNDER RULE 15c2-12" HEREIN) SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2016A JUNIOR INDEBTEDNESS OBLIGATIONS.

See **Appendix E —** "BOOK-ENTRY ONLY SYSTEM".

Redemption Provisions

The Series 2016A Junior Indebtedness Obligations are subject to optional and mandatory redemption as described below. In addition, the State may, upon furnishing sufficient funds therefore, require the Authority to redeem the Junior Indebtedness Obligations as provided in the Act. See **Appendix C —** "Summary of Certain Provisions of Junior Indebtedness Resolution and the Senior Resolution — Redemption of Bonds".

Optional Redemption. The Series 2016A Junior Indebtedness Obligations maturing on or before January 1, 2026 are not subject to optional redemption prior to maturity. The Series 2016A Junior Indebtedness Obligations maturing on or after January 1, 2027 are subject to redemption prior to maturity at any time on or after January 1, 2026, at the option of the Authority, as a whole or in part in the principal amounts and from the maturities selected by the Authority, at par, plus accrued interest to the redemption date.

Mandatory Redemption. The Series 2016A Junior Indebtedness Obligations maturing on January 1, 2041 (the "2041 Term Bond"), on January 1, 2046 (the "2046 Term Bond"), on January 1, 2051 (the "2051 Term Bond"), on January 1, 2051 and bearing interest at 4.00% (the "2051 4% Term Bond"), on January 1, 2056 (the "2056 Term Bond") and on January 1, 2056 and bearing interest at 4.00% (the "2056 4% Term Bond") are also subject to redemption, in part, on January 1 of the years and in the respective principal amounts set forth below, at 100% of the principal amount thereof, plus accrued interest to the date of redemption, from mandatory Sinking Fund Installments which are required to be paid in amounts sufficient to redeem on January 1 of the following years the principal amount of Series 2016A Junior Indebtedness Obligations specified for each of the years shown below:

2041 Term Bond

Year	Sinking Fund Installments
2039	$22,785,000
2040	23,925,000
2041	25,120,000†

2046 Term Bond

Year	Sinking Fund Installments
2042	$26,375,000
2043	27,695,000
2044	29,080,000
2045	30,535,000
2046	32,060,000†

2051 Term Bond

Year	Sinking Fund Installments
2047	$23,665,000
2048	25,245,000
2049	26,910,000
2050	28,655,000
2051	30,485,000†

2051 4% Term Bond

Year	Sinking Fund Installments
2047	$10,000,000
2048	10,000,000
2049	10,000,000
2050	10,000,000
2051	10,000,000†

2056 Term Bond

Year	Sinking Fund Installments
2052	$22,410,000
2053	24,385,000
2054	34,035,000
2055	36,625,000
2056	39,345,000†

2056 4% Term Bond

Year	Sinking Fund Installments
2052	$20,000,000
2053	20,000,000
2054	20,000,000
2055	20,000,000
2056	20,000,000†

† Final maturity.

In satisfaction, in whole or in part, of any Sinking Fund Installment, the Authority may deliver to the Trustee at least 45 days prior to the date of such Sinking Fund Installment, for cancellation, Junior Indebtedness Obligations acquired by purchase or redemption, except Junior Indebtedness Obligations acquired by purchase or redemption pursuant to certain provisions of the Junior Indebtedness Resolution, of the same series, maturity and interest rate entitled to such Sinking Fund Installment. All Junior Indebtedness Obligations so delivered to the Trustee in satisfaction of a Sinking Fund Installment shall reduce the amount thereof by the amount of the aggregate principal amount of such Junior Indebtedness

Obligations. Upon any purchase or redemption of Junior Indebtedness Obligations for which Sinking Fund Installments have been established with moneys in the Series 2016A Subaccount of the Junior Indebtedness Debt Service Payment Account of the Junior Indebtedness Fund, there shall be credited toward each such Sinking Fund Installment thereafter to become due (other than that next due), unless otherwise directed by the Authority, an amount bearing the same ratio to such Sinking Fund Installment as the total principal amount of such Junior Indebtedness Obligations so purchased or redeemed bears to the total amount of all remaining Sinking Fund Installments for the Series 2016A Junior Indebtedness Obligations of the same maturity.

Selection of Junior Indebtedness Obligations to be Redeemed. In the case of redemption of less than all of the Series 2016A Junior Indebtedness Obligations, the Authority will select the maturities of the Series 2016A Junior Indebtedness Obligations to be redeemed. If less than all of the Series 2016A Junior Indebtedness Obligations of a maturity are to be redeemed, the Trustee shall select the Outstanding Junior Indebtedness Obligations of such maturity to be redeemed, using such method of selection as it shall consider proper in its discretion.

Notice of Redemption. The Trustee is to give notice of the redemption of the Series 2016A Junior Indebtedness Obligations in the name of the Authority. Such notice shall be given by first-class mail, postage prepaid, not less than thirty (30) days nor more than forty-five (45) days prior to the redemption date to the registered owners of any Series 2016A Junior Indebtedness Obligations which are to be redeemed, at their last known addresses appearing on the registration books of the Authority. The failure of any owner of a Series 2016A Junior Indebtedness Obligation to be redeemed to receive notice of redemption thereof will not affect the validity of the proceedings for the redemption of such Series 2016A Junior Indebtedness Obligations.

The notice of an optional redemption required by the Junior Indebtedness Resolution to be given shall not be given with respect to Junior Indebtedness Obligations to be redeemed pursuant to the Junior Indebtedness Resolution (other than any notice referring to Junior Indebtedness Obligations to be refunded) unless prior to the date such notice is to be given, the Authority shall have paid or caused to be paid to the Trustee (i) an amount of money which, in addition to other money available therefor held by the Trustee, is sufficient to redeem such Junior Indebtedness Obligations on the Redemption Date at the Redemption Price thereof, and (ii) accrued interest to the Redemption Date on all of the Junior Indebtedness Obligations to be so redeemed.

If on the redemption date moneys for the redemption of the Series 2016A Junior Indebtedness Obligations to be redeemed, together with interest thereon to the redemption date, are held by the Trustee so as to be available for payment of the Redemption Price, and if notice of redemption shall have been given, then interest on the Series 2016A Junior Indebtedness Obligations to be redeemed will cease to accrue from and after the Redemption Date and such Series 2016A Junior Indebtedness Obligations will no longer be considered to be Outstanding under the Junior Indebtedness Resolution.

SOURCES OF PAYMENT AND SECURITY FOR THE JUNIOR INDEBTEDNESS OBLIGATIONS

Authorized Projects

In order to finance the projects included within the Authority's responsibilities as broadened by 1992 legislation, the Authority adopted the Senior Resolution which established two project categories: "Facilities" and "Other Authority Projects", as defined below. Only projects which qualify in one of those two categories may be funded from proceeds of Senior Bonds or Junior Indebtedness Obligations.

Any project of the Authority may be funded from surplus Revenues released from time to time from the General Reserve Fund.

The Senior Resolution uses the two categories to determine which revenues are pledged to the Senior Bonds, and pursuant to the Junior Indebtedness Resolution to the Junior Indebtedness Obligations, the priority of application of Revenues, and the amount of Additional Bonds or Additional Junior Indebtedness Obligations that may be issued, all as discussed below.

The first category, "Facilities", includes all of the Thruway as it existed in 1992 (including the Tappan Zee Bridge) when the Senior Resolution was adopted (the "Original Project"), together with "Additional Projects" acquired or constructed thereafter, such as additional interchanges, extensions, toll roads, tunnels or bridges and other transportation or transportation-related projects. To qualify as an "Additional Project", a project must meet certain financial requirements and be under the Authority's jurisdiction, and the Authority must have the exclusive power to set tolls, rates, fees and charges on it. The issuance of Senior Bonds or Junior Indebtedness Obligations for Facilities is limited by the Additional Bonds test, with certain limited exceptions. Furthermore, prior to the completion of the construction and equipping of the New NY Bridge Project, (A) Junior Indebtedness Obligations may be issued to pay for Project Costs solely related to the New NY Bridge Project, and (B) Junior Indebtedness Refunding Obligations may be issued only to refund Outstanding Junior Indebtedness Obligations.

The second category, "Other Authority Projects", includes the State Canal system, as well as six specifically designated projects: the Inner Harbor project and the Intermodal Transportation Center in Syracuse, the Horizons Waterfront project in Buffalo, the Thruway Exit 26 Bridge and the Tappan Zee Ferry Service and Stewart International Airport Access projects. Pursuant to a Supplemental Resolution, the Authority may designate a transportation or transportation-related facility or property as an Other Authority Project, if it is within the jurisdiction and control of the Authority. The issuance of Senior Bonds or Junior Indebtedness Obligations for Other Authority Projects is limited by the Additional Bonds test, and a provision which restricts total debt service in any year on all debt issued for Other Authority Projects to a level equal to no more than 20% of certain historical Net Revenues.

Revenues

Under the Senior Resolution, the Authority has pledged "Revenues" to the payment of Senior Bonds and pursuant to the Junior Indebtedness Resolution, such Revenues are pledged on a subordinate basis to the payment of Junior Indebtedness Obligations. "Revenues" mean (i) all tolls, revenues, fees, charges, rent and other income and receipts derived from the operation, jurisdiction and control of the Facilities (*i.e.*, the Original Project and Additional Projects), (ii) the proceeds of any use and occupancy insurance relating to the Facilities and of any other insurance which insures against loss of Revenues and (iii) investment income received on any moneys or securities held under the Senior Resolution other than investment income on amounts held in the Rebate Fund or Junior Indebtedness Fund and certain other investment income which is not transferred to the Revenue Fund pursuant to the Senior Resolution. Revenues do not include the (i) proceeds of any gifts, grants or other income to the Authority from the government of the United States or the State, any public instrumentality of the State or any other individual or entity to the extent the Authority is precluded by law, the grant or other operative contract or instrument from applying such amounts to Operating Expenses and debt service, or (ii) revenues of Other Authority Projects, including revenues derived from the State Canal system. Provision for operating expenses or capital needs associated with Other Authority Projects or activities to be financed from amounts released from time to time from the General Reserve Fund may not be made under the Senior Resolution or the Junior Indebtedness Resolution unless provision has first been made for, among other things, Operating Expenses of Facilities, accrual of debt service on the Senior Bonds and accrual of debt service on Junior Indebtedness Obligations, and required Reserve Maintenance Fund deposits for Facilities. See "— Senior Resolution and Junior Indebtedness Resolution Flow of Funds".

Pledge under the Junior Indebtedness Resolution

The Junior Indebtedness Obligations are special obligations of the Authority. Under the Junior Indebtedness Resolution, the payment of principal, premium, if any, and redemption price of, interest on, and Sinking Fund Installments for the Junior Indebtedness Obligations is secured by a pledge of the following: (i) the Revenues, on a subordinated basis to the pledge granted to the holders of the Senior Bonds, (ii) the proceeds of the sale of the Junior Indebtedness Obligations, and (iii) all Funds and accounts established under the Junior Indebtedness Resolution referred to below under "Junior Indebtedness Bond Resolution Flow of Funds" and in **Appendix C** — "Summary of Certain Provisions of the Junior Indebtedness Resolution and the Senior Resolution — Funds and Revenues", including the investments thereof, except for the Rebate Fund and, (iv) with respect to certain Series of Junior Indebtedness Obligations and Junior Indebtedness Refunding Obligations, the Junior Indebtedness Debt Service Reserve Account to the extent that a separate subaccount of the Junior Indebtedness Debt Service Reserve Account has been established and funded to additionally secure such Series of Junior Indebtedness Obligations. See "Junior Indebtedness Debt Service Reserve Account" below.

The pledge created by the Junior Indebtedness Resolution is subordinate to the pledge of Revenues and other funds established under the Senior Resolution for the benefit of the holders of Senior Bonds and is further subject to the provisions of the Junior Indebtedness Resolution permitting the application of the Revenues, the proceeds of the sale of the Junior Indebtedness Obligations and the funds and accounts established under the Junior Indebtedness Resolution for the purposes and upon the terms and conditions set forth in the Junior Indebtedness Resolution. Each of the Senior Resolution and Junior Indebtedness Resolution also provides that monthly Operating Expenses of Facilities will be funded from Revenues prior to the provision for Accrued Debt Service on Senior Bonds and Accrued Debt Service on the Junior Indebtedness Obligations. The Senior Resolution also provides that the pledge and lien created by the Senior Resolution shall be superior in all respects to any pledge or lien now or hereafter created for Junior Indebtedness Obligations or Subordinated Indebtedness.

The Act provides that notes and bonds (including the Series 2016A Junior Indebtedness Obligations) of the Authority shall not be a debt of the State nor shall the State be liable thereon, nor shall such notes or bonds be payable out of any funds other than those of the Authority. The Junior Indebtedness Resolution specifically provides that the Junior Indebtedness Obligations shall not be a debt of the State nor shall the State be liable thereon.

Junior Indebtedness Resolution Flow of Funds

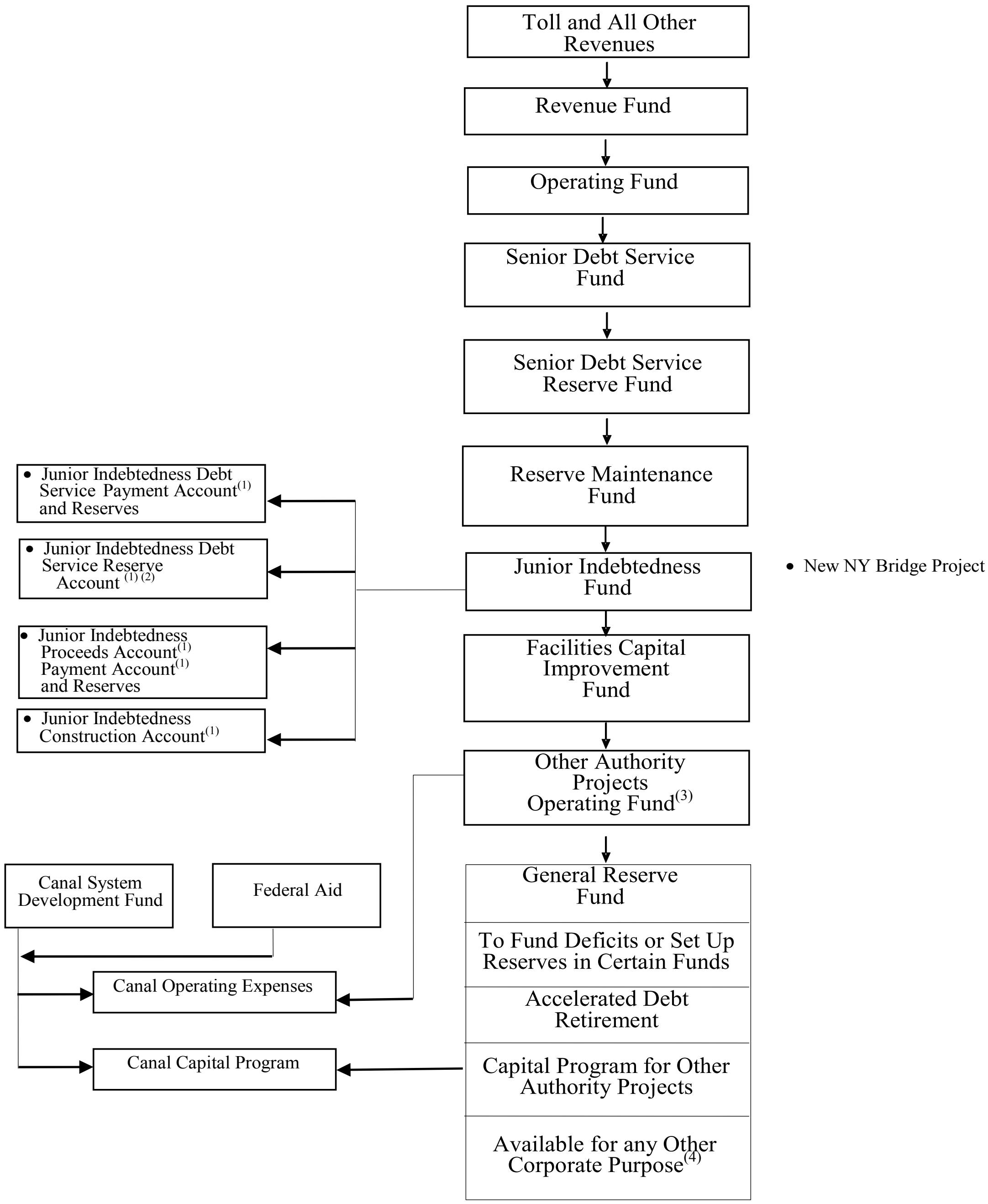
On or before the last Business Day of each month, the Authority shall, out of the moneys remaining in the Revenue Fund after paying (i) into the Operating Fund (such term and all other undefined terms in this paragraph having the meaning ascribed to each of them in the Senior Resolution) all amounts required for reasonable and necessary Operating Expenses and reserves for Operating Expenses and working capital, (ii) to the Trustee for deposit in the Senior Debt Service Fund, an amount at least equal to Accrued Debt Service for all Senior Bonds Outstanding as of the last day of such month, after taking into account any other amounts available for payment of Debt Service on Senior Bonds, including any amounts representing investment earnings retained in the Senior Debt Service Fund or transferred from the Senior Debt Service Reserve Fund (as defined in the Senior Resolution); (iii) to the Trustee for deposit in the Senior Debt Service Reserve Fund, if and to the extent required so that the balance in said Fund shall equal the Senior Debt Service Reserve Requirement for all Senior Bonds secured by such Fund and Outstanding on said date, and (iv) to the Reserve Maintenance Fund (as defined in the Senior Resolution), amounts such that (a) on or before the first day of the seventh month of the Authority's fiscal year there shall have been deposited an amount equal to or greater than one-half of the amount, and (b) on or before the last day of the Authority's fiscal year there shall have been deposited an amount equal to or greater than the full amount, in each case provided in the Authority Budget for the applicable fiscal year for Reserve Maintenance Payments, plus accrued deficits, if any, with respect to prior required allocations to such Fund; all in accordance with the provisions of the Senior Resolution, make the following payments or deposits to the applicable accounts or subaccounts of the Junior Indebtedness Fund so that the balance in said Fund shall equal the amounts required to be deposited therein by the Junior Indebtedness Resolution on said date in accordance with the Junior Indebtedness Net Revenue Requirement:

(1) To the Trustee for deposit in the Junior Indebtedness Debt Service Payment Account for Junior Indebtedness Debt Service (a) one-sixth of the interest coming due on the next Interest Payment Date, (b) one-sixth of the principal or Sinking Fund Installment coming due on the next Principal Payment Date for principal that is payable semi-annually and (c) and one twelfth of the principal or Sinking Fund Installment coming due on the next Principal Payment Date for principal that is payable annually, after taking into account any other amounts available for payment of debt service on Outstanding Junior Indebtedness Obligations, including any amounts representing investment earnings retained in the Junior Indebtedness Debt Service Payment Account or transferred from the Junior Indebtedness Debt Service Reserve Account; provided, however, that such deposits are only required to be made if the next payment of Junior Indebtedness Debt Service is not more than 12 months in the future for Junior Indebtedness Debt Service payments that are made annually and is not more than 6 months in the future for Junior Indebtedness Debt Service payments that are made semi-annually; and

(2) To the Trustee for deposit in any applicable subaccount of the Junior Indebtedness Debt Service Reserve Account, if and to the extent required, one twenty-fourth of any amount previously withdrawn by the Trustee from any such subaccount of the Junior Indebtedness Debt Service Reserve Account; *provided, however*, that so long as the total amount held in the Junior Indebtedness Fund or in other funds or accounts established to secure Junior Indebtedness Obligations shall be sufficient to fully pay all Junior Indebtedness Debt Service then due under the Junior Indebtedness Resolution (including principal or applicable redemption price thereof and interest thereon) in accordance with their terms, no deposits shall be required to be made into such Fund.

[Remainder of page intentionally left blank]

Senior Resolution and Junior Indebtedness Resolution
Flow of Funds



---

(1) Established pursuant to the Junior Indebtedness Resolution.

(2) To the extent established as security for a Series of Junior Indebtedness Obligations. A Series 2016A Subaccount of the Junior Indebtedness Debt Service Reserve Account is being established and funded with proceeds of the Series 2016A Junior Indebtedness Obligations, solely for the purpose of additionally securing the Series 2016A Junior Indebtedness Obligations.

(3) Pursuant to the legislative changes set forth in the State's 2016-2017 Enacted Budget, the Authority is expected to be reimbursed for Canal system operating and capital costs by the Power Authority beginning April 1, 2016, and the Power Authority will assume jurisdiction over the Canal system after 2016.

(4) The State's 2016-2017 Enacted Budget also provides for the Authority to reimburse the State for State Police Troop T costs for enforcement activities on the Thruway beginning April 1, 2016, payable solely from the General Reserve Fund.

Junior Indebtedness Debt Service Reserve Account

Junior Indebtedness Obligations of a particular Series may be additionally secured by the establishment and funding of a separate subaccount of the Junior Indebtedness Debt Service Reserve Account established pursuant to the Junior Indebtedness Resolution so designated for such purpose in the applicable Supplemental Resolution authorizing a Series of Junior Indebtedness Obligations or the related Certificate of Determination. Except as otherwise provided in such applicable Supplemental Resolution or related Certificate of Determination, each subaccount of the Junior Indebtedness Debt Service Reserve Account shall separately and solely secure the Series of Junior Indebtedness Obligations for which it was established. Funding of the applicable subaccount of the Junior Indebtedness Debt Service Reserve Account shall be from the proceeds of such Series or from available moneys of the Authority so designated and in an amount equal to the Junior Indebtedness Debt Service Reserve Account Requirement established for such series in the applicable Supplemental Resolution or Certificate of Determination. Moneys held for the credit of the Junior Indebtedness Debt Service Reserve Account may be invested in Investment Obligations; provided, however, that any investment of such moneys shall have a maturity of no greater than five years.

A Series 2016A Subaccount of the Junior Indebtedness Debt Service Reserve Account is being established and funded with proceeds of the Series 2016A Junior Indebtedness Obligations solely for the purpose of additionally securing the Series 2016A Junior Indebtedness Obligations in an amount equal to the least of (i) the greatest amount required in the then current or any future Bond Year (as hereinafter defined in this paragraph) to pay the sum of the principal (including Sinking Fund Installments) of Outstanding Series 2016A Junior Indebtedness Obligations payable with respect to such Bond Year and interest on outstanding Series 2016A Junior Indebtedness Obligations payable during such Bond Year, (ii) 125% of the average of annual amounts required in the then current and all future Bond Years to pay the sum of the principal (including Sinking Fund Installments) of the Outstanding Series 2016A Junior Indebtedness Obligations payable with respect to such Bond Years and interest Outstanding on the Series 2016A Junior Indebtedness Obligations payable during such Bond Years, and (iii) ten percent (10%) of the net proceeds of the sale of the Series 2016A J Junior Indebtedness Obligations. For purposes of this paragraph, "Bond Year" shall mean the 12-month period beginning on January 2 of each year and ending on January 1 of the following year (other than for 2016 for which the Bond year shall begin on the date of delivery of the Series 2016A Junior Indebtedness Obligations and end on January 1, 2017). The initial Junior Indebtedness Debt Service Reserve Account Requirement" for the Series 2016A Junior Indebtedness Obligations is $62,213,425.

In the event that on any Interest Payment Date or Principal Payment Date moneys in the Junior Indebtedness Debt Service Payment Account shall be insufficient to pay the interest, principal and Sinking Fund Installments then due on all Junior Indebtedness Obligations, after utilizing all unencumbered moneys in the General Reserve Fund, the Other Authority Projects Operating Fund and the Facilities Capital Improvement Fund and on deposit in the Junior Indebtedness Debt Service Payment Account, moneys held for the credit of any subaccount of the Junior Indebtedness Debt Service Reserve Account shall be withdrawn by the Trustee and applied solely to the payment of interest, principal and Sinking Fund Installments then due and unpaid on the Series of Junior Indebtedness Obligations for which such subaccount additionally secures.

Moneys and investments held for the credit of any subaccount of the Junior Indebtedness Debt Service Reserve Account in excess of the Junior Indebtedness Debt Service Reserve Account Requirement established therefor, shall be withdrawn by the Trustee and, upon direction of the Authority, be deposited in the Junior Indebtedness Obligations Account of the Rebate Fund, if applicable, or the Junior Indebtedness Debt Service Payment Account, or be applied to the redemption of Junior Indebtedness Obligations in accordance with such direction.

Upon any withdrawal of moneys held for the credit of any subaccount of the Junior Indebtedness Debt Service Reserve Account, the Authority shall, commencing in the month immediately following any such withdrawal, deliver to the Trustee one twenty-fourth (1/24) of the amount so withdrawn until the entire amount so withdrawn has been replenished and the amount in such subaccount of the Junior Indebtedness Debt Service Reserve Account has been restored to its Junior Indebtedness Debt Service Reserve Account Requirement; provided, however, that the replenishment of any withdrawal from a subaccount of the Junior Indebtedness Debt Service Reserve Account shall only be made from unencumbered moneys in the General Reserve Fund, the Other Authority Projects Operating Fund and the Facilities Capital Improvement Fund.

Additional Junior Indebtedness Obligations, Junior Indebtedness Refunding Obligations and Other Indebtedness

Under the Junior Indebtedness Resolution, the Authority may issue Additional Junior Indebtedness Obligations and Junior Indebtedness Refunding Obligations payable from Revenues. Subject to the limitations described below, Additional Junior Indebtedness Obligations may be issued (i) to pay for Project Costs of the Original Project, any Additional Projects and any Other Authority Projects, (ii) refund or refinance any Senior Bonds (including any bond anticipation notes related thereto), Junior Indebtedness Obligations or Subordinated Indebtedness of the Authority, (iii) make a deposit to a subaccount of the Junior Indebtedness Debt Service Reserve Account, if required, (iv) pay Costs of Issuance relating to the issuance or incurrence of Junior Indebtedness Obligations and (v) pay or provide for the payment of Project Costs of improvement, reconstruction or rehabilitation of the New NY Bridge for the purpose of preventing a loss of Net Revenues derived from the New NY Bridge, provided, that, such loss of Net Revenues would be the result of an emergency declared by the State, the federal government or a federal authority or agency and that proceeds of Additional Junior Indebtedness Obligations would not be used for such purpose to the extent that insurance proceeds relating to such occurrence were then available. *Notwithstanding the foregoing, prior to the completion of the construction and equipping of the New NY Bridge Project, (A) Junior Indebtedness Obligations may be issued to pay for Project Costs solely related to the New NY Bridge Project, and (B) Junior Indebtedness Refunding Obligations may be issued only to refund Outstanding Junior Indebtedness Obligations. After the completion of the New NY Bridge Project, and subject to certain limitations, (A) Additional Junior Indebtedness Obligations may be issued, to pay for Project Costs of the Original Project, any Additional Junior Indebtedness Projects and any Other Authority Projects, and (B) Junior Indebtedness Refunding Obligations may be issued to refund Outstanding Senior Bonds, Junior Indebtedness Obligations and Subordinated Indebtedness.*

The Senior Resolution permits the issuance of Senior Bonds, Junior Indebtedness Obligations and Subordinated Indebtedness. *As noted above under "PLAN OF FINANCE", additional Senior Bonds are expected to be issued by the Authority from time-to-time to pay a portion of the costs of the Authority's ongoing capital program for non-New NY Bridge Project components of the Thruway System.*

Additional Junior Indebtedness Obligations

(i) Except for (a) the Series 2013A Junior Indebtedness Obligations and (b) Junior Indebtedness Refunding Obligations and (c) Junior Indebtedness Obligations to prevent a loss of Revenues from the New NY Bridge Project, as described below, Junior Indebtedness Obligations of one or more Series authorized and delivered upon original issuance for the purpose of paying Project Costs for the New NY Bridge Project shall be authenticated and delivered by the Trustee only upon receipt by it (in addition to the other documents and moneys required by the Junior Indebtedness Resolution) of:

1. A certificate of an Authorized Officer setting forth (a) the Net Revenues for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the authentication and delivery of the Junior Indebtedness Obligation to be issued or incurred, provided that if any adjustment of rates shall have been placed in effect during such 12-month period, such Net Revenues shall reflect the Revenues which an Independent Consultant's Certificate estimates in the certificate delivered pursuant to paragraph 3 below would have resulted had such rate adjustment been in effect for the entire 12-month period, and (b) the Junior Indebtedness Net Revenue Requirement for such 12-month period, which certificate shall demonstrate that such Net Revenues equal or exceed such Junior Indebtedness Net Revenue Requirement;

2. A certificate of an Authorized Officer familiar with such matters and an Independent Consultant's Certificate, in each case stating whether, to the best of such party's knowledge, any federal, State or other agency is then projecting or planning the construction, improvement or acquisition of any highway or other facility which, in the opinion of such person or firm, may be materially competitive with any part of the Facilities, and the estimated date of completion of such highway or other facility;

3. An Independent Consultant's Certificate setting forth, for the then current Authority fiscal year and each of the Authority fiscal years in the Test Period (as defined in the Senior Resolution), estimates of Revenues giving effect to (a) the placing in service of any Facility not yet placed in service and on the assumption that any competitive highway or other facility referred to in its certificate delivered pursuant to paragraph 2 above will be completed on the date therein estimated and will thereafter be in operation during the period covered by such estimates, (b) any adjustment of rates which shall have been placed in effect subsequent to the beginning of such Authority fiscal year, as if such toll, fee or charge adjustment had been in effect from the beginning of such Authority fiscal year until the effective date of any subsequent adjustment presumed necessary, and (c) any adjustment of rates which, in the opinion of the Independent Consultant, would be practicable and necessary to comply with the provisions of the toll covenant in the Junior Indebtedness Resolution, as if such adjustment were to be in effect from its effective date to the effective date of any other such adjustment;

4. An Independent Consultant's Certificate setting forth (a) for the years and taking into account the assumptions specified for the Independent Consultant's Certificate pursuant to paragraph 3 above, estimates of the Operating Expenses giving effect to the placing in service of any Facility taken into account in such paragraph 3, (b) the estimated total Project Cost, and (c) the estimated date of placing in service of any Facility taken into account in such paragraph 3;

5. A certificate of an Authorized Officer setting forth (a) the estimated Net Revenues (based on the certificates delivered pursuant to paragraphs 3 and 4 above) for such Authority fiscal year and each of the years in the Test Period giving effect to the placing in service of any Facility not yet placed in service, and (b) the opinion that such estimated Net Revenues for the Authority fiscal year and each of the Authority fiscal years in the Test Period equal or exceed the estimated Junior Indebtedness Net Revenue Requirement (based on the certificate delivered pursuant to paragraph 1 above, assuming the Maximum Interest Rate on any Variable Interest Rate Bonds (as such terms are defined in the Senior Resolution) for each such year and that estimated Net Revenues in the last full Authority fiscal year of the Test Period equal or exceed Maximum Annual Senior and

Junior Indebtedness Debt Service immediately after the authentication and delivery of the Junior Indebtedness Obligations being issued or incurred.

(ii) Any Series of Junior Indebtedness Obligations to be issued or incurred for the purpose of financing or refinancing Other Authority Project Costs shall be issued or incurred only if, in addition to satisfying the conditions of paragraph (i) above, Maximum Annual Senior and Junior Indebtedness Debt Service issued for the purpose of financing or refinancing Other Authority Project Costs (after the issuance of such Series of Additional Bonds) shall be less than 20% of the amount of Net Revenues calculated pursuant to clause (1) of paragraph (i) above; provided that there shall not be counted in the calculation of such Maximum Annual Senior and Junior Indebtedness Debt Service any Senior Bonds or Junior Indebtedness Obligations initially issued to finance or refinance an Other Authority Project (1) if such Senior Bonds and Junior Indebtedness Obligations are no longer Outstanding, (2) if such Other Authority Project has since been designated an "Additional Project" in accordance with the terms of the Senior Resolution and the Junior Indebtedness Resolution, or (3) to the extent that the proceeds of such Senior Bonds and Junior Indebtedness Obligations were used to finance Project Costs rather than Other Authority Project Costs, in accordance with the terms of the Senior Resolution.

Additional Junior Indebtedness Obligations to Prevent a Loss of Revenues from the New NY Bridge Project. The Authority may issue Additional Junior Indebtedness Obligations without satisfying any earnings or coverage test for the purpose of providing for Project Costs of improvement, reconstruction or rehabilitation of the New NY Bridge Project for the purpose of preventing a loss of Net Revenues derived from the New NY Bridge Project where such loss would otherwise result from an emergency declared by the State, the federal government or a federal authority or agency and that proceeds of such Additional Junior Indebtedness Obligations would not be used for such purpose to the extent that insurance proceeds relating to such occurrence were then available.

Junior Indebtedness Refunding Obligations. Under the Junior Indebtedness Resolution, Junior Indebtedness Refunding Obligations are authorized to be issued or incurred to refund or refinance any Senior Bonds (including any bond anticipation notes related thereto), Junior Indebtedness Obligations or Subordinated Indebtedness of the Authority (including any portion of a maturity thereof) (collectively, the "Refunded Indebtedness") that was originally issued to finance or refinance Project Costs, Additional Project Costs or Other Authority Project Costs. Notwithstanding the foregoing, prior to the completion of the construction and equipping of the New NY Bridge Project, Junior Indebtedness Refunding Obligations may be issued only to refund Outstanding Junior Indebtedness Obligations. After the completion of the New NY Bridge Project, this restriction is eliminated.

The Authority may issue Junior Indebtedness Refunding Obligations in an aggregate principal amount sufficient, together with other moneys available therefor, to accomplish such refunding or refinancing and to make such deposits required by these refunding provisions and of the Supplemental Resolution authorizing such Junior Indebtedness Refunding Obligations. Junior Indebtedness Refunding Obligations issued as bonds or notes of the Authority shall be authenticated by the Trustee either by satisfying the Additional Junior Indebtedness Obligations test set forth above for new money purposes, or upon the receipt by the Trustee of, among other items, a certificate of an Authorized Officer (a) setting forth the Junior Indebtedness Aggregate Debt Service for the then current and each future Authority fiscal year to and including the Authority fiscal year in which the latest maturity of any Junior Indebtedness Obligations of any Series then outstanding matures (i) with respect to all Junior Indebtedness Obligations outstanding immediately prior to the date of authentication and delivery of such Junior Indebtedness Refunding Obligations, and (ii) with respect to all Junior Indebtedness Obligations to be outstanding immediately thereafter, and (b) demonstrating that the Junior Indebtedness Aggregate Debt Service set forth for each Authority fiscal year pursuant to (ii) above is no greater than that set forth for such Authority fiscal year pursuant to (i) above.

Subordinated Indebtedness. The Senior Resolution and the Junior Indebtedness Resolution each permit the issuance of Subordinated Indebtedness under the Senior Resolution. See **Appendix C** — "Summary of Certain Provisions of the Junior Indebtedness Resolution and the Senior Resolution — General Reserve Fund". Under the Senior Resolution, the Authority may covenant with the holders of Junior Indebtedness or Subordinated Indebtedness to add to the conditions and restrictions under which Additional Bonds may be issued. *The holders of Junior Indebtedness Obligations or Subordinated Indebtedness may not accelerate the principal owed upon a default unless all Outstanding Senior Bonds shall have been declared immediately due and payable in accordance with the Senior Resolution.* The proceeds of Junior Indebtedness Obligations may be used to provide for Facilities or Other Authority Projects. *However, the Authority has covenanted in the Junior Indebtedness Resolution that prior to the completion of the construction and equipping of the New NY Bridge Project it will only issue or incur Junior Indebtedness Obligations to finance or refinance capital costs of the New NY Bridge Project.*

Subordinated Indebtedness may be used to finance any lawful corporate purpose of the Authority. In April 2012, the Authority incurred Subordinated Indebtedness under a Loan Agreement with Citibank, N.A. to finance emergency capital project repairs on the Canal system. See "THE AUTHORITY – Outstanding Indebtedness" herein.

Facilities

The Facilities consist of the Original Project and any Additional Projects. Additional Projects consist of New Interchanges, New Extensions and Other Authority Projects that have been designated as Additional Projects by the Authority in accordance with the requirements set forth in the Senior Resolution.

Original Project. The Original Project consists of all Thruway sections and connections constituting roads or bridges, authorized by the Act as in effect on, and open to traffic on, the date of adoption of the Senior Resolution on August 3, 1992, together with any Facility Capital Improvements related thereto which include other related structures and facilities. The New NY Bridge Project as the replacement of the Tappan Zee Bridge is considered an Original Project.

Additional Projects. Pursuant to the Senior Resolution, any project may become an Additional Project if so designated by the Authority and if (i) such project has been operated (whether or not by the Authority) so as to produce revenues in excess of operating expenses for a twelve-month period prior to the date such project is designated as an Additional Project by the Authority, (ii) the Authority certifies that the Net Revenues (including the revenues and operating expenses of the proposed Additional Project) at least equaled the Net Revenue Requirement for such twelve-month period, (iii) an Independent Consultant estimates that Net Revenues for all Facilities (including the proposed Additional Project) less the estimated Reserve Maintenance Payments for each of the fiscal years in the Test Period equal or exceed the estimated Net Revenues for all Facilities (excluding the proposed Additional Project) less the estimated Reserve Maintenance Payments for each of the fiscal years in the Test Period, and (iv) counsel opines that the Authority has the legal right and authority to undertake such project and to establish charges in connection therewith which do not require certain additional governmental approvals. See **Appendix C** — "Summary of Certain Provisions of the Junior Indebtedness Resolution and the Senior Resolution — Additional Projects". Operating Expenses with respect to Facilities, including Additional Projects, are payable from the Operating Fund prior to Debt Service on the Senior Bonds, and prior to Debt Service on the Junior Indebtedness Obligations, including the Series 2013A Junior Indebtedness Obligations, the Series 2013B Junior Indebtedness Obligation (securing the TIFIA Loan) and the Series 2016A Junior Indebtedness Obligations. As of the date of this Official Statement the Authority has not designated any project as an Additional Project under the Senior Resolution.

Other Authority Projects. Under the Senior Resolution, the Canal system constitutes an Other Authority Project. Other Authority Projects also include facilities and other property which the Authority is now or hereafter authorized to acquire, construct, maintain, operate, finance, improve, reconstruct, rehabilitate or otherwise undertake for transportation or transportation-related purposes. In order for a facility or any other property to qualify as an Other Authority Project, it must be within the jurisdiction and control of the Authority and be designated as an Other Authority Project by the Authority. Other than the Canal system, and projects for which the Authority has already reached its maximum funding obligation, the Authority has not designated any other project as an Other Authority Project under the Senior Resolution.

Reserve Maintenance Fund

Pursuant to the Senior Resolution, the Authority is required to deposit in each fiscal year into the Reserve Maintenance Fund, for costs relating to the Facilities, an amount which shall be no less than the greater of $30,000,000 or the amount specified in an Independent Consultant's Certificate for such fiscal year (the "Minimum Amount"). The amount deposited into the Reserve Maintenance Fund may not exceed any amount from time to time established by the Authority pursuant to a Supplemental Resolution (the "Maximum Amount") provided that the Maximum Amount may not be less than the Minimum Amount. The Authority may from time to time transfer any money from the Reserve Maintenance Fund to the Revenue Fund when such amount is no longer needed for the purposes of the Reserve Maintenance Fund. In addition, to the extent that amounts in the Senior Debt Service Fund and unencumbered moneys in the General Reserve Fund, the Other Authority Projects Operating Fund and the Facilities Capital Improvement Fund are insufficient to pay debt service, when due, on the Senior Bonds, deficiencies will be made up from amounts in the Reserve Maintenance Fund. *There is no recourse to the Junior Indebtedness Fund, or the accounts thereunder, to replenish any shortfall from the Reserve Maintenance Fund.*

Facilities Capital Improvement Fund

The Authority may, from time to time, disburse or transfer amounts in the Facilities Capital Improvement Fund for the purposes of providing for transfers to the Construction Fund, for Project Costs or, upon the determination of the Authority Board and after satisfying any deficiencies in the Senior Debt Service Fund, the Senior Debt Service Reserve Fund, the Reserve Maintenance Fund or the Junior Indebtedness Fund, transfer such amounts to any other Fund or account held under the Resolution. The Authority expects to apply available pay-as-you-go resources deposited in the Facilities Capital Improvement Fund to Project Costs, including the costs of the New NY Bridge Project.

Tolls, Fees and Charges

Toll Covenant. Pursuant to the Junior Indebtedness Resolution, the Authority has covenanted at all times to fix, charge and collect such tolls, fees and charges for the use of the Facilities as are required in order that, in each fiscal year, Net Revenues shall at least equal the Junior Indebtedness Net Revenue Requirement for such year. "Junior Indebtedness Net Revenue Requirement" means, with respect to any period of time, an amount equal to the greater of (i) the sum of (A) Aggregate Debt Service on Senior Bonds, (B) amounts required to make deposits to the Senior Debt Service Reserve Fund (as defined in the Senior Resolution), if any, (C) amounts required to make Reserve Maintenance Payments (as defined in the Senior Resolution), and (D) amounts required to be deposited in the Junior Indebtedness Fund pursuant to the Senior Resolution and the Junior Indebtedness Resolution and any Supplemental Resolution thereto or other resolution or agreement authorizing Junior Indebtedness Obligations; or (ii) for such period of time, 1.20 times the sum of (A) Aggregate Debt Service on Senior Bonds and (B) amounts required to be deposited in the Junior Indebtedness Fund's Debt Service Payment Account pursuant to the Junior Indebtedness Resolution and any Supplemental Resolution thereto or other resolution or agreement authorizing Junior Indebtedness Obligations; provided, however, that (1) Aggregate Debt Service on Senior Bonds for purposes of calculating the Junior Indebtedness Net Revenue Requirement, may be reduced by an amount equal to investment income on the Senior Debt Service Fund (as defined in the Senior Resolution) and the Senior Debt Service Reserve Fund (to the extent such investment income is required to be retained in or transferred to the Senior Debt Service Fund, as appropriate, pursuant to a Supplemental Resolution); and (2) amounts required to be deposited in the Junior Indebtedness Fund for purposes of calculating the Junior Indebtedness Net Revenue Requirement may be reduced by an amount equal to investment income on deposit in the Junior Indebtedness Fund Debt Service Payment Account and the Junior Indebtedness Debt Service Reserve subaccounts (to the extent such investment income is required to be retained in or transferred to the Junior Indebtedness Debt Fund Service Payment Account).

If the Authority determines that Net Revenues may be inadequate, it is required to cause a study to be made by an Independent Consultant that will recommend a schedule of tolls, fees and charges which will provide sufficient Net Revenues in the following year to comply with the revenue covenant described above and which will provide additional Net Revenues to eliminate any deficiency in funds and accounts held under the Senior Resolution or the Junior Indebtedness Resolution at the earliest practicable time, and the Authority will place in effect as soon as practicable either (i) the recommended schedule of tolls, fees and charges, or (ii) a different schedule of tolls, fees and charges developed by the Authority which will provide sufficient Net Revenues in the following fiscal year to comply with the Junior Indebtedness Net Revenue Requirement and which will provide additional Net Revenues in such following fiscal year to eliminate any deficiency at the earliest practicable time, which conclusion is concurred in by an Independent Consultant. See **Appendix C** — "Summary of Certain Provisions of the Junior Indebtedness Resolution and the Senior Resolution — Tolls, Fees and Charges".

Ability To Set Tolls. The Authority's power under the Act to fix, collect and alter toll rates is not subject to the approval of any governmental entity. Tolls on the Tappan Zee Bridge (and the New NY Bridge Project when opened to traffic) and the Grand Island Bridges, which were constructed pursuant to the General Bridge Act of 1946, as amended, may be subject to the standard imposed by Section 135 of the Surface Transportation and Uniform Relocation Assistance Act of 1987, Pub. L. 100-17 to the effect that such tolls be "just and reasonable". The Authority believes that the tolls on all of its vehicular toll facilities are just and reasonable.

Agreement of the State

Under the Act, the State has agreed with the holders of the bonds and notes of the Authority, including the Junior Indebtedness Obligations and the Senior Bonds, that it will not limit or alter the rights vested by the Act in the Authority to establish and collect such fees, rentals and charges as may be convenient or necessary to produce sufficient revenue to meet the expense of maintenance and operation and to fulfill the terms of any agreements made with such holders of bonds, or in any way impair the rights and remedies of such bondholders and noteholders. In addition, the State has agreed with the holders of bonds and notes of the Authority secured by a pledge of tolls from any bridge constructed by the Authority across the Hudson River south of Bear Mountain bridge or from any part of the Original Project which includes such bridge, that no bridge or tunnel constituting a connection for vehicular traffic over, under or across the Hudson River between the present location of the Bear Mountain bridge and the boundary line between New York and New Jersey at the west side of the Hudson River will be constructed or maintained so long as the obligations of such bonds and notes for principal and interest shall not have been paid or otherwise discharged.

AUTHORITY GOVERNANCE, FACILITIES AND OPERATIONS

Thruway Facilities and Operations

The Thruway is one of the largest tolled highway systems in the United States and is a critical component in the national interstate network. The original Thruway roadway system was constructed between 1949 and 1960 and is one of the oldest components of the national Interstate Highway System. In 1991, State legislation made the Authority additionally responsible for the operation and maintenance of 11 miles of I-287 Cross-Westchester Expressway. (The New York State Department of Transportation (NYSDOT) remains responsible for capital improvements to this roadway.) The Thruway System is now over 570 miles in total length and includes 134 interchanges.

The Thruway serves travelers with a variety of needs and purposes, including commuters, business travelers, recreational travelers, and commercial vehicle traffic and provides the major route of access for visitors to the State's tourist destinations including Niagara Falls, the State Canal system, the Finger Lakes, the Adirondacks, the Catskills and New York City. The Thruway has provided a dependable roadway system for these travelers, sustaining and encouraging economic growth, fostering job creation and generating tax revenues to the State and its local governments. Underscoring its importance to the state, region and nation, in 2015 Thruway customers traveled approximately 8.2 billion vehicle-miles on the highway, averaging over 22.3 million vehicle-miles per day. Due to the extent of its maintenance activities, good infrastructure conditions and the dedication of a specialized troop of the New York State Police to patrol the Thruway System, it has remained one of the safest roadway networks in the nation.

The Thruway System is comprised of 2,822 lane miles of roadway. In addition, the Authority has maintenance responsibility for 809 bridges and also owns 27 travel plazas located at intervals along the Thruway System, operated by three food service and two fuel concessionaires that are open 24-hours daily, 7 days a week. Routine maintenance activities are performed by Authority staff from 21 maintenance locations grouped into four divisions. Also, the Authority's tolling system is extensive, including over 282 toll booths and 90 dedicated E-ZPass-only lanes, and it manages sophisticated incident response, ITS and traveler information systems to enhance mobility, safety and service.

The Thruway connects the principal cities of the State from New York City to Albany, and on to Utica, Syracuse and Rochester through to Buffalo and the Pennsylvania State Line. Because the Thruway corridor serves 37 of the State's 62 counties and the majority of the State's population, it is the principal artery of travel and commerce within the State. It also is an important interstate connector, joining with the Massachusetts Turnpike (I-90), Connecticut Turnpike (I-95), New Jersey's Garden State Parkway, as well as several other Interstate routes such as I-287 from New Jersey; I-90 in Pennsylvania; I-290 around the north side of Buffalo; I-390 and I-490 serving Rochester; I-81, I-481 and I-690 at Syracuse; I-790 in Utica; I-87 (the Northway), I-88, I-90, I-787, and I-890 at Albany; and I-84 at Newburgh. As a result, the Thruway is a vital link to long distance interstate travel and a high proportion of its patrons are from out-of-state.

The Thruway is comprised of two types of toll systems – a controlled (ticket) system and a barrier system. The controlled system (approximately 481 miles) makes up the largest portion of the Thruway, running from Woodbury (in the southeast corner of the State) north along I-87 to Albany, then west on I-90 to Buffalo and south of Lake Erie to the Pennsylvania border. In addition to this main stretch of the controlled system, there is a small tolled branch south and east of Albany, known as the Berkshire Spur.

On the controlled system, tolls are charged based on the actual distance traveled by the customer. Meanwhile, barrier toll plazas have a fixed toll rate for each vehicle class and payment type (*e.g.*, Cash, E-ZPass, as well as Commuter and other E-ZPass Discounts). The two barrier systems (four located in the NYC metropolitan region and one in the Buffalo region) are comprised of the Tappan Zee Bridge, Yonkers Barrier, New Rochelle Barrier, Spring Valley Barrier, Harriman Barrier and the Grand Island Bridges. Under the existing policy, toll rates across the system are based on vehicle classifications, related to the number of axles per vehicle and the height of the vehicle over the first two axles. Approximately 258.2 million toll transactions occurred on the Thruway in 2015, generating over $717.2 million in toll revenues.

For a further description of the Thruway's facilities, traffic patterns on the Thruway System, and an analysis of the Thruway's financial history and projections for the future, see **Appendix A** — "Report of Traffic Engineer".

Canal Facilities and Operations

Legislation enacted in 1992 (the "1992 Legislation") (i) created and transferred jurisdiction of the State Canal system to the New York State Canal Corporation, a subsidiary corporation of the Authority (the "Canal Corporation"), and (ii) authorized and directed the Authority to assist in the financing of the Inner Harbor project and the Intermodal Transportation Center, both in Syracuse, the Horizons Waterfront project in Buffalo, the Stewart International Airport Access Project in Orange County and the Thruway Exit 26 Bridge Project in Schenectady County.

The 1992 Legislation transferred jurisdiction of the State Canal system (except bridges over the canals) from the DOT to the Canal Corporation, transferred all powers and duties of the Commissioner of Transportation over this property to the Canal Corporation and authorized the Authority to issue up to $60 million in bonds for the construction, reconstruction or improvement of the Canal system. (This original bond authorization has been fully exhausted. However, in June 2011, the State Legislature increased the bond authorization by $100 million and authorized an additional $10 million for bonding Canal Capital improvements deemed an emergency project.) This transfer followed the ratification in 1991 of a constitutional amendment which allowed the imposition of user fees and the sale or lease of lands along the Canal system. A modest toll schedule was introduced beginning with the 1994 navigation season.

The 1992 Legislation, as amended, also created the Canal Recreationway Commission (the "Commission") with 14 voting members, including the Chairman of the Authority and the Commissioners of Transportation, Parks, Recreation and Historic Preservation and Environmental Conservation plus 10 other individuals selected from sporting, environmental and tourism fields that are geographically representative of the Canal's various sections. The Commission has primary responsibility for guiding the development of a statewide canal recreationway plan for the Canal system. The Authority supports the cost of the operation and maintenance of the Canal system from the Other Authority Projects Operating Fund and certain capital costs from the General Reserve Fund.

Today, New York State's 524-mile Canal system is a world class recreation-way and tourist destination that cultivates historic preservation and spurs economic development in upstate New York. The Canal system links the Hudson River with Lake Champlain, Lake Ontario, the Finger Lakes, the Niagara River and Lake Erie, passes through 25 counties and is in close proximity to more than 200 villages, hamlets and towns.

The current Canal system, constructed in 1905, provides extensive inter-modal linkages within and beyond the State's borders and includes four major canals, canalized natural waterways, five lakes, feeder reservoirs and numerous shipping terminals. It consists of 57 locks, 20 lift bridges, 22 reservoirs, 203 buildings, 114 dams and many other structures critical to the maintenance and operations of the waterways and its feeder systems. In addition to maintaining these important facilities, the Authority also maintains more than 260 miles of multi-use, recreational trails across upstate New York that are adjacent to the waterways of the Canal system or follow remnants of the historic original canals that date back to the early 1800s.

The Canal Corporation has the same members as the persons holding the offices of members of the Authority. Under the 1992 Legislation, the Canal Corporation has power to operate, toll, maintain, improve, finance (but not issue bonds) and promote the Canal system. All revenues of the Canal system are to be credited to the New York State Canal System Development Fund (created by the 1992 Legislation and held by the State) where they are available to the Canal Corporation, subject to appropriation, only for purposes of the Canal system.

As described below under 'NEW YORK STATE INFRASTRUCTURE GRANT AND TOLL RELATED INITIATIVES", as part of the State's 2016-2017 Enacted Budget, jurisdiction over the State Canal system will be transferred from the Authority to the Power Authority. Pursuant to that legislation, the Canal Corporation would become a subsidiary of the Power Authority.

Board Members

The Act grants to the Authority Board the broad powers of the Authority, as summarized herein under the caption "THE AUTHORITY". The Authority Board continues in existence so long as the Authority has any indebtedness or other obligations outstanding. Pursuant to the New York State Public Officers Law, members of the Authority whose terms have expired continue to serve until a successor is appointed and qualified. There are currently two vacancies on the Authority Board.

Joanne M. (Joanie) Mahoney was confirmed as a member of the Thruway Authority and Canal Corporation Boards on March 30, 2015. Ms. Mahoney will serve in a term that expires on January 1, 2020. Ms. Mahoney was first elected Onondaga County Executive in November 2007, and is the first woman to serve in that role. She was re-elected in November, 2011. In 2010, then Governor-elect Andrew Cuomo asked Ms. Mahoney to serve as co-chair of his transition team and in 2012, he appointed Ms. Mahoney to serve as a trustee for the New York Power Authority. A Syracuse native, Ms. Mahoney graduated from Corcoran High School, and then from Syracuse University's School of Management and Syracuse University's College of Law. After spending time in private practice, Ms. Mahoney worked for five years as a criminal prosecutor in the District Attorney's office before being elected Councilor-at-Large in the City of Syracuse, where she served a four year term.

José Holguín-Veras, Ph.D., P.E., was confirmed as a member of the Authority Board in May 2010. Dr. Holguín-Veras is a Professor and Director of the Center for Infrastructure, Transportation, and the Environment at the Rensselaer Polytechnic Institute. Dr. Holguín-Veras received a Bachelor of Science degree in Civil Engineering from Universidad Autonoma de Santo Domingo; Master of Science degree in Transportation from Universidad Central de Venezuela; and a doctoral degree in transportation from the University of Texas at Austin.

Donna J. Luh was confirmed as a member of the Authority Board in June 2008. Ms. Luh currently owns and operates Luh Consulting Services. Ms. Luh is a graduate of Canisius College, earning a Master of Science in Education Administration.

J. Donald Rice, Jr., was confirmed as a member of the Authority Board in May 2010. Mr. Rice is founder and Chief Executive Officer of Rice Financial Products Company, a New York City-based full service municipal investment banking firm. Mr. Rice received a M.B.A. with distinction from Harvard Business School and a bachelor's degree in engineering with honors from Kettering University.

Richard N. Simberg was confirmed as a member of the Authority Board in June 2009. Mr. Simberg previously served in several positions with the New York State Department of Transportation between 1958 and 1991, including Assistant Commissioner for Engineering and Chief Engineer, and Regional Director of Transportation for the Central New York and Mohawk Valley Regions. Since then he has been active in engineering education, engineering ethics and has consulted with the City of Alexandria regarding the Woodrow Wilson Bridge. Mr. Simberg earned a Bachelor of Civil Engineering degree from Clarkson University and received a Master of Civil Engineering degree from Rensselaer Polytechnic Institute.

Senior Staff

The day-to-day management of the Authority and the Canal Corporation is primarily the responsibility of the following senior staff members:

Executive Director. Maria Lehman, P.E. serves as the Interim Executive Director and the Chief Operating Officer of the New York State Thruway Authority and New York State Canal Corporation. With more than 34 years of diverse technical and leadership experience in both the private and public sectors, Ms. Lehman has extensive expertise in transportation and facility planning, environmental assessment; design and construction; program, risk, quality and project management; as well as emergency management. She was elected to the National Board for the American Society of Civil Engineers for two terms, one as a Director and one as a Vice President. Ms. Lehman has a Bachelor of Science in Civil Engineering from SUNY Buffalo and is a licensed Professional Engineer in several states.

Chief Financial Officer and Treasurer. Matthew A. Howard was appointed to serve as the Chief Financial Officer and Treasurer of the Thruway Authority and Canal Corporation in January, 2015. Mr. Howard's career in public service spans nearly 19 years, and includes leadership roles in fiscal management, public policy and public administration. Prior to his appointment, Mr. Howard served as the Secretary to the New York State Assembly Committee on Ways and Means. In this role he worked as a chief budget negotiator for the Assembly during its negotiations with the Office of the Governor and the New York State Senate. Mr. Howard received his undergraduate degree from Springfield College and master's degree in public administration from Cornell University.

Chief Engineer. Catherine T. Sheridan, P.E. serves as Chief Engineer for the New York State Thruway Authority and New York State Canal Corporation. Ms. Sheridan has served in progressively responsible positions at Thruway and Canals since 1993, including deputy chief engineer and director of canal maintenance and operations. Her prior state service included positions at the New York State Department of Transportation. Ms. Sheridan served in the United States Army as a combat engineer and was honorably discharged as a captain. She received a Bachelor of Music in Performance from Boston University and Master of Science in Civil Engineering and Engineering Mechanics from Columbia University. Ms. Sheridan is licensed as a professional engineer in New York State.

New NY Bridge Project Director. Jamey Barbas, P.E. was appointed to serve as New NY Bridge Project Director in November, 2015. Prior to assuming such role for the Authority, Ms. Barbas served as Senior Vice President and Global Practice Leader for Major Structures at Louis Berger. Prior to joining Louis Berger, she held leadership positions in several international consulting firms. Ms. Barbas has extensive management and design experience including several award winning, domestic and international projects. A registered professional engineer in the State of New York, Ms. Barbas has over 30 years of experience in bridge management, design, construction, and inspection, with a special emphasis on complex and long span bridges. She led the inspection, design and construction support services for the reconstruction of the Williamsburg Bridge in New York City – one of the largest bridge reconstruction projects ever undertaken in the United States, and was the Bridge Design Manager for the major bridges of the AutoRoute 30 project in Montreal, Canada. Ms. Barbas was Principal, Design Manager, and/or Lead Technical Advisor on various mega Design-Build, Construction Manager/General Contract and P3 projects worldwide, including the Indiana Toll Road ($3.8B), Pocahontas Parkway ($350M), AutoRoute A25 Cable-stayed bridge ($450M), AutoRoute 30 ($1.7B), Port Mann cable-stayed bridge ($2B), PR5/PR22 toll road ($1.1B), Forth Road Bridge in Scotland ($800M), Sarah Mildred Long Bridge ($180M) and the I-77 North Carolina ($700M). Ms. Barbas was also a peer advisor to the State of New York and the Authority and a member of the Review Team which assisted in the evaluation of the proposals for the New NY Bridge Project.

General Counsel. Gordon J. Cuffy, Esq. was appointed to serve as General Counsel to the New York State Thruway Authority and Canal Corporation in February, 2015. Mr. Cuffy previously served as the County Attorney of the Onondaga County Department of Law from 2008 until his appointment as General Counsel. In this role, he was the legal advisor to all departments of the Onondaga County government, representing the county in both state and federal courts. Previously, Mr. Cuffy served as Assistant Deputy Attorney General for the New York State Office of the Attorney General in Syracuse, where he was part of the Statewide Organized Crime Task Force, handling criminal prosecutions and investigations throughout the state. He was also an Assistant Attorney General in the Syracuse Regional Office where he handled civil litigation. Prior to that position, Mr. Cuffy was a Senior Assistant District Attorney in the Onondaga County District Attorney's Office for 11 years. Mr. Cuffy has been an adjunct professor at Syracuse University College of Law since 1996, and has a Bachelor of Arts from Syracuse University and a Juris Doctor from Brooklyn Law School.

Chief of Staff. Karen Hunter serves as Chief of Staff for the New York State Thruway Authority and New York State Canal Corporation. Ms. Hunter brings 30 years of finance experience in both the private and public sectors. With a master's degree in business administration from SUNY Albany and a Bachelor of Science in Finance from the University of Illinois at Urbana-Champaign, Ms. Hunter has extensive experience in internal audit; budget development, negotiation and implementation; and New York State financial management. Ms. Hunter previously served as a budget examiner for the New York State Division of the Budget, assigned to transportation, energy and housing, and also as the Upstate Regional Director for the Housing Finance Agency. Most recently she served as the Director of Financial Administration for New York Homes and Community Renewal.

Director of Administrative Services. John F. Barr was appointed Director of Administrative Services on November 16, 2006. Prior to joining the Authority, Mr. Barr served as the Executive Deputy Commissioner of the New York State Department of Civil Service. Mr. Barr received a Bachelor of Arts degree in History from Hartwick College. Mr. Barr earned his Juris Doctor at Thomas M. Cooley Law School.

Director of Audit and Management Services. Harry A. Lennon was appointed Director for the Department of Audit and Management Services in May 2012. Prior to this appointment, Mr. Lennon served as Senior Confidential Investigator Auditor for the Department of Audit and Management Services. During this time, Mr. Lennon also served as Infrastructure Security Officer. Prior to joining the Authority, Mr. Lennon served as a Confidential Investigator for the New York State Ethics Commission. At the beginning of his career, Mr. Lennon served as a Police Officer for the Supreme Court of the United States. Mr. Lennon earned his Bachelor of Science degree at the University of Scranton.

Director of Information Technology. Brian Digman is the Director of Information Technology for the Authority and Canal Corporation. Prior to joining the Authority/Corporation, Mr. Digman served as the New York State Chief Information Officer (NYS CIO) and as the CIO for the New York State Department of Taxation and Finance. His experience includes a broad range of proficiencies in systems development, managerial innovation, large scale operations, and public administration. He retired with over 30 years of honorable service in the United States Coast Guard Reserve as a Marine Science Technician – Master Chief, E9.

Director of the Canal Corporation. Brian U. Stratton has served as Director of the New York State Canal Corporation since April 2011. In this capacity, he is responsible for overseeing the operation and development of New York's 524-mile Canal system, including the historic Erie Canal. Prior to joining the Canal Corporation Mr. Stratton served as Mayor of the City of Schenectady for seven years. Mr. Stratton received his Bachelor of Arts degree from SUNY Oswego.

Organization

To administer its responsibilities for the Thruway and Other Authority Projects, the Authority is organized into nine operating departments and employs approximately 2,176 permanent employees, exclusive of approximately 435 permanent employees currently dedicated to the Canal system.

The departments are Engineering, Maintenance and Operations, Administrative Services, Finance and Accounts, Legal, Media Relations & Communications, Audit and Management Services, Information Technology and the Canal Corporation.

The Department of Engineering includes Asset and Innovation Management, Capital Program and Contracts Management, Program Delivery, and Transportation Planning and Environmental Services. The Department oversees the development and implementation of the Authority's and Corporation's long range capital programs. It has the professional capacity to design and inspect some capital projects in-house and accordingly does not have to rely solely on outside consultants.

The Department of Maintenance and Operations manages and maintains the highway, bridge and facilities infrastructure and equipment in a cost-effective manner in order to offer Thruway users high levels of safety and service. It is responsible for all toll collection activities, traffic management and travelers' services including concessions. The Department helps develop the multi-year Capital Program designed to preserve the condition, serviceability and safety of the roadway, bridges and facilities. The Department also continues to explore and implement innovative designs and technologies to enhance the safety and efficiency of the Thruway System. Direct field management of the maintenance and operations functions is handled through the four division offices (New York, Albany, Syracuse and Buffalo) under the auspices of the four Division Directors who report to the Chief Operating Officer.

The Department of Maintenance and Operations also acts as liaison with New York State Police Troop T, whose 320 members patrol the Thruway. Beginning in 2013, as part of a State-supported initiative to reduce the Authority's Operating Expenses, the State formally assumed financial responsibility for State Police Troop T enforcement on the Thruway.

As noted below under "NEW YORK STATE INFRASTRUCTURE GRANT AND TOLL RELATED INITIATIVES", pursuant to the provisions of the State's 2016-2017 Enacted Budget, the Authority will reimburse the State for payment of State Police Troop T enforcement on the Thruway, but reimbursement of such costs to the State are not payable as Operating Expenses and are payable only from the General Reserve Fund.

[Remainder of page intentionally left blank]

RESULTS OF OPERATIONS

Financial Results of Operations

Set forth below are certain revenue and expense items ($ in millions) and certain other financial information derived from the Authority's audited financial statements for each of the Authority's fiscal years 2011 through 2015. The revenues and operating expenses below are presented in accordance with the Senior Resolution and the Junior Indebtedness Resolution and were derived by adjusting information contained in the Authority's audited financial statements, which are prepared in conformity with generally accepted accounting principles. This information is qualified by, and should be read in conjunction with, the audited financial statements for the Authority's fiscal year ended December 31, 2015 included in **Appendix B** to this Official Statement. See also "MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS" below. Totals may not add due to rounding.

[Remainder of page intentionally left blank]

ACTUAL RESULTS OF OPERATIONS
For the Calendar Years 2011-2015
(in $ millions)

	2011	2012	2013	2014	2015
Toll Revenue[1]	$634.1	$637.7	$648.9	$664.1	$691.7
Concession Revenue	12.5	13.1	13.3	13.6	14.6
Other Revenues	18.9	18.4	18.5	18.8	20.0
Total Revenues	665.5	669.2	680.7	696.4	726.3
Thruway Operating Expenses[2]	365.4	357.0	279.6[2]	286.1[2]	287.4
Reserve for Claims and Indemnities and Environmental Remediation[3]	4.6	2.0	3.5	5.9	1.8
Net Revenue (A)	295.5	310.2	397.6	404.5	437.1
Current Senior Debt Service Outstanding	167.6	198.8	240.2	252.0	236.3
Less Interest Earnings on Sr. Debt Srvc Res Funds	(0.2)	(0.3)	(0.4)	(1.0)	(0.9)
Net Senior Debt Service (B)	167.4	198.5	239.8	250.9	235.4
Net Revenue after Senior Debt Service	128.1	111.7	157.8	153.5	201.8
Retain for Reserve Maintenance[4]	4.3	5.3	(10.7)	15.2	18.1
Reserve Maintenance Deposit	10.0	36.2	79.8	35.7	97.1
Facilities Capital Improvement Deposit[5]	0.0	8.0	25.0	10.0	20.5
Canal Corporation (Net of Federal Aid)[2]	51.3	51.9	47.7[2]	46.8[2]	52.0
General Reserve Fund Provision - Canal Capital[6]	48.2	8.1	15.8	45.2	13.6
General Reserve Fund - Subordinate Debt[6]	14.4	2.0	0.3	0.4	0.4
Remaining Balance	(0.1)	0.2	0.0	0.2	0.0
Adjustment to Cash Basis[7]	0.1	(0.2)	0.0	(0.2)	0.0
Balance After Cash Adjustment	0.0	0.0	0.0	0.0	0.0
Senior Debt Service Coverage Ratio (A/B)[1]	1.77	1.56	1.66	1.61	1.86

[1] Based on the Authority's audited financial statements for the years 2011, 2012, 2013, 2014 and 2015.

[2] Operating expenses do not include the liability of $42.1 million in 2011, $43.3 million in 2012, $38.8 million in 2013, $39.4 million in 2014 and $43.9 million in 2015 for Thruway, or $9.3 million in 2011, $9.5 million in 2012, $8.6 million in 2013, $8.7 million in 2014 and $10.4 million in 2015 for Canals, relative to the implementation of Governmental Accounting Standards Board ("GASB") Statement No. 45, which establishes reporting standards for post-employment health care benefits and represents the unfunded expenses for the years as noted. In 2015, the Authority adopted GASB Statement No. 68 Accounting and Financial Reporting for Pensions and GASB Statement No. 71 Pension Transition for Contributions Made Subsequent to the Measurement Date. This was a negative adjustment of $9.0 million for Thruway and $1.3 million for Canals in 2015.

[3] Includes $3.6 million for Environmental Remediation Reserve in 2011, $2.0 million in 2012, $1.0 million in 2013, $0.7 million in 2014 and $0.8 million in 2015.

[4] In 2011, $9.0 million was retained for use in 2012, in 2012, $14.3 million was retained for 2013, and in 2013, $3.6 million of revenues was retained for 2014, in 2014, $14.3 million was retained for 2015 and $4.5 million was deposited into working capital and in 2015 $22.5 million was retained for 2016 and $10 million was put into working capital.

[5] The Facilities Capital Improvement Fund has been designated for capturing project costs relating to the New NY Bridge Project (Tappan Zee Bridge Replacement).

[6] Funds transferred to cover Canal capital program expenditures and Series 2009A and 2011A BANs interest costs, as well as interest and commitment fees from a line of credit secured in 2012 to finance emergency repair work on the Canals due to damage to the Canal system from Tropical Storms Irene and Lee.

[7] Reflects differences in cash and accrual basis and timing differences relating to permit sales, investments and Debt Service.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

Discussion of Results of Operations: 2011 through 2015

A number of significant factors have impacted the Authority's operating results during the years 2011-2015. During the period from 2011 to 2012 traffic and revenues along the Thruway System were tempered by the slow and protracted nature of the national economic recovery. During the 2011-2012 period, traffic was also adversely impacted by increases in fuel prices and Tropical Storms Sandy, Irene and Lee and other major weather events. During the period 2013 to 2015, traffic and revenues along the Thruway System grew due to lower fuel prices and a moderate economic recovery. However, during the same 2013-2015 period traffic was adversely impacted by road closures during major weather events. To maintain fiscal balance during this period, the Authority pursued a number of significant cost containment initiatives, including reduced energy consumption and costs, joint procurements with other State entities to enhance buying power and reduce costs, reduced staffing and a transition to a more flexible workforce, extending the useful life of equipment and facilities, and many other initiatives. In April, 2012 the Authority secured a $60 million line of credit to provide for the initial funding of Canal Capital Emergency Repair Projects needed as a result of damage caused by Tropical Storms Irene and Lee. The subordinated debt provides cash flow to bridge the timing difference between spending and FEMA reimbursement. As of March 21, 2016, the Authority had received $7,645,184 in FEMA reimbursements. In December 2013, the Authority issued $1.6 billion of Junior Indebtedness Obligations, Series 2013A to fund the replacement of the Tappan Zee Bridge. In 2015, the Authority received $1.285 billion of funding from the State to fund a portion of the New NY Bridge Project and other Authority capital projects.

2011. Total Pledged Revenues were $665.5 million or $7.0 million below the prior year mainly due to lower toll revenue resulting from higher gas prices and the impact of Tropical Storms Irene and Lee. Toll revenue decreased $7.1 million or 1.1% compared to 2010. Total operating expenses increased $5.8 million or 1.6% in 2011 as a result of higher health insurance and pension costs that were partially offset by personal service savings related to the 2010 Early Retirement Incentive Program and savings from ongoing cost containment efforts.

2012. Total Pledged Revenues were $669.2 million or $3.7 million above the prior year due to milder weather conditions and an extra day in February for leap year being partially offset by revenue decreases related to Hurricane Sandy. Total operating expenses decreased by $11.0 million primarily due to milder weather (reduced snow and ice control costs), the implementation of a number of significant streamlining initiatives, and reductions in operating contracts and environmental remediation costs.

2013. Total revenues were $680.7 million or $11.5 million above the prior year due to lower revenues in October and November 2012 related to road closures and travel restrictions during Hurricane Sandy. Concession revenue increased by $0.2 million, while other revenue decreased by $0.1 million.

Total operating expenses decreased by $75.9 million primarily due to an agreement with the State of New York for the transfer of NYS Police Troop T expenses as well as taking responsibility for $24 million of certain annual operating costs.

2014. Total revenues were $696.4 million or $15.7 million above the prior year due to commercial revenues at the Tappan Zee Bridge and Yonkers Barrier being positively impacted by traffic diverting to the Thruway System to avoid construction closures on the George Washington Bridge from June through December 2014. In addition, commercial revenues system wide were positively impacted by the implementation of an Automated Vehicle Classification system which ensures commercial vehicles using E-ZPass are charged the correct toll rate. Concession revenue increased by $0.3 million, while other revenue increased by $0.2 million.

Total operating expenses increased by $8.8 million primarily due to higher estimated costs for litigation claims filed against the Authority, as well as higher workers' compensation insurance costs and higher snow and ice control costs.

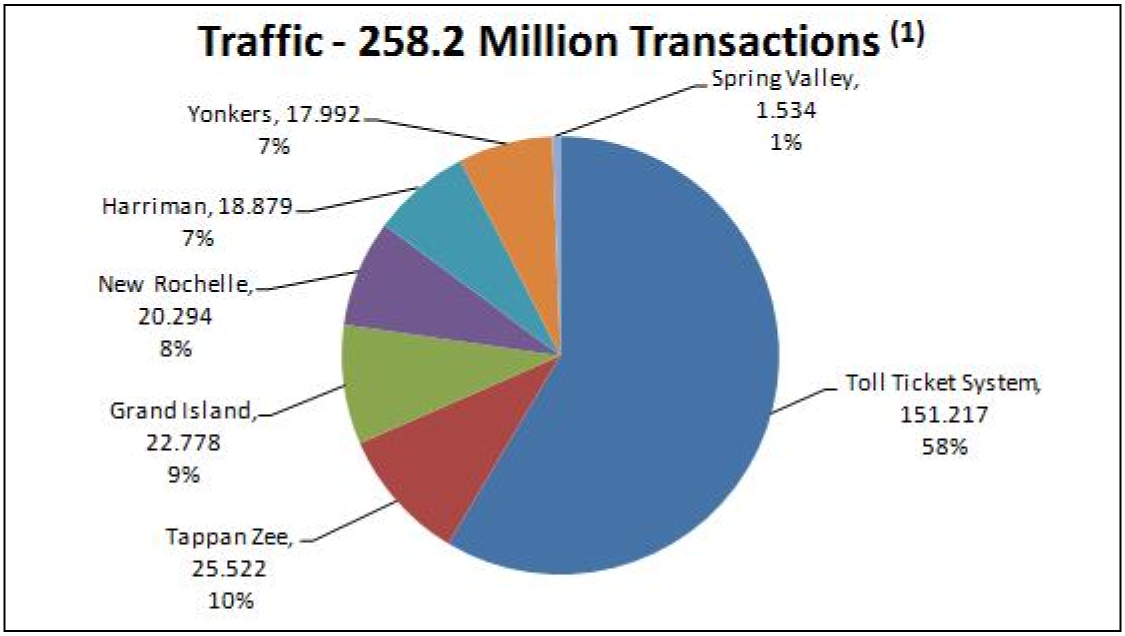
2015. Total revenues were $726.3 million or $29.9 million above the prior year due to lower fuel prices and continued economic recovery. Additionally, in 2014 there was a road closure and loss of revenues due to major weather events.

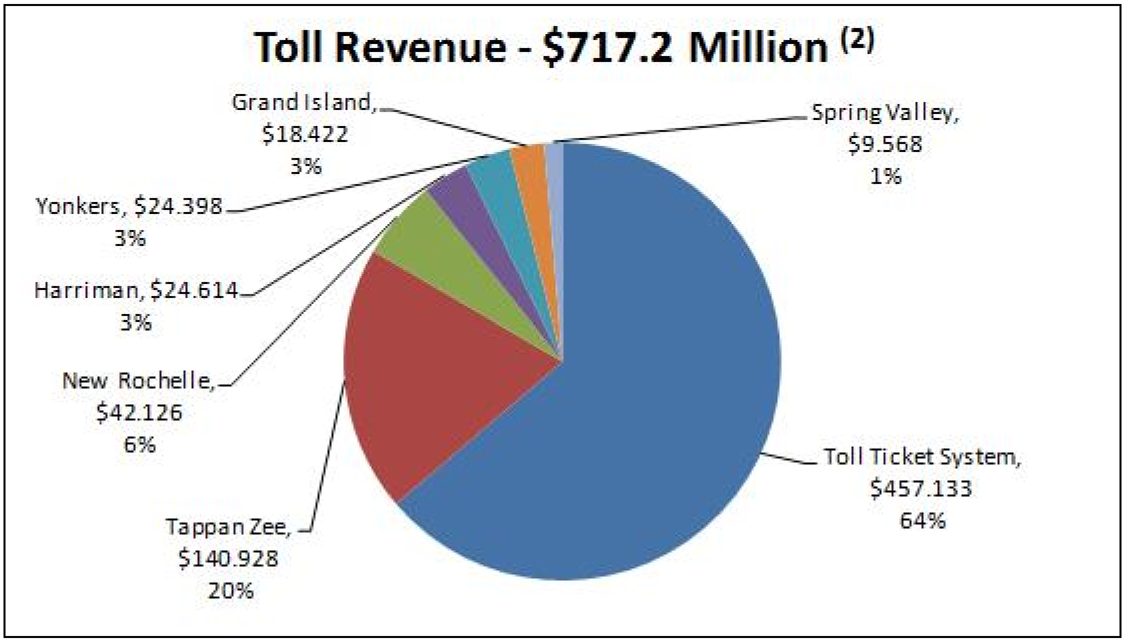
Total operating expenses for the New York State Thruway and the Canal Corporation, excluding depreciation and amortization, were $407.9 million, a decrease of $16.7 million, or 3.9% compared to 2014. This reduction is primarily the result of lower administrative and engineering personal and professional service costs; lower maintenance expenses due to lower fuel costs and fewer major weather events; reduced costs for toll collection and a reduction of general charges of $5.8 million, or 3.5% primarily due to the implementation of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Transition for Contributions Made Subsequent to the Measurement Date", as well as lower estimated costs for claims filed against the Authority.

[Remainder of page intentionally left blank]

Traffic and Revenue

The following charts show traffic and toll revenues at the various pay points and total operating revenues for 2015:





---

(1) Reflects actual results of traffic operations at 2015 year-end. "Traffic" refers to number of toll transactions at all locations where tolls are collected. Number of transactions are shown in thousands.

(2) Based on the Authority's 2015 audited financial statements approved at the March 21, 2016 Board Meeting. Toll revenue in chart is shown in thousands.

See **Appendix A —** "Report of Traffic Engineer" for a more detailed discussion of traffic, revenue and expenses for the years 2013 through 2015.

NEW YORK STATE INFRASTRUCTURE GRANT AND TOLL RELATED INITIATIVES

As part of an initiative to materially improve critical transportation infrastructure in the State and to moderate the future need for Thruway toll adjustments, the State in 2015, at Governor Cuomo's urging, appropriated $1.285 billion for general Thruway capital projects, including $535 million for system-wide projects and $750 million for the New NY Bridge Project.

Consistent with the Governor's budget proposal, the State's 2016-2017 Enacted Budget provides an additional $700 million appropriation for investment in Thruway infrastructure, building on last year's commitment of $1.285 billion. The proposed $700 million and $1.285 billion State appropriated funds are collectively referred to as "NYS Infrastructure Grant Contributions".

At the November 9, 2015 Board meeting the Authority announced that there will be no toll adjustments on the System, including the Tappan Zee Bridge, in 2016 marking the sixth year since the last increase took effect. The maintenance of tolls at the current level was made possible in part by NYS Infrastructure Grant Contributions in the amount of $1.285 billion included in the 2015-16 State budget. The Authority's independent Traffic Engineer's forecasts also include significant upward revisions from the previous forecast submitted to the Authority in May 2015. The 2016 Authority budget forecast shows a traffic growth of 3.4 million vehicles or 1.3 percent above 2015, for total traffic volume of 259.3 million vehicles on the system and increased revenue as a result. See "BUDGET AND CAPITAL PROGRAM; TRAFFIC ENGINEER'S REPORT — Projected Results" and **Appendix A** in this Official Statement.

In addition to no toll increase, the Authority announced the formation and membership of the New NY Bridge Toll Advisory Task Force (the "Toll Advisory Task Force"). The Toll Advisory Task Force will review toll rates, potential commuter discount options, a resident discount program and commercial vehicle rates to secure additional funding for the New NY Bridge Project. The Task Force will be co-chaired by the Thruway Authority's Executive Director and the State Department of Transportation Commissioner. The members of the Toll Advisory Task Force are:

Gerald D. Jennings, former Mayor of the City of Albany

Matthew Rand, managing partner of Better Homes and Gardens

Joan McDonald, former Commissioner of the New York State Department of Transportation

Lawrence C. Salley, Chairman of the White Plains Housing Authority

William C. Thompson, Jr., former New York City Comptroller

Also, the State's 2016-2017 Enacted Budget, includes legislation (the "Canal Transfer Legislation") that will transfer jurisdiction over the State Canal system from the Authority to the Power Authority. Pursuant to the Canal Transfer Legislation, the Canal Corporation will become a subsidiary of the Power Authority. It further requires the Power Authority, pursuant to an agreement with the Authority, for the period effective April 1, 2016, to reimburse the Authority for any and all operating and capital costs expended by the Authority related to the operation of the Canal system for the time period of April 1, 2016 to January 1, 2017. In addition, as of April 1, 2016, the Authority will reimburse the State for the costs of State Police enforcement activities on the Thruway, but will not be an Operating Expense under the Senior Resolution or the Junior Indebtedness Resolution. Such State Police costs are payable by reimbursement to the State from the General Reserve Fund after debt service on Junior Indebtedness Obligations, including the Series 2016A Junior Indebtedness Obligations.

BUDGET AND CAPITAL PROGRAM; TRAFFIC ENGINEER'S REPORT

2016 Budget

The Board of the Authority adopted a 2016 Budget at its November 9, 2015 meeting. The following chart shows the differences in sources and uses of funds between the Actual 2015 Results and the 2016 Budget. A summary of the 2016 Budget in narrative form follows the chart. Additional detail regarding the 2016 Budget can be found at www.thruway.ny.gov. No statement on the foregoing website or any other website is included by specific cross-reference herein. *Budgeted expenditures, revenues and reimbursement of costs relating to the Canal system for 2016 may be subject to the implementation of the transfer of jurisdiction of the Canal system to the Power Authority as set forth in the State's 2016-2017 Enacted Budget. The 2016 Budget is expected to be revised to reflect the impact of the State's 2016-2017 Enacted Budget and is subject to final approval by the Authority Board.*

[Remainder of page intentionally left blank]

Actual 2015 Results Compared to 2016 Budget [1]

	Actual 2015	2016 Budget	Change from Revised 2015 Budget
SOURCES:			
Thruway Revenues	$726,291,055	$724,444,452	($1,846,603)
Prior Year Reserve Balances	(43,981,263)	$60,000,000	103,981,263
Senior Debt	185,417,409	11,770,620	(173,646,789)
Junior Debt	385,857,736	717,812,686	331,954,950
Federal Funds	51,567,993	16,409,429	(35,158,564)
Other Funds	2,968,234	629,575	(2,338,659)
Thruway Stabilization Program Funds	387,447,074	541,139,170	153,692,096
NYS Bond Act Proceeds	6,633,768	3,799,477	(2,834,291)
Canal Development Fund	2,509,519	2,952,704	443,185
Total Sources	$1,704,711,525	$2,078,958,113	$374,246,588
USES:			
Operating Expenses:			
Thruway Operating	$287,399,638	$289,705,701	$2,306,063
Canal Operating	51,005,542	53,754,120	2,748,578
Sub Total	$338,405,180	$343,459,821	$5,054,641
Provisions for Claims & Env Remediation	1,750,000	1,750,000	0
Canal Development Fund	2,033,097	2,952,704	919,607
Total	$342,188,277	$348,162,525	$5,974,248
Retained for Working Capital	10,000,000	0	(10,000,000)
Debt Service:			
Subordinate Debt - Line of Credit	376,632	462,333	85,701
Senior Debt	235,354,534	227,164,013	(8,190,521)
Junior Debt	79,516,900	107,496,067	27,979,167
Total	$315,248,066	$335,122,413	$19,874,347
Capital Program:			
Thruway Capital - Highways and Bridges	251,333,746	289,507,215	38,173,469
Thruway Capital - New NY Bridge	702,001,138	1,014,848,711	312,847,573
Thruway Capital - Architectural & Facilities	9,271,600	15,951,289	6,679,689
Thruway Capital - Equipment & Systems/ITS	25,906,336	35,416,199	9,509,863
Canal Capital & Equipment	48,762,362	39,949,761	(8,812,601)
Total Capital Program	$1,037,275,182	$1,395,673,175	$358,397,993
Total Uses	**$1,704,711,525**	**$2,078,958,113**	**$374,246,588**
Total Uses - New NY Bridge Project	**$702,001,138**	**$1,014,848,711**	**$312,847,573**
Total Uses - Net of New NY Bridge Project	**$1,002,710,387**	**$1,064,109,402**	**$61,399,015**

[1] Expected to be revised to reflected the impact of the State's 2016-2017 Enacted Budget and subject to final approval by the Authority Board.

Overall 2016 Budget Summary

- The 2016 Budget provides for an overall budget of $2.08 billion, representing a $374.2 million or a 22.0 percent increase above actual 2015 levels (primarily due to expenditures programmed for the New NY Bridge project). Exclusive of New NY Bridge project costs, the 2016 Budget would provide $1.06 billion reflecting an increase of $61.4 million or 6.1 percent above actual 2015 levels.

- The estimated 2016 Budget forecasts total traffic of 261.5 million vehicles, reflecting growth of 3.4 million vehicles or 1.3 percent above 2015. This corresponds to a toll revenue forecast of $688.8 million reflecting a reduction of $2.9 million or 0.4 percent below 2015 levels. This year-to-year reduction incorporates an assumption that All Electronic Toll Collection ("AETC") began at the Tappan Zee Bridge beginning on April 24, 2016.

- The 2016 Budget provides a total of $348 million to support the operating expenses of the Authority and Canal Corporation. This represents an increase of $6 million or 1.7 percent above 2015 levels.

- The 2016 Budget provides a total of $1.4 billion to support the capital program of the Authority and Canal Corporation. This represents an increase of $358.4 million or 34.6 percent above 2015 levels (primarily due to New NY Bridge project).

- The 2016 Budget provides a total of $335.1 million to support the debt service expenses of the Authority and Canal Corporation. This represents an increase of $19.9 million or 6.3 percent above actual 2015 levels.

- The multi-year capital plan submitted with the 2016 Budget provides for total capital spending of $3.8 billion for the years 2016-2020. This includes $1.7 billion for system-wide Authority projects, $2.1 billion for the New NY Bridge project and $40 million for 2016 Canal Corporation projects.(1)

Thruway Authority 2016 Budget Highlights

- The 2016 Budget forecasts total Authority revenues of $724.4 million, a decrease of $1.8 million above actual 2015 levels. This corresponds to a toll revenue forecast of $688.8 million reflecting a reduction of $2.9 million or 0.4 percent below 2015 levels due in part to implementation of AETC at the Tappan Zee Bridge; concessions revenues of $13.5 million, and interest and sundry revenues of $22.03 million.

- The Thruway toll forecast as produced by the independent traffic engineer and submitted with the 2016 Budget includes upward revisions from the previous forecast submitted. Toll revenues are revised upward for all years in the projection period to be consistent with increased traffic that the system has experienced in 2015.

- The 2016 Budget provides a total of $291.5 million (with provisions) to support the operating expenses of the Authority, an increase of $2.3 million or 0.8 percent above

(1) See "Funding of the 2016-2020 Capital Program" below for the impact on Canal capital funding based upon the State's 2016-2017 Enacted Budget.

actual 2015 levels. This includes $185 million for departmental operations, $104.5 million for general charges and $1.75 million for operating reserves which reflects no change from 2015 levels.

- Major components of the $2.3 million annual change in the Authority operating budget include the following:

  - Personal Services costs that are reduced by $720,599. This includes an increase in baseline personal services of $3.7 million that is offset by a $3 million reduction in personal services associated with a planned reduction of 80 filled permanent positions as a result of attrition and strict hiring controls to be phased-in during 2016.

  - A net increase of $1.4 million for Health Insurance costs. This includes an increase of $2.9 million or six percent for baseline health insurance costs and an additional $400,000 in costs associated with conforming to requirements of the federal Affordable Care Act. Offsetting these increases is an additional $1.2 million in health insurance employee contributions and $750,000 in savings resulting from instituting a six percent health insurance contribution requirement for former employees retired less than 25 years for the individual premium and increasing the contribution requirement for the family plan effective April 2016.

  - A reduction of $1.3 million in pension costs associated with lower employer contribution rate requirements recently announced by the New York State and Local Retirement System.

  - A $3.2 million increase in Workers' Compensation Insurance costs based on recent changes in the calculation methodology used by the State Insurance Fund for determining premium costs.

  - An additional $6.4 million in E-ZPass account management costs associated with the conversion to AETC at the Tappan Zee Bridge.

  - A year-to-year reduction of $3.9 million in transportation studies as a result of operating expenses for the study of a Transportation Resource Center that was incurred in 2015 but not required in 2016.

  - A year-to-year reduction of $1.3 million resulting from lower snow and ice control costs. The actual 2015 budget supported extraordinary costs that resulted from the extreme winter during the first quarter of 2015. In returning to a budgeted level that is more consistent with the average long-term trend for snow and ice control costs, even after considering salt and fuel costs, the Authority operating budget provides for a reduction from 2015 levels.

  - A $6.3 million savings resulting from estimated increases in the amount of expenses that can be allocated to capital and other funds. This estimate is based on the level of work included in the 2016 Capital Plan and is consistent with levels set for such allocations in prior years.

- After experiencing significant growth during the period of 2000-2012, the Authority has operated at reduced annual levels since 2013. The 2016 Budget continues this trend by supporting an operating budget that reflects a level that continues to be below what it would be had operating spending grown by one percent annually since 2011.

- The 2016 Budget provides for the implementation of a conversion to AETC at the Tappan Zee Bridge which began on April 24, 2016. Implementing this new technology offers motorists many advantages including reducing travel times, removing any vehicle stopping at the toll interchange, enhancing safety by improving traffic flow and providing environmental benefits by limiting idling and reducing delays. In addition, the implementation of AETC will support the timely and economical completion of the New NY Bridge project.

- The 2016 Budget marks the continuation of concerted efforts to find efficiencies and reduce overall Authority staffing levels in a manner that produces budgetary savings. The revised 2015 budget established a target to reduce 80 filled permanent positions in 2015. As of September 2015, the Authority had 1,928 permanent filled positions, 97 positions below December 2014 levels. The 2016 Budget continues this trend by projecting an additional 80 position reduction to occur during 2016.

- The Authority is expected to revise the 2016 Budget to reflect provisions in the State's 2016-2017 Enacted Budget whereby the Authority will reimburse the State for State Police – Troop T Thruway enforcement costs from the General Revenue Fund, and will no longer be reimbursed for $21.5 million of other costs.

Canal Corporation 2016 Budget Highlights

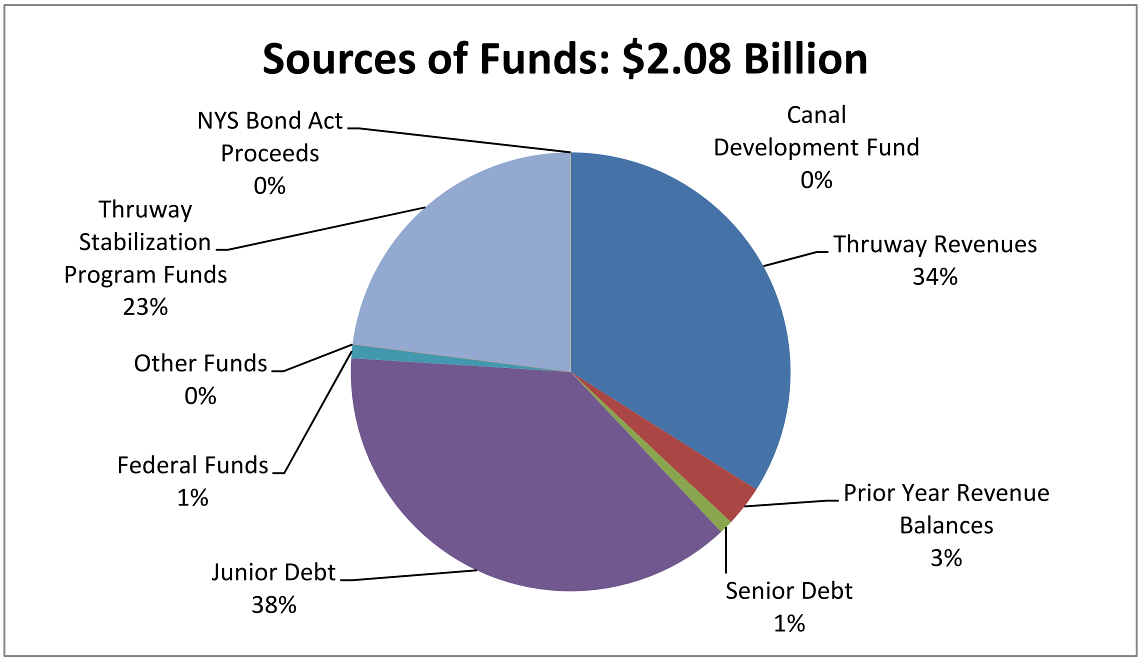
- The 2016 Budget provides $53.75 million for Canal Corporation operations, reflecting an increase of $2.7 million or 5.4 percent above actual 2015 levels.

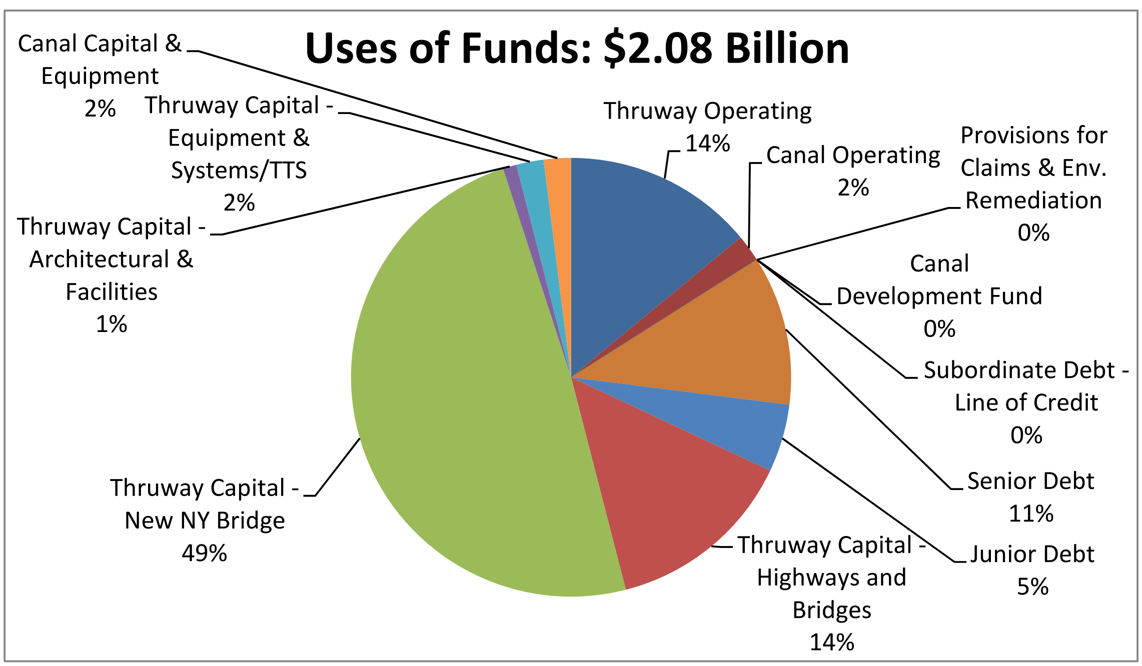
- The 2016 Budget provides $2.95 million for the Canal Development Fund, an increase of $919,607 or 45.2 percent above 2015 levels and $39.95 million for Canal capital spending, reflecting a reduction of $8.8 million or 18 percent below 2015 levels as the Canal Emergency Work projects are completed.

- The 2016 Budget assumes a budgeted headcount of 435 permanent positions, a reduction of six positions from the 2015 levels. As of September 2015, the Canal Corporation had 379 permanent filled positions, 20 positions below December 2014 levels. For the period 2003-2015, the Canal Corporation has reduced its personnel levels by 139 positions or 27 percent.

- The Authority will also be adjusting the 2016 Budget to reflect the passage of the State's 2016-2017 Enacted Budget which provides for Canal expenditures to be reimbursed to the Authority by the Power Authority as of April 1, 2016 and fully assumed by the Power Authority in 2017 and thereafter.

The 2016 Budget as adopted by the Authority, totals $2.079 billion, which is an increase of $374.2 million or 22% from 2015 actual expenditures. Sources and uses of the 2016 Budget are highlighted in the following charts:





2016-2020 Capital Program

Annually, the Authority adopts a one-year contracts program based on the prioritization of projects scheduled in its Capital Program. This annual contracts program is approved by the Board and represents the Authority's official capital construction program for the year. Project selection considers the following priority factors: safety, bridge and highway condition rating, capacity needs, and facility needs.

As the Thruway is at the end of its sixth decade of operation, the necessity for reconstruction and rehabilitation of the aging Thruway infrastructure requires an increasing level of investment. At the same time, travelers on the roadway during peak travel periods are experiencing delays resulting from increasing traffic volumes. Authority staff, utilizing enhanced and modernized asset management systems, historical records of past remedial work, and their knowledge of the current condition of facilities, developed the multi-year Capital Program.

The multi-year Capital Program is designed to address several key objectives that are critical to Thruway customers and is intended to maximize the benefit to the Thruway. These objectives are system reliability, increased customer service, improved safety and mobility and environmental stewardship. The multi-year Capital Program also will take advantage of technology improvements and innovations in the field of transportation management. As evidenced through the plan, the Authority is committed to providing customers with the mobility and service they expect, and to preserving the main transportation artery that supports New York State's economy.

On November 9, 2015, the Authority Board approved the 2016 Budget and the 2016 Contracts Program. The 2016-2020 Capital Program was approved by the Authority Board on December 14, 2015. The 2016-2020 Capital Program totals \$3.8 billion in investments for capital projects and equipment and including a subtotal of \$1.980 billion for the New NY Bridge Project. See "—Funding of the 2016-2020 Capital Program – Tappan Zee Bridge Project" for a more detailed description of the New NY Bridge Project. Fiscal constraints required the Authority to pursue a more balanced approach to the multi-year Capital Program project mix, focusing more on high priority and high impact investments to maintain the useful life of Thruway and Canal infrastructure rather than pursuing major reconstruction, rehabilitation and capacity improvements that were prevalent in the recently completed 2012-2015 Capital Plan.

The 2016-2020 Capital Program will complete major, job-sustaining reconstruction projects that were let during the previous multi-year Capital Program and includes reconstruction and rehabilitation of roadway, bridges, facilities, equipment and support systems of the Thruway and Canal systems. The 2016-2020 Capital Program provides for work on 107 bridges, the resurfacing/ rehabilitation/reconstruction of approximately 184 center line miles (814 lane miles) of highway and the reduction of congestion in key corridors. From 2016 through 2020, the Authority estimates that the investments made in this program will preserve overall highway and bridge conditions in the "good" category, allowing for the continued reliability of the Thruway System and accomplish the substantial completion of the New NY Bridge Project by 2018.

Since the transfer of the Canal system to the Authority in the 1990s, the Authority has made significant maintenance and capital investments into the waterway's infrastructure. However, given the age of the Canal system, revitalization of infrastructure is necessary to meet the demands of recreational boaters, tour and rental boats and a resurgent commercial shipping sector. While the Authority undertakes an ambitious annual maintenance program, Canal structure conditions continue to deteriorate. Complicating efforts to reduce this rate of deterioration, a substantial portion of the Canal's current floating plant equipment consists of a variety of vessels that need to be replaced, and in 2011 Tropical Storms Irene and Lee caused nearly \$100 million in damages to many components of the Canal system. Pursuant to the provisions in the State's 2016-2017 Enacted Budget, all Authority operating and capital expenditures relating to the Canal system after April 1, 2016 are expected to be reimbursed to the Authority by the Power Authority upon agreement by the Authority and the Power Authority, and all such costs will be fully assumed by the Power Authority in 2017 and thereafter.

Total Capital Program Expenditures. The following table presents the year-by-year actual cash expenditure for the period from 2005-2015 and reflects the 2016 Budget and projections for the 2016-2020 Capital Program. The table also includes the Authority's projections for capital expenditures on the New NY Bridge Project, which began in 2013. With this level of capital expenses, the Authority can continue to provide good service to patrons, meet the growing demands of increased use with up-to-date technology and other necessary improvements, and assure that the system is not adversely affected by deteriorating bridge and pavement conditions.

ACTUAL AND PROJECTED CAPITAL PROGRAM EXPENDITURES(1)
2005-2020
(in millions)

		Thruway Highway and Bridge Capital Expenditures	Equipment Replacement and Other Facility Capital Needs	Canal Capital Program(2)	Subtotal Capital Program Expenditures	New NY Bridge	Total Capital Program Expenditures
2005	Actual	$ 97.1	$ 27.3	$ 21.0	$ 145.4		$145.4
2006	Actual	179.3	50.9	14.4	244.6		244.6
2007	Actual	267.3	59.0	44.2	370.5		370.5
2008	Actual	288.7	36.2	30.3	355.2		355.2
2009	Actual	259.6	35.4	26.1	321.1		321.1
2010	Actual	311.0	39.9	26.8	377.7		377.7
2011	Actual	367.6	49.5	27.4	444.5		444.5
2012	Actual	322.4	22.9	45.7	390.9		390.9
2013	Actual	183.7(3)	30.7	37.5	251.9	$613.4	865.3
2014	Actual	170.6	33.7	76.7	281.0	594.2	875.2
2015	Actual	251.3	35.2	48.8	335.3	702.0	1,037.3
2016		289.5	51.3	40.0	380.8	1,014.8	1,395.6
2017		306.3	48.1	0	354.4	725.6	1,080.0
2018		330.9	44.6	0	375.5	308.8	684.3
2019		275.0	45.7	0	320.7	12.2	332.9
2020		257.5	48.2	0	305.7		305.7
Total(1)		$4,157.7	$658.6	$438.8	$5,255.2	$3,971.1(4)	$9,226.3

(1) Totals may not add due to rounding.
(2) As noted above Canal system costs for the years 2017 and thereafter will be no longer be Authority costs. The portion of the total cost shown in 2016 incurred after March 31, 2016 will be reimbursed by the Power Authority.
(3) Includes $8.3 million of Pre-Design Environmental costs.
(4) Does not include prior years' expenses that had been paid from the Construction fund that are included in the column titled "Thruway Highway and Bridge Capital Expenditures".

Funding of the 2016-2020 Capital Program

The 2016-2020 Capital Program totals $3.8 billion including the New NY Bridge Project. The 2016-2020 Capital Program is funded with a combination of Net Revenues, Senior Bond proceeds, Junior Indebtedness Obligation proceeds (for the New NY Bridge Project only) and Federal, State and other funds.

The Authority's Capital Program Management Group (the Authority's Chief Engineer, Chief Financial Officer and Director and Maintenance and Operations) and the Authority Board continually monitor projected system needs and balance them with available resources. The Authority is also enhancing and modernizing its asset management system to ensure the efficient and effective delivery of the 2016-2020 Capital Program, resulting in smart project selections and enhancing its ability to respond to price variability and other changes that would impact funding, project cost and delivery. It is important to note that the Authority's Board has the power, without approval by the Legislature or the Governor, to increase toll rates to maintain a high level of operating safety and services on the Thruway System, to maintain and rehabilitate the Thruway System, to pay debt service, to meet toll covenants and to maintain the balance of revenues and expenses.

Funding sources projected to be applied to complete the 2016-2020 Capital Program are set forth in the following chart.

	2016 – 2020 Capital Program					
	2016	**2017**	**2018**	**2019**	**2020**	**2016-20 Total**
Thruway:						
Senior Debt	$0.0	$0.0	$324.9	$288.9	$274.2	$888.0
Reserve Maintenance Fund	135.2	33.8	30.0	30.0	30.0	258.9
Federal, State and Other Funds	14.9	1.0	1.3	1.5	1.1	19.8
Interest on Bond Proceeds	0.0	0.0	0.4	0.4	0.4	1.1
Thruway Stabilization Program Funds	190.8	319.7	18.9	0.0	0.0	529.4
Sub-Total	340.9	354.4	375.5	320.7	305.7	1,697.2
Canal: [1]						
Senior Debt	1.9	0.0	0.0	0.0	0.0	1.9
General Reserve Funds	5.9	0.0	0.0	0.0	0.0	5.9
Canal Development Fund	0.0	0.0	0.0	0.0	0.0	0.0
Federal, State and Other Funds	28.4	0.0	0.0	0.0	0.0	28.4
NYS Transportation Bond Act	3.8	0.0	0.0	0.0	0.0	3.8
Thruway Stabilization Program Funds	0.0	0.0	0.0	0.0	0.0	0.0
Sub-Total	40.0	0.0	0.0	0.0	0.0	40.0
Sub Total – Thruway and Canal	**380.8**	**354.4**	**375.5**	**320.7**	**305.7**	**1,737.1**
New NY Bridge Project:						
Junior Indebtedness Obligations	638.2	395.7	188.7	12.2	0.0	1,234.8
Facilities Capital Improvement Fund	14.0	0.0	0.0	0.0	0.0	14.0
Federal, State and Other Funds	0.0	0.0	0.0	0.0	0.0	0.0
Thruway Stabilization Program Funds	362.6	329.9	120.1	0.0	0.0	812.6
Sub Total – New NY Bridge Program[2]	**1,014.8**	**725.6**	**308.8**	**12.2**	**0.0**	**2,061.4**
Grand Total	**$1,395.7**	**$1,080.0**	**$684.3**	**$332.9**	**$305.7**	**$3,798.6**

(1) This reflects the transfer of responsibilities for Canal system capital costs to the Power Authority pursuant to provisions of the State's 2016-2017 Enacted Budget. The portion of the total cost shown in 2016 incurred after March 31, 2016 will be reimbursed by the Power Authority.

(2) Incorporates the $700 million in State Capital assistance.

Pursuant to provisions in the State's 2016-2017 Enacted Budget, the Authority will transfer jurisdiction over the Canal system to the Power Authority. The transfer is expected to take effect on January 1, 2017. As noted above, all Authority operating and capital expenditures relating to the Canal system after April 1, 2016 will be reimbursed to the Authority by the Power Authority upon agreement by the Authority and the Power Authority, or assumed by the Power Authority for 2017 and thereafter.

See "NEW YORK STATE INFRASTRUCTURE GRANT AND TOLL RELATED INITIATIVES" below for a description of NYS Infrastructure Grant Contributions expected to be available for Thruway and New NY Bridge Project funding projects.

In addition, on April 23, 2012, the Authority entered into a Loan Agreement with Citibank, N.A., (the "Bank") under which the Bank is providing a revolving line of credit, evidenced by a note (the "Bank Note"), in an aggregate amount not to exceed $60 million. The Bank Note matures on April 23, 2017 and may be pre-paid at any time by the Authority without penalty. The proceeds of the Bank Note as needed are to be applied to finance capital projects for the Canal system arising from tropical storm damage caused in August and September 2011. The Authority's reimbursement obligations under the Bank Note are secured in part by a pledge of revenues available in the General Reserve Fund, which pledge constitutes Subordinated Indebtedness under the Senior Resolution. In addition, grant moneys expected to be received from the Federal Emergency Management Agency ("FEMA") for these emergency repairs are also pledged to repay the Bank Note, and such FEMA funds are expected to provide a substantial portion of the proceeds to repay the Bank Note. To date $32 million has been drawn for Canal system repairs under the Bank Note remaining outstanding.

Bridge Inspection Program and Condition Ratings

There are 872 bridges on the Thruway, excluding bridges on the Cross-Westchester Expressway for which the Authority has not assumed any inspection responsibility. The Authority has inspection responsibility for 809 of these bridges, including 410 mainline and ramp bridges and 400 overhead bridges carrying interchange traffic as well those carrying State and local roads, pedestrian or railroad traffic. The New York State Department of Transportation ("DOT") is responsible for inspecting the remaining bridges.

The Authority's inspection program exceeds current Federal and State standards. The inspection process strives for strict adherence to both the qualification and training of inspectors, and inspection methodologies as prescribed by DOT. All bridges are inspected biennially as required by the State's Uniform Code of Bridge Inspection (the "Bridge Code"). The Authority contracts with outside consultants to conduct this inspection for most of its bridges. In addition to the Bridge Code requirement, the Authority performs an annual inspection of suspension components of pin and hanger assemblies of bridges, inspection of bridges over waterways after each major flood event, and inspection of bridges after any seismic activity in the area. During each general biennial or interim inspection, certain superstructure elements which could cause the failure of a bridge receive particularly close inspection. Bridges over waterways which are identified for underwater diving inspection are also inspected regularly at a frequency recommended in the last diving inspection report as per guidelines issued by DOT.

The Authority has maintenance responsibility for 809 bridges, while DOT and other entities have maintenance responsibility for the remaining bridges. The Authority's bridge maintenance engineers review each bridge inspection report to determine maintenance and rehabilitation needs. A maintenance and rehabilitation program is implemented through in-house crews or through a contracts program depending upon the extent of work required to be performed at any bridge.

A comparison of the Authority's Bridge Condition Ratings for the years 2014 and 2015 are shown as follows.

BRIDGE RATINGS		
CONDITION	**NO. OF BRIDGES**	
	Dec. 2014	Dec. 2015
GENERAL RECOMMENDATION 5-7 Bridges in generally good condition with only minor to moderate repairs required.	666	668
GENERAL RECOMMENDATION 4 Bridges in good to fair condition requiring reconditioning of some structural elements.	135	134
GENERAL RECOMMENDATION 2-3 Bridges in poor condition requiring major repairs or replacement.	8	7

The change in the Authority's bridge ratings between December 2014 and 2015 is due to aging of facilities. As of December 31, 2015 there were seven bridges with a general recommendation of 3. The seven bridges will be replaced or receive work in the current multi-year Capital Program.

Operational Streamlining

The Authority is continuing to improve the efficiency and effectiveness of its operations through an ongoing operational streamlining program. This program has played an important role in the maintenance fiscal balance, involving structural reforms and other measures that will generate reductions in Authority operating expenses. As it has in previous years, the streamlining program is expected to significantly reduce operating expenses in 2016 and beyond. After experiencing significant growth during the period of 2000-2012, the Authority has operated at reduced annual levels since 2013. The 2016 Budget continues this trend by supporting an operating budget that reflects a level that continues to be below what it would be had operating spending grown by one percent annually since 2011. The streamlining efforts consists of workforce reductions and a transition to a more part-time and temporary workforce, realigning employee benefits to comport with the State's benefit plans.

Federal Funding

Pursuant to the provisions of an agreement dated July 19, 1982, entered into among the Authority, the United States Department of Transportation and the State and in accordance with the provisions of Title 23, United States Code, as amended ("Title 23"), the Authority historically has received Federal funds in connection with the funding of various resurfacing, restoration and rehabilitation projects on certain designated interstate portions of the Thruway. While the amount of Federal aid received by the Authority in recent years has been *de minimis*, the Authority has received agreements to provide $100 million in new Federal aid in 2012 through 2016, to be used to fund Thruway and Canal capital projects and to reimburse eligible Canal operating costs.

Report of Independent Traffic Engineer

The Authority retained Jacobs Civil Consultants, Inc., as Traffic Engineer to prepare a study (the "Traffic Engineer's Report") that reviewed the operations and physical condition of the Thruway System. The study further projects the financial results of the Authority's operations in the years 2016-2020. The forecast of traffic and revenues detailed in the Traffic Engineer's Report are based on the Authority's current toll schedule. The study projects future revenues to be sufficient for the Authority to successfully complete the New NY York Bridge Project while fulfilling its system-wide operating, debt service, and capital needs. Future funding needs through 2020 were established by the Authority at amounts necessary to maintain levels of safety and service, good infrastructure conditions, support Thruway and Canal operations, and maintain the Authority established debt service coverage policy targets.

The Traffic Engineer's Report projections incorporate the additional $700 million in capital assistance appropriated by the State's 2016-2017 Enacted Budget, that will result in Net Revenues that will be sufficient to meet the fiscal policy guidelines of the Authority. The Authority has the ability to counter any Net Revenue shortfalls through periodic toll adjustments. In the Traffic Engineer's opinion, any toll rate adjustments to fill an identified revenue shortfall can be implemented on the Thruway System and will result in only small changes to traffic patterns. In addition, the Traffic Engineer's Report concluded that if the Authority through whatever means generates enough Net Revenue to match its needs it will be able to:

- Fully fund necessary operations, maintenance and capital expenses;
- Meet the covenants of the Senior Resolution and the Junior Indebtedness Resolution;
- Complete the New NY Bridge Project;
- Preserve good overall infrastructure conditions of the Thruway System;
- Satisfy the terms of the TIFIA loan;
- Comply with the requirements of the Authority's Fiscal Management Guidelines; and
- Maintain targeted levels of debt service coverage.

In the Traffic Engineer's opinion, the Authority will continue to be able to provide good service to its customers and will continue to fulfill its critical role in supporting the State's economy through the forecast period. Finally, the Traffic Engineer found that if any modifications to toll rates are necessary to achieve these goals, they are attainable and will not result in significant traffic losses or diversions as a result of those increases.

The Traffic Engineer's Report contains the following additional conclusions:

- The Authority has the independent, statutory ability to adjust its toll rates and provide significant amounts of additional revenue;
- The Authority's toll rates are relatively low and compare well to other toll systems, allowing for future rate setting flexibility with minimal long-term traffic diversion impact;
- The Authority's on-going operational streamlining efforts have limited growth in operational expenses and can be anticipated to provide recurring, long-term savings;

- Infrastructure conditions and the capacity of the Thruway System should not affect the projected growth of traffic and toll revenues throughout the forecast period;

- The Authority's facilities have been maintained at high standards over the years, resulting in good overall infrastructure conditions throughout the Thruway System;

- The Authority's planned extensive and regular maintenance programs, asset management systems and long-term capital planning process provide confidence that overall operational and structural integrity of its facilities will be maintained;

- Target levels of future maintenance and capital expenditures beyond the current 2016-2020 Capital Program will support the integrity and reliability of the Thruway System; and

- The New NY Bridge Project can be completed and open to traffic on schedule and within budget.

The conclusions presented above are subject to the limitations and assumptions detailed in the Traffic Engineer's Report. The Traffic Engineer's Report is contained in **Appendix A**, which should be read in its entirety.

Projected Results

The Traffic Engineer's Report analyzes the Authority's current operations, and projects financial results of the Authority's operations for the years 2016-2020. The forecast of traffic and revenues detailed in the Traffic Engineer's Report are based on the Authority's current toll schedule and other information provided by the Authority. The Traffic Engineer's Report identifies future revenues required for the Authority to meet its system-wide operating, debt service, and capital needs, as well as the contractual covenants contained in its Senior Resolution and Junior Indebtedness Resolution. The Traffic Engineer's forecast includes the additional $700 million in NYS Infrastructure Grants, provided in the State's 2016-2017 Enacted Budget. Future funding needs through 2020 were established by the Authority at amounts necessary to maintain levels of safety and service, good infrastructure conditions, support Thruway, and maintain the Authority's established debt service coverage policy targets. In light of the legislated transfer of Canal system responsibilities from the Authority to the Power Authority, no Canal system operating or capital costs are included after 2016.

The projections summarized in the following table, entitled "Projected Results" show the Traffic Engineer's findings for the years 2016 through 2020. See "Report of Independent Traffic Engineer" above, and **Appendix A —** "Report of Traffic Engineer".

[Remainder of page intentionally left blank]

Projected Results
(in millions)

	Actual **2015**	Estimated Budget **2016** [1]	Estimated **2017**	Estimated **2018**	Estimated **2019**	Estimated **2020**
Toll Revenue	$691.7	$688.8	$698.1	$705.7	$713.3	$721.0
Other Revenues	34.6	35.5	34.2	34.4	34.9	35.1
Total Revenues	726.3	724.4	732.3	740.1	748.1	756.1
Thruway Operating Expenses	287.4	313.5	317.3	320.2	323.2	326.2
Reserve for Claims and Indemnities and Environmental Remediation	1.8	1.8	1.8	1.8	1.8	1.8
Net Revenue (A)	437.1	409.2	413.2	418.1	423.2	428.1
Current Senior Debt Service Outstanding	236.3	227.8	236.4	241.2	261.7	261.7
Proposed Senior Bonds	0.0	0.0	0.0	5.0	13.5	26.6
Less: Projected Escrowed Principal [2]				(36.4)	(50.3)	(60.4)
Less Interest Earnings on Sr. Debt Srvc Res Funds	(0.9)	(0.6)	(0.6)	(0.6)	(0.6)	(0.7)
Net Senior Debt Service (B)	235.4	227.2	235.7	209.1	224.2	227.3
Net Revenue after Senior Debt Service	201.8	182.0	177.5	208.9	199.0	200.8
Retain for Reserve Maintenance	18.1	0.0	0.0	0.0	0.0	0.0
Reserve Maintenance Deposit	97.1	79.0	63.7	67.4	57.7	58.0
Total Junior Debt Service	0.0	28.0	52.7	79.5	68.1	68.4
Less Interest Earnings on Jr. Debt Srvc Res Account	0.0	0.0	(0.1)	(0.3)	(0.4)	(0.4)
Net Junior Debt Service (C)	0.0	28.0	52.6	79.2	67.6	68.0
Junior Debt Service Reserve Account	0.0	0.0	0.0	0.0	10.0	10.0
Facilities Capital Improvement Deposit	20.5	14.0	0.0	0.0	0.0	0.0
Canal Corporation (Net of Federal Aid)	52.0	10.5	0.0	0.0	0.0	0.0
General Reserve Fund Provision - Canal Capital	13.6	5.0	0.0	0.0	0.0	0.0
General Reserve Fund Provisions – State Police	0.0	45.0	61.2	62.4	63.6	64.9
General Reserve Fund - Subordinate Debt	0.4	0.5	0.0	0.0	0.0	0.0
Balance	0.0	0.0	0.0	0.0	0.0	0.0
Senior Debt Service Coverage Ratio (A/B) [3]	1.86	1.80	1.75	2.00	1.89	1.88
Senior & Junior Debt Service Coverage Ratio (A/(B+C)) [3]	1.86	1.60	1.43	1.45	1.45	1.45
Proposed Debt Issuances by Year:						
Senior – General Revenue Bonds	-0-	-0-	-0-	133.9	271.3	255.5
Junior Indebtedness	-0-	850.0	309.8	208.4	-0-	-0-

Source: Jacobs Civil Consultants, Inc. Traffic Engineer's Report dated April 20, 2016.

(1) Subject to final approval by the Authority Board.

(2) Reflects expectation of using a portion of the NYS Infrastructure Grants to fund an escrow account to fund principal payments of $36.4 million, $50.3 million and $60.4 million in 2018, 2019 and 2020, respectively.

(3) Board-adopted Fiscal Management Guidelines require a minimum 1.5x Senior Bond coverage ratio. The Senior Resolution requires the greater of 1.2x annual Senior Bond debt service or 1.0x Senior Bond debt service, required deposits to the Senior Debt Service Reserve Fund, amounts required to make Reserve Maintenance Payments, and amounts required to be deposited into the Junior Indebtedness Fund. The Junior Indebtedness Resolution requires a 1.2x combined annual Senior Bond debt service and annual Junior Indebtedness Obligation debt service.

Note: Totals may not add due to rounding.

Future availability of Net Revenues will affect the amount of debt issued under both the Senior Resolution and the Junior Indebtedness Resolution to fund Authority capital expenditures and, therefore, the level of future debt service coverages. However, the Authority has covenanted to maintain tolls in order that Net Revenues will at least equal both the Net Revenue Requirement under the Senior Resolution and the Junior Indebtedness Net Revenue Requirement under the Junior Indebtedness Resolution for each year. See "SOURCES OF PAYMENT AND SECURITY FOR THE JUNIOR INDEBTEDNESS OBLIGATIONS — Tolls, Fees and Charges".

In addition, the Authority continually monitors its projected needs and financial plan. It also continually reviews projections of Revenues and expenses and has the power, without approval by the Legislature or the Governor, to increase toll rates to maintain a high level of operating safety and services on the Thruway System, to maintain and rehabilitate the Thruway System, to pay debt service, to meet toll covenants and to maintain the balance of revenues and expenses.

ADDITIONAL AUTHORITY INFORMATION

Employee Relations

Authority and Canal Corporation employees are represented pursuant to New York State's Public Employees' Fair Employment Act ("Taylor Law") by three unions, International Brotherhood of Teamsters (the "Teamsters"), Civil Service Employees Association ("CSEA") and the Public Employees Federation ("PEF"). The Teamsters represent the Authority's maintenance, toll collection and clerical employees while the CSEA represents both Authority professional, supervisory and technical employees and Canal Corporation operational, maintenance and clerical employees in separate locals. PEF represents professional, technical and supervisory Canal Corporation employees. Authority and Canal Corporation employees who serve in a management or confidential capacity pursuant to the Taylor Law are not represented by a union. The Authority currently is in negotiation with all bargaining units, each of which has a labor contract with a term which ended on June 30, 2012.

Retirement Plans and Other Post Employment Benefits

Retirement (Pension) Plans

The pension plan for Authority and Canal Corporation employees is part of the New York State and Local Employees' Retirement System ("ERS") and through December 31, 2012, participated in the Police and Fire Retirement Systems ("PFRS") for New York State Police assigned to the Authority. As of 2013, costs associated with State Police assigned to the Thruway were assumed by New York State. The ERS is a cost-sharing multiple-employer retirement system that provides retirement benefits as well as death and disability benefits. Plan benefits are provided under the provisions of the New York State Retirement and Social Security Law and are guaranteed under the State Constitution. The Authority's election to participate in the State plans is irrevocable. ERS Tiers I through IV are noncontributory except for employees with less than 10 years of service who contribute 3% of their salary and Tier V employees who contribute 3% of their salary. As of April 1, 2013, Tier VI employees contribute between 3% and 6%, based upon the amount of their annual salary.

Under State Law, the Comptroller certifies annually the rates, expressed as proportions of payroll of members, which are used in computing the contributions required to be made by employers. The rates billed by the Comptroller for ERS during the year ended December 31, 2015 ranged from 10.5% to 25.2% and during the year ended December 31, 2014 ranged from 10.9% to 27.7%. State Police pension costs were not an Authority expense in 2013, 2014 or 2015.

The approximate required Authority contributions for each of the years 2012 through 2015 were as follows (in thousands):

	ERS	PFRS
2015	$29,598	$ -0-*
2014	31,404	-0-*
2013	34,916	-0-*
2012	33,006	4,028

* State Police pension costs were not an Authority expense in 2013, 2014 or 2015.

The Authority's contributions in each of the foregoing years were equal to 100% of the contributions required for the period.

The accounting standards that apply to financial reporting for governmental pension plans (pension systems) and for the governments that sponsor such pension plans have been significantly revised. GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", became effective for governments for fiscal years beginning after June 15, 2014, as well as GASB Statement No. 71, "Transition for Contributions Made Subsequent to the Measurement Date", which amended Statement No. 68. Thus for the Authority's 2015 fiscal year GASB Statement No. 68 and Statement No. 71 require governments providing defined benefit pensions, such as the Authority, to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and certain required supplementary information, or "RSI". RSI is reported at the conclusion of the notes to the Authority's financial statements in **Appendix B** to this Official Statement. The Authority adopted these accounting standards effective January 1, 2015.

As a result, the Authority now reports its proportionate share of the net pension liability, along with related deferred outflows of resources, deferred inflows of resources, and pension expense, as determined by ERS. The adoption of GASB Statement No. 68 and Statement No. 71 was applied retroactively. Accordingly, the Authority restated its net position as of December 31, 2014, by recording its net pension liability of $28,616,000 and restating prepaid expenses by $(8,197,000), deferred outflows by $30,536,000, and ending net position by $6,277,000. At December 31, 2015, the Authority and Canal Corporation reported liabilities of $18,375,000 and $3,018,000, respectively, resulting in a combined liability of $21,393,000 for the Authority's proportionate share of the net pension liability.

Other Post Employment Benefits

The Authority reports its Other Post Employment Benefits ("OPEB") to recognize in its financial statements the financial impact of OPEB, principally employer funded health care and death benefits which the Authority provides for retired employees. Substantially all Authority employees may become eligible for these benefits if they reach normal retirement age while working for the Authority. The Authority currently contributes to its OPEB plans to satisfy obligations on a pay-as-you-go basis.

The following table summarizes the Authority's valuation of OPEB costs and obligations at December 31, 2015 and 2014 (in thousands):

	2015			2014
	Thruway Authority	**Canal Corporation**	**Total**	**Total**
Present Value of Future Benefit Payments	$1,379,929	$290,518	$1,670,447	$1,498,215
Unfunded Accrued Liability	1,031,917	208,725	1,240,642	1,111,198
Annual Required Contribution (30 Year Amortization)	72,457	15,703	88,160	80,140
Annual OPEB Cost	70,980	15,381	86,361	78,561
Valuation Payroll	121,712	21,809	143,521	148,847
Annual OPEB Expense (as % of payroll)	58.3%	70.5%	60.2%	52.8%
Expected Benefit Payment	27,033	4,983	32,016	30,463

The following summary schedule presents the Annual OPEB Cost and Net OPEB obligation for the years ended December 31, 2015, 2014, and 2013 (in thousands):

	2015	**2014**	**2013**
Normal Cost	$ 39,061	$ 36,164	$ 34,673
Amortization of unfunded actuarial accrued liability	49,099	43,976	42,043
Annual required contribution (ARC)	88,160	80,140	76,716
Interest on net OPEB obligation	13,764	12,080	10,419
Adjustment to ARC	(15,563)	(13,659)	(11,781)
Annual OPEB cost	86,361	78,561	75,354
Contribution/expected benefit payment	(32,016)	(30,463)	(27,895)
Increase in net OPEB obligation	54,345	48,098	47,459
Net OPEB obligation, *beginning of year*	393,248	345,150	297,691
Net OPEB obligation, *end of year*	$ 447,593	$ 393,248	$ 345,150

The annual OPEB costs are recorded in the Authority's 2015 and 2014 statements of revenue, expenses, and changes in net position in the amount of $86,361,000 and $78,561,000, respectively.

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 through 2015 are as follows (in thousands):

Year Ended	**Annual OPEB Cost**	**Cost Contributed**	**Net OPEB Obligation**
12/31/2013	$ 75,354	37.0%	$ 345,150
12/31/2014	78,561	38.8%	393,248
12/31/2015	86,361	37.1%	447,593

See Note 1 – Organization and Summary of Significant Accounting Policies, Note 7 – Retirement Benefits, Note 8 – Deferred Compensation Plan and Note 9 – Other Postemployment Benefits in the Authority's financial statements in **Appendix B** to this Official Statement for a further discussion of the Authority's retirement and OPEB programs, including the impact of new GASB standards.

Investments

The Senior Resolution and the Junior Indebtedness Resolution enumerate various investments for Authority funds as authorized by law. See **Appendix C —** "Summary of Certain Provisions of the Junior Indebtedness Resolution and the Senior Resolution — Definitions — Investment Obligations" and "Investments of Funds". The Act limits investments to those obligations in which the Comptroller of the State may invest public funds pursuant to Section 98-a of the State Finance Law, as amended from time to time. Title 7, Section 2925 of the Public Authorities Law requires that the Authority Board annually review and approve its investment policies and practices and provides for an annual independent audit of all investments. **Appendix B** includes a copy of the Authority's financial statements and a list of its investments as of December 31, 2015 and 2014 set forth in Note 2 — Cash and Investments. The Authority's investment policies emphasize preservation of principal and the Authority believes its practices are fiscally responsible.

Insurance

Pursuant to the Senior Resolution, the Authority purchases various insurance policies to provide against loss of or damage to the Facilities and loss of revenue, to the extent necessary and reasonably obtainable, to protect the interests of the Authority and the Bondholders. The insurance program is comprised of a combination of policies from major insurance companies, self-insurance and contractual transfer of liability, including naming the Authority as an additional insured and indemnification.

Property damage to bridges is insured through two policies with major insurance companies equal to the maximum probable loss from a single occurrence. The Thruway's largest bridge, the Tappan Zee Bridge, is separately covered by two commercial insurance policies providing loss of revenue and damage coverage in the amount of $550 million and terrorism coverage in the amount of $200 million. Loss of revenues is insured through a use and occupancy policy that covers any interruption in excess of fifteen days with a maximum recovery period of 30 months. In addition, the Authority purchases insurance for workers' compensation benefits and various liability exposures.

The Authority is self insured for property damage to its division headquarters buildings, maintenance facilities and toll plazas and third party liability, including automobile liability. There are two funded reserves for these exposures, a $2.5 million insurance fund and a reserve for public liability claims which, as of December 31, 2015, totaled $15.7 million.

Insurance for the Authority's service area facilities is provided by the concessionaires. Also, the liability related to construction projects, tandem trailer operations, authorized garage operations and similar type risks is transferred through contractual indemnification and compliance with Authority insurance requirements.

Other Bond Programs

Pursuant to its statutory mandate the Authority has from time to time issued bonds to provide funds to finance primarily non-Authority transportation projects in the State. Those bonds and the programs discussed below have no lien on the Revenues, assets or properties of the Authority which secure the Senior Bonds and the Junior Indebtedness Obligations. Those bond programs include the Local Highway and Bridge Service Contract Bonds, the General Highway and Bridge Trust Fund Bonds, State Personal Income Tax Revenue Bonds (Transportation), as well as the State Sales Tax Revenue Bond program, all issued or expected to be issued in multiple series for State and local highway purposes. These bond programs require varying debt service payments which are payable solely from payments received by the Authority under contractual agreements with the State. In each of these bond programs the obligation of the State to make such payments is subject to, and dependent upon, annual State legislative appropriations. The State may from time to time authorize the Authority by statute to undertake additional financing activities.

INVESTMENT CONSIDERATIONS

The Series 2016A Junior Indebtedness Obligations are special obligations of the Authority which are secured and payable solely from the Net Revenues available therefor under the Junior Indebtedness Resolution. The following is a discussion of certain investment considerations that should be considered in evaluating an investment in the Series 2016A Junior Indebtedness Obligations. This discussion does not purport to be either comprehensive or definitive. The order in which such considerations and risks are presented is not intended to reflect either the likelihood that a particular event will occur or the relative significance of such an event. Moreover, there may well be other considerations and risks associated with an investment in the Series 2016A Junior Indebtedness Obligations in addition to those set forth herein. Investors are advised to read the entire Official Statement, including the appendices hereto, to obtain information essential to the making of an informed investment decision.

Traffic Engineer's Report

As the Traffic Engineer for the Authority, Jacobs Civil Consultants, Inc. was requested by the Authority to prepare a traffic and toll revenue projection study (the "Traffic Engineer's Report") presenting its analyses and findings relative to recent trends in traffic and revenue on the Thruway System. See "**Appendix A** — Report of Traffic Engineer" attached to this Official Statement. *The revenue forecasts contained in the Traffic Engineer's Report are based upon certain assumptions and limits set forth or incorporated therein which should be reviewed by potential investors to assure an understanding of some of the risks inherent in such estimates and projections. Moreover, the Traffic Engineer's Report includes the $700 million investment in Authority infrastructure appropriated to the Authority in the State's 2016-2017 Enacted Budget, which will allow it to have sufficient revenues to meet its programmatic needs through 2020, including the full implementation of the New NY Bridge Project. The report also concludes that if the proposed additional funding and transfers of jurisdiction did not occur, in the opinion of the Traffic Engineer, the Authority has the capacity to generate the required additional revenues through periodic toll adjustments, and concludes that the Thruway System can sustain toll adjustments necessary to finance such needs.* The Traffic Engineer's Report is not a guarantee of any future events or trends and the forecasts therein are subject to future economic and social conditions and demographic developments that cannot be predicted with certainty. Further, the estimates, projections and assumptions in the Traffic Engineer's Report are inherently subject to significant economic and competitive uncertainties and contingencies, many of which are beyond the control of the Authority. Failure to achieve or realize any of the assumptions listed in the Traffic Engineer's Report may have a materially adverse effect upon the Net Revenues actually realized by the Authority.

The information provided with respect to toll revenues collected by the Authority is based on historical data. The amount of future toll revenues to be collected by the Authority depends upon a number of factors, some of which are not in the control of the Authority. Some of these factors include a decline in traffic on the Thruway System due to general economic conditions, diversion of traffic to alternative non-toll routes, increased fuel costs, limited supply of fuel, availability of alternate forms of travel and shipping, and government regulations, such as Clean Air Act requirements, increased mileage standards or higher fuel taxes, which could significantly restrict motor vehicle use, as well as international events affecting fuel supply and costs. In addition, with the implementation of AETC at the existing Tappan Zee Bridge on April 23, 2016, continuing for the New NY Bridge Project when completed, the Traffic Engineer's Report discusses in detail their forecasting methodology for the AETC system for non-E-ZPass patrons and their estimates for potential revenue offsets attributable to the inability to collect from all video toll customers. Although the Authority has covenanted in the Junior Indebtedness Resolution to fix, charge and collect tolls for the use of the Thruway System in amounts so that, in each calendar year, the Net Revenues shall at least equal the Junior Indebtedness Net Revenue Requirement for such year, there can be no assurance that the traffic on the Thruway System will continue to be sufficient for the Authority to generate the necessary revenues to meet its obligations under the Junior Indebtedness Resolution.

Risks Relating to the New NY Bridge Project

General

As discussed in greater detail herein under "The New NY Bridge Project", the Authority has successfully procured and awarded the Design-Build Contract for the design and construction of the New NY Bridge Project to TZC-LLC in January, 2013. The Authority issued a Notice to Proceed to TZC, LLC, on January 18, 2013. Currently, design is 99% complete and actual construction activities are well underway.

The contractor's guaranteed fixed price design-build, best value price is $3.14 billion. The total budgeted project design, construction and oversight cost is approximately $4 billion, which is about $1.4 billion lower than the initial estimates of the project's cost. The plan of finance for the project assumes the New NY Bridge Project will be financed primarily with toll revenue bonds constituting Junior Indebtedness Obligations, including the Series 2013B Junior Indebtedness Obligation of the lesser of $1.6 billion or 33% of federally eligible project costs (currently estimated to be $1.589 billion) securing the Authority payment obligations under TIFIA Loan, the Series 2013A Junior Indebtedness Obligations, and the Series 2016A Junior Indebtedness Obligations, as well as with pay-as-you-go funding and proceeds of the NYS Infrastructure Grant Contributions. The level and timing of toll adjustments, debt structure, and balance between debt and pay-as-you-go funding will be dependent upon final project cost, other grant opportunities, and credit market conditions.

Construction Delay and Phasing of Operations

Financing and revenue risks related to construction delays are mitigated by the fact that full toll collection will be maintained on the existing Tappan Zee Bridge, and then on the northern span of the New NY Bridge Project, during construction. A further cash contingency for schedule risk also has been incorporated into the project budget.

The New NY Bridge Project is comprised of twin spans. Construction sequencing of the New NY Bridge anticipates opening the northern span and then closing and removing the existing Tappan Zee Bridge to allow construction of the second, southern span of New NY Bridge Project. The northern span has sufficient deck width to carry the full volume of traffic now flowing on the existing Tappan Zee Bridge. The northern span is being constructed with this additional width in order to accommodate a future shared use path, breakdown lanes and a bus-only lane, all of which will be instituted once the southern span is open to traffic.

The most critical point for delay from the perspective of the Authority's ability to maintain full toll revenue collections during construction occurs when traffic is shifted from the existing bridge to the northern span of the new bridge because the connection points occur at the same landing. This risk has been mitigated by a planned shift to all electronic tolling, temporary relocation of the toll collection point to the Rockland County side of the bridge, and a comprehensive contractual schedule of liquidated damages to compensate the Authority for potential lost revenues. Liquidated damages are also incurred if construction activities disrupt the ability of the Authority to collect tolls. Contractor performance and payment of liquidated damages is secured by parent company guarantees from the members of TZC, LLC, as well as a $1.5 billion performance bond, one of the largest surety bonds ever provided for a single project in the United States.

Toll-Backed Components of the New NY Bridge Project and 2016-2020 Capital Program Financial Plans

The New NY Bridge Project financial plan relies upon the issuance of substantial amounts of Junior Indebtedness Obligations by the Authority. Moreover, funding capital improvements to the remainder of the Thruway System to sustain a state of good repair are primarily dependent upon pay-as-you-go funding and additional Senior Bond proceeds. Such revenue actions which the Authority determines to be necessary to fund such capital program obligations are contingent on future Board action, environmental reviews and traffic demand. The Authority has consistently fulfilled its responsibilities to maintain a state of good repair and its safety record exceeds the norms of the national interstate highway system. The Authority expects to maintain access to the capital markets to finance the non-TIFIA portion of the New NY Bridge Project capital costs and other system-wide capital needs through adherence to Board-adopted fiscal policies that assure continuation of the Authority's stable credit ratings, as well as strict controls over future operating costs and a disciplined approach to capital project selection.

Risks Relating to the Design-Build Contract

The New NY Bridge Project has been procured using a Design-Build Contract that transfers many risks normally retained by the Authority to the design-build joint venture, including such items as design defects, changed geotechnical conditions, project management and coordination, and commodity price escalation, among others. As noted above, the Design-Build Contract was awarded to a consortium, TZC LLC, whose members have extensive experience in large infrastructure developments and are providing significant levels of financial security to the Authority. Design-build contracts are viewed as providing greater cost certainty than traditional contracting methods. However, it is possible that despite these modifications to traditional contracting processes, additional costs beyond the initial contract price may be incurred by the Authority relating to such risks as pre-existing contamination beyond what has been identified in prior studies or change orders related to evolving homeland security considerations. To mitigate these risks, the Authority has budgeted contingencies and allowances for such possibilities of approximately 20% of the Design-Build Contract price. It is highly unlikely that the Authority's actual exposure for additional costs would exceed these budgeted amounts, but in that event additional Junior Indebtedness Obligations for completion could be required. See "THE NEW NY BRIDGE PROJECT" above for more detail on the Design-Build Contract and TZC LLC.

Risks Related to Natural and Catastrophic Events Could Delay or Damage the New NY Bridge Project and Otherwise Reduce Revenue Generation from the New NY Bridge Project

A natural disaster (earthquake, landslide), severe weather (tornados, floods, hurricanes, extreme wind and storm), or any other event (terrorism, explosion, ship strike) that damages the New NY Bridge Project during construction or after operation of one or both spans are completed could reduce toll revenues projected to be generated by the New NY Bridge Project or significantly increase the expense of maintaining or restoring the New NY Bridge Project. These risks are generally covered by Authority insurance policies for property damage and business interruption, the Design-Build Contractor's builder's risk insurance, and, in the extreme, assistance from FEMA. The Authority is experienced in filing claims under the FEMA process and has recovered costs incurred due to hurricane damage to the Canal system. If any of the foregoing events occur, to the extent not fully covered by insurance or federal disaster assistance, the Authority's ability to repay the Junior Indebtedness Obligations and the TIFIA Loan could be adversely affected.

Required Conditions for Disbursement of TIFIA Loan

Disbursement of the TIFIA Loan is subject to the following conditions precedent:

- Evidence that the disbursement requested does not exceed the lesser of $1.6 billion or 33% of federally eligible project costs and that total federal assistance to the New NY Bridge does not exceed 80% of eligible project costs; and

- Evidence that the balance of Junior Indebtedness Obligations projected by the Authority to be issued in the TIFIA Loan Agreement for completion of the New NY Bridge Project have been issued or are not necessary to be issued to complete the New NY Bridge Project; and

- A Traffic and Revenue Report showing that the Authority is able to generate revenues sufficient to meet the Junior Indebtedness Net Revenue Requirement in each year of the term of the TIFIA Loan; and

- A certified revised financial model for the New NY Bridge Project acceptable to the TIFIA Lender on or prior to the initial Drawdown Date demonstrating that the projected Revenues shall be sufficient to meet the Loan Amortization Schedule and satisfy the Rate Coverage Test in the TIFIA Loan; provided, that for the current fiscal year and each of next two fiscal years the initial financial model may only utilize actual tolls schedules then in effect or anticipated to be in effect and for which all approvals have been received; and

- Evidence that within the prior 3 months of such disbursement, the Series 2013B Junior Indebtedness Obligation received an investment grade rating from at least two nationally recognized rating agencies and such rating shall have been received no greater than 30 days prior to the date of the disbursement; and

- Certification from the Authority that no covenant default under the Senior Resolution or the Junior Indebtedness Resolution has been breached.

The Authority has reserved the right to pay, but is not obligated to pay, all or a portion of the principal of the Series 2013A Junior Indebtedness Obligations when due on May 1, 2019 through a single draw on the TIFIA Loan that would be subject to the above conditions precedent. The Authority has agreed to these requirements and the financial plan included as part of the TIFIA Loan incorporates assumptions that exceed, or are consistent with the expectations of the TIFIA Lender in this regard. Further, if substantial completion is delayed beyond the maturity date of the Series 2013A Junior Indebtedness Obligations, the TIFIA Loan may still be drawn as toll collection will continue unabated during the entire construction process and toll rates will be adjusted as necessary to conform to the Authority's fiscal policies, the requirements of the Senior Resolution, the Junior Indebtedness Resolution and the TIFIA Loan. The Authority has limited its risk exposure for interest rate fluctuations at the time the Series 2013A Junior Indebtedness Obligations are refinanced because the TIFIA Loan rate of one basis point above United States Treasury Obligations is fixed for the life of the loan at the time the TIFIA Loan is closed.

If additional disbursements under the TIFIA Loan are made, the following conditions precedent would apply:

- Evidence that (A) prior thereto or simultaneously therewith, a disbursement of Junior Indebtedness Obligations proceeds has occurred such that as of any such TIFIA Loan disbursement, the outstanding TIFIA Loan balance (including such disbursement) shall not exceed the lesser of $1.6 billion or 33 percent (33%) of the total amount of federally eligible project costs for the New NY Bridge Project and (B) the total federal assistance provided to the New NY Bridge Project shall not exceed eighty percent (80%) of eligible project costs as required pursuant to federal law;

- At the TIFIA Lender's request, an update to the Traffic and Revenue Report would be undertaken showing that the Authority is able to continue to generate revenues sufficient to meet the Junior Indebtedness Net Revenue Requirement in each year of the term of the TIFIA Loan;

- A certified revised financial model will be delivered to the TIFIA Lender on or prior to the initial drawdown date demonstrating that the projected Revenues shall be sufficient to meet the Loan Amortization Schedule and satisfy the Rate Coverage Test; provided, that for the current fiscal year and each of next two fiscal years the financial model may only utilize actual tolls schedules then in effect or anticipated to be in effect and for which all approvals have been received;

- At the TIFIA Lender's request, evidence that within the prior 12 months of any additional disbursement, the Series 2013B Junior Indebtedness Obligation received an investment grade rating from at least one nationally recognized rating agencies; and

- Certification from the Authority that no covenant default under the Senior Resolution or the Junior Indebtedness Resolution has been breached.

Market Access Required if TIFIA Loan Proceeds are not Disbursed

While the risk of a failure to disburse all, or a portion of the TIFIA Loan proceeds is remote, in the event of such failure, the Authority will issue Junior Indebtedness Obligations to repay the remaining balance of the Series 2013A Junior Indebtedness Obligations that are due. It is anticipated that the Authority will have sufficient time prior to the maturity of the Series 2013A Junior Indebtedness Obligations to undertake the actions related to toll rate setting, financial plan revisions and marketing to assure access to the debt markets and effect a refinancing of the outstanding principal and interest due.

Ratings of the Junior Indebtedness Obligations Could be Lowered or Withdrawn

Two credit rating agencies have assigned credit ratings to the Junior Indebtedness Obligations, including the Series 2016A Junior Indebtedness Obligations. The ratings of the Junior Indebtedness Obligations are not a recommendation to purchase, hold or sell the Junior Indebtedness Obligations, and the ratings do not comment on the market price or suitability of the Junior Indebtedness Obligations for a particular investor. The ratings of the Junior Indebtedness Obligations may not remain for any given period of time and may be lowered or withdrawn depending on, among other things, each rating agency's assessment of the Authority's continued financial strength and the successful implementation of the financial plan relating to the New NY Bridge Project and its progress and implementation.

Certain Matters Relating to Enforceability of Obligations

The remedies available to the owners of the Series 2016A Junior Indebtedness Obligations upon the occurrence of an Event of Default under the Junior Indebtedness Resolution are, in many respects, dependent upon regulatory and judicial actions that are often subject to discretion or delay. Under existing law and judicial decisions, including specifically the United States Bankruptcy Code, the remedies specified in the Junior Indebtedness Resolution may not be readily available or may be limited. However, the Authority is not authorized under existing State law to file for bankruptcy under the United State Bankruptcy Code. Enforcement of such remedies (i) may be subject to general principles of equity which may permit the exercise of judicial discretion, (ii) are subject to the exercise in the future by the State and its agencies and political subdivisions of the police power inherent in the sovereignty of the State, (iii) may be subject, in part, to the provisions of the United States Bankruptcy Act and other applicable bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, and (iv) are subject to the exercise by the United States of the powers delegated to it by the Constitution of the United States of America. The various legal opinions to be delivered concurrently with the delivery of the Series 2016A Junior Indebtedness Obligations will be qualified to the extent that the enforceability of certain legal rights related to the Series 2016A Junior Indebtedness Obligations is subject to limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally and by equitable remedies and proceedings generally.

Legislative Action

Legislation is introduced from time to time in the State Legislature which, if adopted, may affect the Authority and/or the Thruway System. The Authority cannot predict whether or not these bills will be enacted into law or how such legislation may affect the Authority and its ability to pay debt service on the Series 2016A Junior Indebtedness Obligations. See "NEW YORK STATE INFRASTRUCTURE GRANT AND TOLL RELATED INITIATIVES" above for a discussion of certain executive and legislative actions affecting the Authority.

LITIGATION

There is no litigation pending or, to the knowledge of the Authority, threatened in any court, questioning the creation, organization or existence of the Authority, the title to office of the members or officers of the Authority, the validity of any provision of the Series 2016A Junior Indebtedness Obligations or the Junior Indebtedness Resolution, or any proceedings of the Authority taken with respect to the issuance or sale thereof, or seeking to restrain or enjoin the issuance, sale, execution or delivery of the Series 2016A Junior Indebtedness Obligations.

On November 14, 2013, a claim was filed in the United States District Court for the Southern District of New York titled *American Trucking Association, Inc. et al. v. New York State Thruway Authority, et al.*, which alleges that the Authority's commercial truck toll rates violate federal law and among other provisions of the United States Constitution, the Commerce Clause. The plaintiffs allege the Authority's commercial trucking toll rates are artificially inflated since they are used to support the State Canal system and therefore, commercial truckers allegedly do not pay a fair approximation of their use of the Thruway. The claim seeks class action status for all individuals and motor carriers traveling in interstate commerce who have paid tolls on the Thruway since November 14, 2010. The plaintiffs seek an injunction barring the Authority from continuing to collect allegedly unconstitutionally excessive truck tolls as well as damages, disgorgement, recoupment, restitution, costs and attorney's fees. In the defendants' view, the Authority has a statutory obligation to support the State Canal system based upon an act of the Legislature passed in 1992. Currently pending before the court is the Authority's motion for summary judgment and plaintiffs' motion for partial summary judgment.

The Authority is a party to various legal proceedings including negligence suits, many of which arise in the normal course of the Authority's operations, a majority of which will, in the opinion of the Authority, be disposed of within the amounts which the Authority has reserved or has available therefor, or, as applicable, within the amounts of insurance coverage provided therefor and without any material adverse effect on the financial position of the Authority. The Authority maintains a claims reserve sufficient to cover anticipated liability and it is periodically replenished.

TAX MATTERS

Federal Income Taxes

In the opinion of Harris Beach PLLC, Bond Counsel to the Authority, and assuming compliance with the representations, certifications and covenants described in the immediately succeeding paragraph, under existing statutes, regulations, administrative rulings and court decisions as of the date of such opinion, interest on the Series 2016A Junior Indebtedness Obligations is excluded from gross income for federal income tax purposes. Furthermore, in the opinion of Bond Counsel, such interest is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. However, interest on the Series 2016A Junior Indebtedness Obligations is included in "adjusted current earnings" for purposes of calculating the federal alternative minimum tax imposed on certain corporations. Corporate purchasers of the Series 2016A Junior Indebtedness Obligations should consult their tax advisors regarding the computation of any alternative minimum tax.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at the time of, and subsequent to, the issuance and delivery of the Series 2016A Junior Indebtedness Obligations in order that interest on the Series 2016A Junior Indebtedness Obligations be and remain excluded from gross income for federal income tax purposes. Included among these continuing requirements are certain restrictions and prohibitions on the use of proceeds of Series 2016A Junior Indebtedness Obligations, restrictions on the investment of proceeds of Series 2016A Junior Indebtedness Obligations and other moneys or properties, and the rebate to the United States of certain earnings in respect of investments. Noncompliance with such continuing requirements may cause the interest on the Series 2016A Junior Indebtedness Obligations to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2016A Junior Indebtedness Obligations irrespective of the date on which such noncompliance occurs. The Junior Indebtedness Resolution and the Arbitrage and Use of Proceeds Certificate delivered by the Authority at the time of delivery of the Series 2016A Junior Indebtedness Obligations (the "Arbitrage Certificate") contain certain factual certifications, covenants, representations and warranties as to compliance with the requirements of the Code. In rendering the above-described opinion, Bond Counsel will assume the accuracy of such factual certifications and continuing compliance by the Authority with such covenants, representations and warranties set forth in the Junior Indebtedness Resolution and the Arbitrage Certificate.

The Series 2016A Junior Indebtedness Obligations are initially offered to the public at prices greater than the amounts payable thereon at maturity. As a result of the tax cost reduction requirements of the Code relating to amortization of bond premium, under certain circumstances, an initial owner of Series 2016A Junior Indebtedness Obligations may realize a taxable gain upon disposition thereof even though they are sold or redeemed for an amount equal to such owner's original cost of acquiring such Series 2016A Junior Indebtedness Obligations. Owners of Series 2016A Junior Indebtedness Obligations are advised that they should consult with their own tax advisors with respect to the tax consequences of owning such obligations.

Bond Counsel expresses no opinion regarding any other federal tax consequences related to the ownership or disposition of, or receipt or accrual of interest on, the Series 2016A Junior Indebtedness Obligations. The proposed form of the approving opinion of Bond Counsel relating to the Series 2016A Junior Indebtedness Obligations is attached to this Official Statement as **Appendix F**.

In addition to the matters referred to in the preceding paragraphs, prospective purchasers of the Series 2016A Junior Indebtedness Obligations should be aware that the accrual or receipt of tax-exempt interest on the Series 2016A Junior Indebtedness Obligations may otherwise affect the federal income tax liability of the recipient. The extent of these other tax consequences may depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences. Examples of collateral federal income tax consequences of acquiring or holding the Series 2016A Junior Indebtedness Obligations include, without limitation, (i) with respect to certain insurance companies, the Code reduces the deduction for loss reserves by a portion of the sum of certain items, including interest on the Series 2016A Junior Indebtedness Obligations, (ii) interest on the Series 2016A Junior Indebtedness Obligations earned by certain foreign corporations doing business in the United States may be subject to a branch profits tax imposed by the Code, (iii) passive investment income, including interest on the Series 2016A Junior Indebtedness Obligations, may be subject to federal income taxation under the Code for certain S corporations that have certain earnings and profits, and (iv) the Code requires recipients of certain Social Security and certain other federal retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Series 2016A Junior Indebtedness Obligations.

In addition, the Code generally denies the interest deduction for indebtedness incurred or continued by a taxpayer, including without limitation, banks, thrift institutions, and certain other financial institutions to purchase or carry tax-exempt obligations, such as the Series 2016A Junior Indebtedness Obligations.

All prospective purchasers of the Series 2016A Junior Indebtedness Obligations should consult with their tax advisors in order to understand the implications of the Code as to these and other federal and state tax consequences, as well as any local tax consequences, of purchasing or holding the Series 2016A Junior Indebtedness Obligations.

State and Local Income Tax

Bond Counsel is also of the opinion that under existing statutes, including the Act, interest on the Series 2016A Junior Indebtedness Obligations is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof.

Any noncompliance with the federal income tax requirements set forth above would not affect the exemption of interest on the Series 2016A Junior Indebtedness Obligations from personal income taxes imposed by New York State or any political subdivision thereof.

Bond Counsel expresses no opinion regarding any other state or local tax consequences related to the ownership or disposition of, or the receipt or accrual of interest on, the Series 2016A Junior Indebtedness Obligations.

Interest on the Series 2016A Junior Indebtedness Obligations may or may not be subject to state or local income taxes in jurisdictions other than the State of New York under applicable state or local tax laws. Bond Counsel expresses no opinion, however, as to the tax treatment of the Series 2016A Junior Indebtedness Obligations under other state or local jurisdictions. Each purchaser of Series 2016A Junior Indebtedness Obligations should consult his or her own tax advisor regarding the taxable status of the

Series 2016A Junior Indebtedness Obligations in a particular state or local jurisdiction other than the State of New York.

Other Considerations

Bond Counsel has not undertaken to determine or to inform any person whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Series 2016A Junior Indebtedness Obligations may adversely affect the value of, or the tax status of, interest on, the Series 2016A Junior Indebtedness Obligations.

Certain requirements and procedures contained or referred to in the Junior Indebtedness Resolution, the Arbitrage Certificate and other relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents, upon the advice or with the approving opinion of nationally recognized bond counsel. Bond Counsel expresses no opinion as to any federal, state or local tax consequences with respect to the Series 2016A Junior Indebtedness Obligations or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of a bond counsel other than Bond Counsel.

No assurance can be given that any future legislation, including amendments to the Code or State income tax laws, regulations, administrative rulings, or court decisions, will not cause interest on the Series 2016A Junior Indebtedness Obligations to be subject, directly or indirectly, to federal or State or local income taxation, or otherwise prevent Bondholders from realizing the full current benefit of the tax status of such interest. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any judicial decisions or action of the Internal Revenue Service, including but not limited to the promulgation of a regulation or ruling, or the selection of the Series 2016A Junior Indebtedness Obligations for audit examination or the course or result of any Internal Revenue Service examination of the Series 2016A Junior Indebtedness Obligations or obligations which present similar tax issues, will not affect the market price or marketability of the Series 2016A Junior Indebtedness Obligations. For example, President Obama has released various legislative proposals that would limit the extent of the exclusion from gross income of interest on obligations of states and political subdivisions under Section 103 of the Code (including the Series 2016A Junior Indebtedness Obligations) for taxpayers whose income exceeds certain threshold levels. No prediction is made as to whether any such proposals will be enacted. Prospective purchasers of the Series 2016A Junior Indebtedness Obligations should consult their own tax advisors regarding the foregoing matters.

RATINGS

Moody's Investors Service ("Moody's") has rated the Series 2016A Junior Indebtedness Obligations "A3". Standard & Poor's Ratings Services, a Division of McGraw-Hill Financial, Inc. ("S&P") has rated the Series 2016A Junior Indebtedness Obligations "A-".

Ratings reflect only the respective views of such organizations, and any desired explanation of the significance of such ratings should be obtained from the rating agencies furnishing the same. The Authority furnished to such rating agencies certain materials and information in addition to that provided here. There is no assurance that such ratings will prevail for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating agencies if, in the judgment of any or all of them, circumstances so warrant. Any such downward revision or withdrawal of such rating or ratings may have an adverse effect on the market price of the Series 2016A Junior Indebtedness Obligations. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

UNDERWRITING

The Underwriters have jointly and severally agreed, subject to certain conditions, to purchase from the Authority the Series 2016A Junior Indebtedness Obligations at an aggregate purchase price of $974,286,200.72, reflecting an original issue premium of $128,736,144.00 and an Underwriters' discount of $4,449,943.28 and to reoffer such Series 2016A Junior Indebtedness Obligations at the public offering prices or yields set forth on the inside cover page hereof. Such Series 2016A Junior Indebtedness Obligations may be offered and sold to certain dealers (including dealers depositing such Series 2016A Junior Indebtedness Obligations into investment trusts) at prices lower and yields higher than such public offering prices and yields and prices and yields may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all such Series 2016A Junior Indebtedness Obligations if any Series 2016A Junior Indebtedness Obligations are purchased. The Underwriters have designated Citigroup Global Markets Inc., as Representative of the Underwriters of the Series 2016A Junior Indebtedness Obligations.

The following paragraphs have been provided by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the Authority for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. The Underwriters and their respective affiliates also may communicate independent investment recommendations, market advice, or trading ideas and/or publish or express independent research views in respect of such assets, securities or other financial instruments and at any time may hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and other financial instruments. Such investment and securities activities may involve securities and instruments of the Authority.

In addition, certain of the Underwriters may have entered into retail distribution agreements with their respective affiliates and/or other broker-dealers (that have not been designated by the Authority as Underwriters) for the retail distribution of the Series 2016A Junior Indebtedness Obligations at the original issue prices. Such agreements generally provide that the relevant Underwriter will share a portion of its underwriting compensation or selling concession with such broker-dealers.

LEGALITY OF INVESTMENT

Pursuant to the Act, the Series 2016A Junior Indebtedness Obligations are made securities in which all public officers and bodies of the State and all municipalities and municipal subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and saving associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business, all administrators, guardians, executors, trustees and other fiduciaries and all other persons whatsoever who are now or may hereafter be authorized to invest in bonds or other obligations of the State, may properly and legally invest funds including capital in their control or belonging to them. The

Series 2016A Junior Indebtedness Obligations are also made securities which may be deposited with and may be received by all public officers and bodies of the State and all municipalities and municipal subdivisions for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized.

LEGAL MATTERS

All legal matters incident to the authorization and issuance of the Series 2016A Junior Indebtedness Obligations are subject to the approval of Harris Beach PLLC, New York, New York, Bond Counsel to the Authority. Certain legal matters are subject to the approval of Gordon J. Cuffy, Esq., General Counsel to the Authority, and of Hawkins Delafield & Wood LLP, New York, New York, Counsel to the Underwriters.

CONSULTANT'S AND ACCOUNTANT'S REPORTS

The Traffic Engineer's Report is included herein as **Appendix A** of this Official Statement in reliance upon the authority of Jacobs Civil Consultants, Inc. as experts. The Traffic Engineer has advised the Authority that they have reviewed the summaries contained in this Official Statement of the information, estimates and projections contained in the Traffic Engineer's Report and that, in their opinion, the statements made herein are correct and fairly present in summary form the information contained in such Traffic Engineer's Report, and that all material assumptions or qualifications with respect to such statements are reflected therein.

The financial statements of the Authority as of December 31, 2015 and 2014, and for the years then ended, included in **Appendix B** of this Official Statement have been audited by SaxBST LLP, independent auditors, as stated in their report appearing in herein.

FINANCIAL ADVISOR

The Authority has retained Public Resources Advisory Group to serve as Financial Advisor (the "Financial Advisor") in connection with the issuance of the Series 2016A Junior Indebtedness Obligations. Although the Financial Advisor has reviewed the Official Statement, the Financial Advisor has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of information in the Official Statement. Public Resources Advisory Group is an independent financial advisory firm not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12

In order to assist the Underwriters of the Junior Indebtedness Obligations, including the Series 2016A Junior Indebtedness Obligations, in complying with Rule 15c2-12 ("Rule 15c2-12") promulgated by the Securities and Exchange Commission ("SEC") under the Securities Exchange Act of 1934, as amended, the Authority and the Trustee entered into a written agreement, dated December 18, 2013 (the "Master Disclosure Agreement") for the benefit of the holders of all Junior Indebtedness Obligations to provide continuing disclosure of certain financial and operating data concerning the Authority (collectively, the "Annual Information") in accordance with the requirements of Rule 15c2-12 and as described in the Master Disclosure Agreement. Pursuant to the Master Disclosure Agreement, the Authority has agreed to electronically file with the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access ("EMMA") System on or before 120 days after the end of each Authority fiscal year, commencing with the fiscal year ending December 31, 2013. The Master Disclosure Agreement is attached hereto as **Appendix G**. The Authority has also agreed to electronically file no later than 120 days after the end of each of its fiscal years, commencing with the fiscal year ending December 31, 2013, the Authority's annual financial statements for such year, prepared in accordance with GAAP and audited by an independent firm of certified public accountants in accordance with generally accepted auditing standards, to the MSRB; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be so filed and such audited financial statements shall be electronically filed with the MSRB if and when available. In addition, the Authority has agreed, for the benefit of all holders of Junior Indebtedness Obligations, to electronically file with the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of any of the fourteen events described in the Master Disclosure Agreement, notice of any such events.

If the Authority fails to comply with any provisions thereof, then the Trustee and, as a direct or third party beneficiary, as the case may be, any holder of Junior Indebtedness Obligations, including the holders of the Series 2016A Junior Indebtedness Obligations, may enforce, for the equal benefit and protection of all holders similarly situated, by mandamus or other suit or proceeding at law or in equity, the Master Disclosure Agreement against such party and any of its officers, agents and employees, and may compel such party or any such officers, agents or employees to perform and carry out their duties thereunder. The sole and exclusive remedy for breach or default under the Master Disclosure Agreement to provide continuing disclosure described above is an action to compel specific performance of the undertakings of the Authority contained therein, and no person or other entity, including any holder of Junior Indebtedness Obligations, including the holders of the Series 2016A Junior Indebtedness Obligations, may recover monetary damages thereunder under any circumstances. Any holder of Junior Indebtedness Obligations, including the holders of Series 2016A Junior Indebtedness Obligations, including any beneficial owner, may enforce the Master Disclosure Agreement to the equal and proportionate benefit of all holders similarly situated to the extent provided in the Master Disclosure Agreement. A breach or default under the Master Disclosure Agreement shall not constitute an Event of Default under the Senior Resolution or the Junior Indebtedness Resolution. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be provided under the Master Disclosure Agreement, insofar as the provision of Rule 15c2-12 no longer in effect required the provision of such information, shall no longer be required to be provided.

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

MISCELLANEOUS

The references herein to the Act, the Junior Indebtedness Resolution and the Senior Resolution are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and reference is made to the Act, the Junior Indebtedness Resolution and the Senior Resolution for full and complete statements of such provisions. Copies of the Act, the Junior Indebtedness Resolution and the Senior Resolution are on file at the offices of the Authority, and the Trustee.

The agreements of the Authority with the holders of the Series 2016A Junior Indebtedness Obligations are fully set forth in the Junior Indebtedness Resolution. Neither any advertisement of the Series 2016A Junior Indebtedness Obligations nor this Official Statement is to be construed as a contract with purchasers of the Series 2016A Junior Indebtedness Obligations.

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

[Remainder of page intentionally left blank]

The delivery of this Official Statement by its Chief Financial Officer and Treasurer has been duly authorized by the Authority.

NEW YORK STATE THRUWAY AUTHORITY

By /s/ Matthew A. Howard
Chief Financial Officer and Treasurer

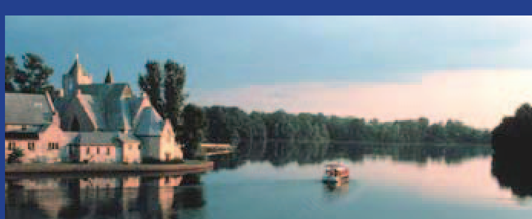
[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix A

Report of Traffic Engineer

[THIS PAGE INTENTIONALLY LEFT BLANK]






Submitted to:

New York State Thruway Authority

Traffic and Revenue Report Including a Review of the Physical Condition of the Thruway System

April 20, 2016

Submitted by:

Jacobs Civil Consultants Inc.
2 Penn Plaza, Suite 603
New York, NY 10121

Table of Contents

I. Introduction and Executive Summary 1
II. The New York State Thruway & Canal System 2
A. The Thruway System 2
1. Background 2
2. Roadways 4
3. Bridges 5
4. Service Areas and Buildings 6
5. Safety, Incident Response and Traveler Information Systems 7
6. Annual Routine Maintenance Activities 8
7. Physical Condition of the Thruway's Infrastructure 8
a) New York Division 9
b) Albany Division 10
c) Syracuse Division 11
d) Buffalo Division 12
e) Opinion 13
B. New York State Canal System 13
III. Economic Backdrop and Outlook for the Future 15
A. Recent Macroeconomic Trends 15
B. Long-Term Structural Trends 16
C. Short-Term Economic Forecast 17
1. Gross Domestic Product 17
2. Industrial Production 18
3. Employment 19
4. National Trends in Vehicle Miles Traveled ("VMT") and Gas Prices 20
IV. Capital Program 24
A. 2016-2020 Capital Program Details 24
B. The New NY Bridge Project 25
C. Historical and Planned Capital Expenditures 26
D. The Impact of the Capital Program on Conditions 29
V. Operating and Maintenance Expenses 31

VI. Debt Service Expenses 33
VII. Traffic and Revenues 34
A. Historical Total Thruway Traffic 34
B. Demographics of Toll Paying Patrons 35
C. Toll Rates 38
1. Recent History of Toll Adjustments on the Thruway System 38
2. Current Toll Rates on the Thruway System 38
3. Comparison of Thruway Toll Rates to Other Regional Toll Facilities 40
D. Forecast Methodology 43
1. Overview of Base Forecasting Methodology 43
2. Tappan Zee/New NY Bridge AETC Forecasting Methodology 43
a) Non-Usable Video Images 44
b) Business Rule Out 44
c) Invalid DMV record 44
d) Invalid Addresses 45
e) Percent of Bills and Late Notices Paid 45
First Toll Bill 45
Second Toll Bill 45
Delinquent Notices 46
f) Dismissals and Forgiveness of Late Fees and Fines 46
g) Prepaid Video Transactions 46
E. Historical and Forecasted Traffic and Toll Revenue 46
F. Other Revenues/Total Revenues 48
VIII. Flow of Funds 49
A. Historical 49
B. Meeting the Authority’s Future Revenue Needs 51
IX. Conclusion 53
X. Limits and Disclaimers 54
APPENDIX: Historical Traffic and Revenue by Facility 56

List of Figures

Figure 1: New York State Thruway Toll Systems 4
Figure 2: New York State Canal System 14
Figure 3: Real Gross Domestic Product 16
Figure 4: Industrial Production Index 16
Figure 5: Real GDP Forecasts for 2016 and 2017 18
Figure 6: Industrial Production Forecasts for 2016 and 2017 19
Figure 7: Civilian Unemployment Rate 20
Figure 8: U.S. Annual Vehicle Miles Traveled ("VMT") 21
Figure 9: Retail Gasoline Prices and Crude Oil Prices 22
Figure 10: West Texas Intermedia Crude Oil Prices 22
Figure 11: National VMT vs. Real Gas Prices 23
Figure 12: Thruway Pavement Condition Ratings, 2001-2020 29
Figure 13: Thruway Bridge Condition Ratings, 2001-2020 30
Figure 14: Historical Thruway Traffic Volumes 34
Figure 15: 2015 System Wide Traffic and Revenue Distribution 35
Figure 16: 2015 Traffic Distribution by Facility 36
Figure 17: Distribution of 2015 Toll Revenues by Thruway Facility 37
Figure 18: Peak Toll Rates Per-Mile on Toll Roads in the Northeastern Quadrant of U.S., Passenger Cars 40
Figure 19: Peak Toll Rates Per-Mile on Toll Roads in the Northeastern Quadrant of U.S, 5-Axle Trucks 41
Figure 20: Round Trip Peak Toll Rates on Major Toll Crossings in the Northeast, Passenger Cars 42
Figure 21: Round Trip Peak Toll Rates on Major Toll Crossings in the Northeast, 5-Axle Trucks 42

List of Tables

Table 1: The Thruway System 5
Table 2: Actual and Projected Total Capital Expenditures (millions) 27
Table 3: Funding Sources, Thruway Authority (millions) 28
Table 4: Bridge Conditions, December 2015 and December 2014 31
Table 5: Actual and Projected Operating and Maintenance Expenses, 2005 – 2020, Thruway System 32
Table 6: Debt Service, Thruway System (millions) 33
Table 7: Controlled System Toll Plazas with the Highest Volumes, 2015 (millions of transactions) 37
Table 8: Current Thruway Toll Structure ($) 39
Table 9: The Thruway System's Actual 2005-2015 and Forecasted 2016-2020 Tolled Traffic 47
Table 10: The Thruway System's Actual 2005-2015 and Forecasted 2016-2020 Toll Revenues 48
Table 11: Summary of 2005 – 2015 Actual and 2016-2020 Forecasted Total Thruway System Gross Revenues (millions) 49
Table 12: Historical Revenues, Operating Expenses and Reserve Fund Requirements, 2005 – 2015 50
Table 13: Thruway Flow of Funds (millions of dollars), and Debt Service Coverage 52

I. Introduction and Executive Summary

The New York State Thruway Authority ("Authority" or "Thruway Authority") has requested that Jacobs Civil Consultants, Inc. provide an investment grade traffic and revenue study for its proposed sale of General Revenue Junior Indebtedness Obligations, Series 2016A (the "Series 2016A Junior Indebtedness Obligations").

The updated forecast of traffic and revenues set forth herein is based on the Authority's current toll schedule. The study identifies future revenues required for the Authority to successfully complete the New NY Bridge project while fulfilling its system-wide operating, debt service, and capital needs. Future funding needs through 2020 were established by the Authority at amounts necessary to maintain levels of safety and service, good infrastructure conditions, support Thruway operations, and maintain established debt service coverage policy targets appropriate for high level investment-grade credit ratings.

Historically, the Authority has funded its system through toll adjustments; however, the Board announced in November 2015 that there would be no toll increase in 2016, which was made possible in part by pledged funding in 2015 from State Infrastructure Grant Contributions in the amount of $1.285 billion. In addition, the Authority experienced higher-than-expected traffic and toll revenue growth.

The State's 2016-2017 Enacted Budget passed by the Legislature on April 1, 2016 provided for an additional $700 million investment in Thruway infrastructure. The Budget also includes the transfer of the New York State Canal Corporation ("NYSCC") to the New York State Power Authority ("NYPA"). This transfer of the NYSCC, and its related expenses and revenues, would be offset with Thruway Authority reimbursement to the State of New York for the State Police costs associated with Troop T expenses of the State of New York ("the State"). This reimbursement would be provided for from the General Reserve Fund (after supporting operating and debt service costs) and are not operations and maintenance related expenses of the Authority. It is our opinion that the Authority has the power, and is contractually required, to increase toll rates to maintain its high level of operating safety and service on the Thruway System, maintain and rehabilitate the Thruway System, pay debt service, meet General Revenue Bond Resolution toll covenants and maintain the proper balance of revenues to expenses. Based on our experience and knowledge of the Thruway System, we have determined that the essentiality of the Thruway System, its currently low relative toll rates, and the size of future rate adjustments that may be needed to produce these additional revenues can be achieved. Those adjustments, if required, would likely result in only small changes to traffic patterns. In addition, either through the actions by the State or through periodic toll adjustments, or in combination, we believe that these will allow the Authority to:

- Fund necessary operations, maintenance and capital expenses;
- Meet the covenants of the of the General Revenue Bond Resolution and the Junior Indebtedness Resolution;
- Complete the New NY Bridge project;

- Preserve good overall infrastructure conditions of the Thruway System;
- Satisfy the terms of the Transportation Infrastructure Finance and Innovation Act ("TIFIA") loan awarded by the Federal government to the Authority in December 2013;
- Comply with the Authority's Fiscal Management Guidelines; and
- Maintain targeted levels of debt service coverage.

On the basis of our studies and analyses, we are providing the following additional observations:

- The Authority has the independent, statutory ability to adjust its toll rates and provide significant amounts of additional revenue;
- The Authority's toll rates are relatively low and compare well to other toll systems, allowing for future rate setting flexibility with minimal long-term traffic diversion impact;
- The Authority's ongoing operational streamlining efforts have limited growth in operational expenses and can be anticipated to provide recurring, long-term savings;
- Infrastructure conditions and the capacity of the Thruway System should not affect the projected growth of traffic and toll revenues throughout the forecast period;
- The Authority's facilities have been maintained at high standards over the years, resulting in good overall infrastructure conditions throughout the Thruway System;
- The Authority's planned extensive and regular maintenance programs, asset management systems and long-term capital planning process provide confidence that overall operational and structural integrity of its facilities will be maintained;
- Target levels of future maintenance and capital expenditures beyond the current 2016-2020 Capital Program will support the integrity and reliability of the Thruway System; and
- The New NY Bridge project can be completed and open to traffic on schedule and within the project's budget.

II. The New York State Thruway & Canal System

A. The Thruway System

1. Background

Since its opening about 60 years ago, the Thruway has served as an essential and central artery of the State's transportation system, providing a vital link between its major cities from the Atlantic Ocean to Canada and the Great Lakes. Over the years, the Authority has taken actions that have allowed for safe and efficient travel for millions of passenger and commercial customers.

The Thruway serves travelers with a variety of essential needs and purposes, including commuters, business travelers, recreational travelers, and commercial vehicle traffic. The Thruway has provided a dependable roadway system for these travelers, sustaining and encouraging economic growth, fostering job creation and generating tax revenues for the State and its local governments. Underscoring its importance to the State, region and nation, Thruway customers traveled approximately 8.2 billion vehicle-miles on the highway, averaging 22.3 million vehicle-miles per day in 2015.

At 570 miles in length, the New York State Thruway is one of the largest tolled highway systems in the United States and is a critical component in the national interstate network. There are few alternatives to the Thruway as it connects the principal cities of the State from New York City to Albany, and on to Utica, Syracuse and Rochester through to Buffalo and the Pennsylvania state line. The Thruway corridor serves 37 of the State's 62 counties and the majority of the State's population. Approximately 258.2 million toll transactions occurred on the Thruway in 2015, generating about $691.7 million in toll revenues[1].

The Thruway is an important interstate connector, joining with the Massachusetts Turnpike (I-90), Connecticut Turnpike (I-95), New Jersey's Garden State Parkway, as well as several other Interstate routes such as I-287 from New Jersey; I-90 in Pennsylvania; I-290 around the north side of Buffalo; I-390 and I-490 serving Rochester; I-81, I-481 and I-690 at Syracuse; I-790 in Utica; I-87 (the Northway), I-88, I-90, I-787, and I-890 at Albany; and I-84 at Newburgh. It also makes direct connections with numerous major State highways.

The Thruway is comprised of two types of toll systems – a controlled (ticket) system and a barrier system, as shown in Figure 1. The controlled system (approximately 481 miles) makes up the largest portion of the Thruway, running from Woodbury (in the southeast corner of the State) north along I-87 to Albany, then west on I-90 to Buffalo and south of Lake Erie to the Pennsylvania border. In addition to this main stretch of the controlled system, there is a small branch south and east of Albany providing a connection to the Massachusetts border and the I-90 Massachusetts Turnpike.

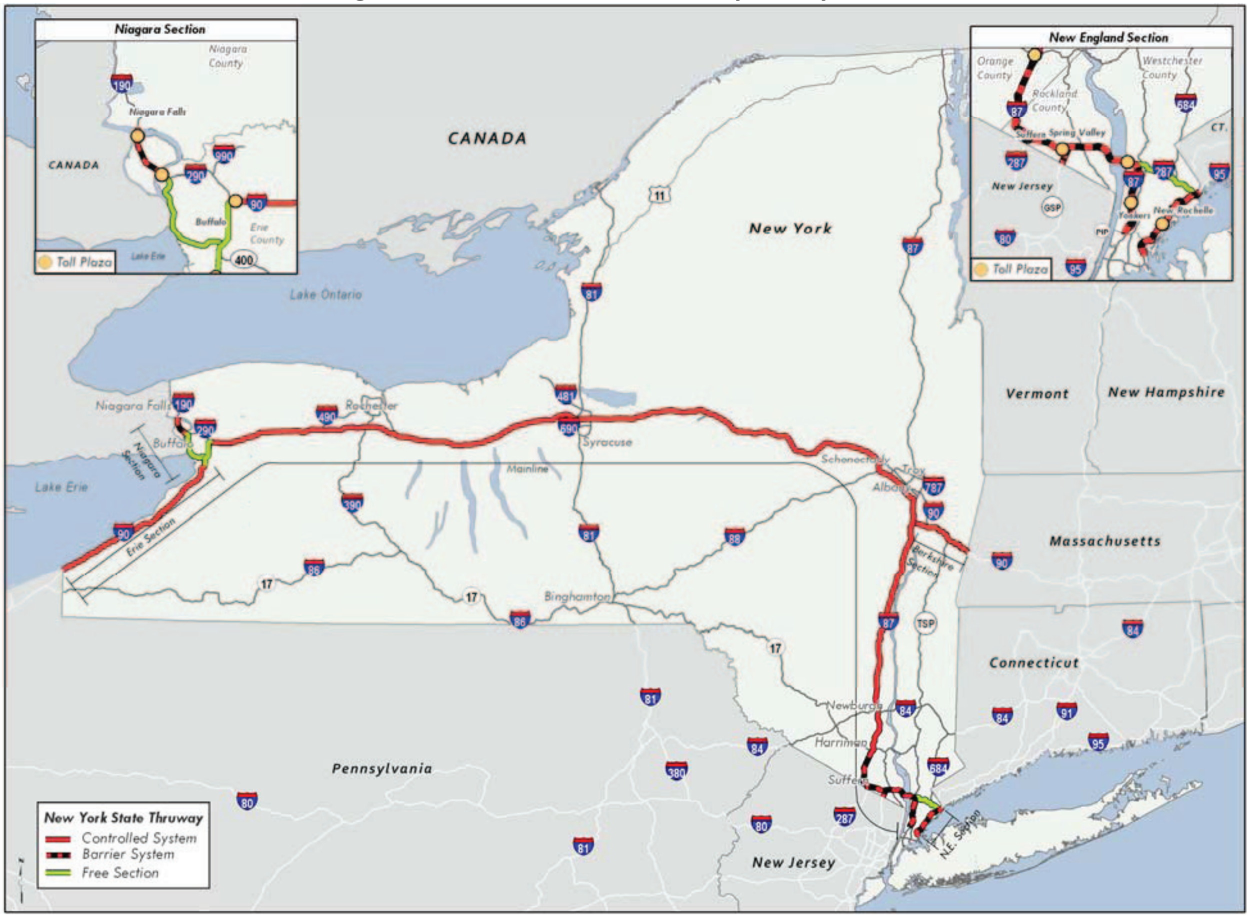
On the controlled system, tolls are charged based on the actual distance traveled by the customer. Meanwhile, barrier toll plazas have a fixed toll rate for each vehicle class and payment type (e.g., Cash, *E-ZPass*, as well as Commuter and other *E-ZPass* Discounts). The barrier systems - one located in the southeast corner of the State and the other located in the northwest corner of the State - are comprised of the existing Tappan Zee Bridge, Yonkers Barrier, New Rochelle Barrier, Spring Valley Barrier (where only trucks are tolled), Harriman Barrier and the Grand Island Bridges. Under the existing policy, toll rates across the system are based on the vehicle classification, related to the number of axles per vehicle and the height of the vehicle over the first two axles.

It is important to note that there are portions of the roadways under the Thruway jurisdiction that are currently toll-free. These include a nine-mile section in the Buffalo area between the controlled sections; I-190 between Buffalo and Grand Island; I-90 between Albany (Interchange 24) and I-88 (Interchange 25A); and the Cross Westchester Expressway (I-287). In addition, there are stretches of roadway on the sections with fixed-toll barriers where short trips can be made without passing through a toll barrier.

---

[1] $717.2 million in gross toll revenues minus $25.5 million in commercial volume discounts

Figure 1: New York State Thruway Toll Systems



2. Roadways

The original 2,800 lane-mile Thruway roadway system was constructed between 1949 and 1960 and is one of the oldest components of the national Interstate Highway System. In addition to the original mandate of the Authority to operate and maintain the original components of the Thruway, the Authority was given responsibility over several other transportation facilities in the early 1990's:

- In 1991, the Cross-Westchester Expressway (I-287), which starts at I-87 near Tarrytown and travels east for 11 miles to the Thruway's New England Section (I-95) in Rye became the Authority's responsibility for maintenance and operational expenditures only. Capital improvements remain the responsibility of the New York State Department of Transportation ("NYSDOT"); and

- In 1991, via an agreement with NYSDOT, the Authority began to operate and maintain I-84 - a 71-mile section of roadway that connects the Pennsylvania state line to the Connecticut state line. After November 2007, the agreement was amended and the Authority was henceforth fully reimbursed by NYSDOT for all operating and maintenance costs. The operation and maintenance responsibility of I-84 was permanently transferred back to NYSDOT as of October 11, 2010.

Including these changes, the Thruway System is now over 570 total miles in length and has 134 interchanges. The various sections of the roadway currently maintained by the Authority are listed in Table 1.

Table 1: The Thruway System

Section	Controlled Section	Barrier Section	Length (miles)
The Mainline (New York City – Buffalo)	X	X	426
Erie Section (Buffalo – Pennsylvania Line)	X		70
Niagara Section I-90 (Buffalo – Niagara Falls)		X	21
Berkshire Section (Selkirk – Massachusetts Line)	X		24
New England Section (I-95) (Bronx – Connecticut Line)		X	15
Garden State Parkway Connection (Spring Valley – New Jersey)			3
Cross-Westchester Expressway (I-287) (Mainline I-87 in Tarrytown – I-95 in Rye)			11
Total			**570**

X= tolled section of the Thruway

Thruway pavements are typically nine inches of reinforced Portland cement concrete placed on 12 inches of granular sub-base. Shoulders are made up of treated granular material with asphaltic wearing surface. A large portion of the roadway's base dates back to its original construction, highlighting the need for heavy maintenance, reconstruction and rehabilitation activities to retain the riding surface in a state of good repair.

The Authority has an established process under which it selects highway projects for its capital program. Potential highway capital projects are identified by engineering and program field staff and are vetted through the Authority's asset management system and a centralized final selection process. Projects are prioritized based on safety, riding surface condition, and the impact to asset useful life and capacity. This process has historically allowed the Authority to maintain good overall surface and riding conditions of its highway pavement.

3. Bridges

The Authority has maintenance responsibility for 809 bridges that carry local roads and State highways over the Thruway System. The structural characteristics of these bridges vary: about 15 percent are concrete structures, either pre-stressed girder, arch, rigid frame or box culverts. The remaining 85 percent of the bridges are steel structures with asphalt overlaid, reinforced concrete decks. As with the roadway, an overwhelming majority of the structures date back to the original opening of the Thruway

System in the 1950’s and require continual and significant repair, rehabilitation and reconstruction investments to prevent deteriorating conditions.

By far, the largest bridge on the Thruway System is the existing Tappan Zee Bridge over the Hudson River, located approximately 20 miles north of New York City. The Tappan Zee Bridge was opened to traffic in 1956 and is a three-mile long multi-span steel truss, deck truss and girder type structure. Due to its size and importance, a permanent Authority maintenance team is assigned to the Tappan Zee Bridge. The Tappan Zee Bridge routinely experiences peak hour traffic volumes that are 40 percent higher than normal operational volumes and to increase the Bridge’s one-way traffic capacity, a movable barrier provides for the reversal of one of the seven traffic lanes to help accommodate directional peak traffic volumes. The Tappan Zee Bridge is now being replaced under the Authority’s New NY Bridge project (see http://www.newnybridge.com for project details).

Besides the Tappan Zee Bridge, the Thruway System includes seven other major bridge structures: the Castleton-on-Hudson Bridge across the Hudson River on the Berkshire Section; the four Grand Island Bridges spanning branches of the Niagara River north of Buffalo; the mile-long Niagara Viaduct, and the Byram River Bridge on the New England Section.

As with its highways, the Authority pursues a similar established process under which it selects bridge projects for rehabilitation or replacement. Potential bridge capital projects are identified by Authority field engineering staff and are vetted through the Authority’s asset management system. This process has allowed the Authority to target bridge projects towards those that are critical to maintain safety and good structural conditions.

4. Service Areas and Buildings

There are 384 buildings of various types owned by the Authority along the Thruway. These include large maintenance and administrative facilities as well as smaller structures, such as storage sheds, utility buildings, and other minor facilities. The buildings include three administrative headquarters and 55 centralized maintenance buildings; 148 maintenance section buildings; 64 travel plaza buildings, 59 toll facilities, 12 police barracks and 43 miscellaneous use buildings.

The Authority's Administrative Headquarters are located just off Interchange 23 at 200 Southern Boulevard in Albany, overlooking the Thruway mainline and the Albany Division maintenance complex. This building was constructed in 1972.

The Thruway's maintenance responsibility is divided into four divisions, with each division having its own headquarters facility. These Division headquarters are located in Suffern, Albany, Syracuse, and Buffalo. The Division headquarters serve several functions that include housing the administrative staff for the maintenance program, as well as providing offices for State police and toll collection, traffic and customer service personnel.

Toll booth facilities and related buildings are an important part of the Authority's physical plant. The Thruway system contains more than 280 toll booths, all of which have the characteristics of individual buildings. Each has its own heating and lighting systems, windows and doors.

Service areas providing fuel, restaurants and other amenities for the 27 travel plazas owned by the Authority are operated through concessionaire agreements. The buildings, parking areas, and waste water treatment plants are maintained by Thruway staff. These travel plazas are located at intervals along the Thruway System, and are operated by three food service concessionaires: HMS Host Family Restaurants, Inc. (12 plazas), McDonald's Corporation (11 plazas) and Delaware North Companies Travel Hospitality Services, Inc. (4 plazas); and two fuel service operators: Dunne Manning (12 plazas) and Sunoco, Inc. (R&M) (15 plazas). The Authority collected $14.6 million in concession payments from these vendors in 2015.

All food and fuel centers are open 24 hours daily, seven days a week and offer parking, fuel, public restrooms (including family assist restrooms equipped for persons with disabilities), ATMs, and free Wireless Internet Service. There is also a brand name food vendor at each travel plaza open to the public 24 hours a day, seven days a week. Furthermore, many travel plazas have seasonal farm markets, gift shops, fax machines, sell *E-ZPass* On-the-Go (retail *E-ZPass* transponders) and staff a number of Tourist Information Centers.

The Authority and its concessionaires continue to make various improvements at the travel plazas, including updating food concepts and the overall appearance of the interiors and exteriors of the buildings, gas station renovations, adding trucker's lounges and increased tractor trailer parking.

5. Safety, Incident Response and Traveler Information Systems

The Thruway Statewide Operations Center ("TSOC"), housed at the Authority's Administrative Headquarters in Albany, is the central location for the coordination of all traffic incident response, emergency management, and dissemination of traveler information along the entire Thruway. The TSOC operates 24 hours a day, seven days a week, 365 days a year. The Authority exchanges traffic and Intelligent Transportation Systems ("ITS") data with NYSDOT through the Regional Traffic Operation Centers, providing drivers with a view of traffic operations across the State so they may make more informed travel choices.

To increase the functionality of the TSOC, the Authority recently implemented an Advanced Traffic Management System to integrate and control all current and future ITS devices and systems. Such devices include 73 Permanent Variable Message Signs, 154 Closed Circuit Television cameras, 13 Highway Advisory Radio stations, 119 real-time vehicle detector sites, and 61 Portable Variable Message Signs. The Authority also offers an email alert service (TRANSalert) to its customers to inform them of major unscheduled incidents that may affect their travel plans and the Thruway website (www.thruway.ny.gov) offers a centralized location to access a multitude of traveler information.

Finally, a troop of New York State Police (Troop T) is entirely dedicated to policing on the Thruway System. The principal mission for Troop T is to increase safety on the roadway and reduce fatal and personal injury auto accidents. They achieve this through enforcement and education. Through the years, Troop T has participated in traffic enforcement initiatives directed at drivers who engage in behavior known to cause fatalities or exacerbate the fatality rate: speed, failure to use seatbelts and drunk and/or drugged driving. However, the greatest proven method to reduce fatalities is the day-to-day visible enforcement of traffic laws by the patrol troopers on the highway.

Good overall highway conditions, traveler access to online and radio information services, good incident and weather response and the efforts of Troop T contributed to a very low fatality rate in 2015. The fatality rate on the Thruway is among the lowest in the nation at 0.3 fatalities per 100 million miles traveled. This compares to an index of 1.07 for the national average and 0.75 for all of New York State in 2014 (note that national and State data for 2015 is not yet available).

6. Annual Routine Maintenance Activities

Over the years, the Authority has developed comprehensive plans for the maintenance of its facilities. Formal pavement and bridge management systems have been developed to address maintenance issues and provide input into the development of long-term infrastructure management programs. Routine maintenance activities are performed by Authority staff from 21 maintenance locations grouped into four divisions.

Additional specified routine maintenance activities are provided by the four division highway and bridge maintenance headquarters and by the Tappan Zee Bridge maintenance team. Responsibilities include snow and ice removal, pavement and bridge repair and maintenance, guiderail and safety work, responding to incidents and accident damage, and right-of-way maintenance. Additional specialized maintenance activities are provided by the four centralized division maintenance crews and the Tappan Zee Bridge crews. Maintenance activities also include innovative preventative maintenance operations to preserve the highway system and minimize added capital improvement costs.

Environmental stewardship has become an important factor in ongoing maintenance decisions. Some examples of what is included in these types of enhancements by the Authority are the use of solar-powered ITS elements, the planting of living snow fencing, the use of beet juice as an additive to road salt to promote adhesion and snow melting, and the purchase of flex fuel vehicles. Additionally, the Authority recently completed construction of five wind turbines along the Thruway section south of Lake Erie between Buffalo and the Pennsylvania border. The wind turbines are owned and operated by the Authority and reduce Thruway electricity costs in Western New York by approximately 30 percent.

In addition to the original mandate of the Authority to operate and maintain the controlled and barrier systems along the Thruway, the Authority was given responsibility over the Cross-Westchester Expressway (I-287) in 1991. This highway starts at I-87 near Tarrytown and travels east for 11 miles to the Thruway's New England Section (I-95) in Rye. In 1991, it became the Authority's responsibility for maintenance and operational expenditures only. Capital improvements have remained the responsibility of NYSDOT.

7. Physical Condition of the Thruway's Infrastructure

This section summarizes our Physical Inspection of the Thruway facilities in compliance with Section 619 of the General Revenue Bond Resolution. Jacobs performed a "drive-through" physical inspection of the entire Thruway system during the period of March 1, 2016 through March 11, 2016. While an inspection of this type is not intended to identify specific localized problems, it does provide an overview of the Thruway's physical condition. The effectiveness of the Thruway's maintenance and capital programs was evident during this inspection.

With some exceptions, the condition of the pavement and bridges was observed to be satisfactory or better. In locations where assets were less than satisfactory, construction or repair efforts were either underway or scheduled for the near term. The Authority has developed a comprehensive asset management program to strategically operate, maintain, and upgrade the bridge and highway network through its life cycle. Through the use of analytical techniques and mathematical models that take into account current conditions, traffic volumes, maintenance history, and location, the Authority comprehensively views the big picture so that decisions can be made on how best to manage and maintain its assets in a state of good repair.

Jacobs conducted interviews with the leadership of each of the Thruway's four Division Engineers: New York Division, Albany Division, Syracuse Division, and Buffalo Division. Each interview explored the following topics:

- Current limits of the Division;
- For major facilities, condition and issues concerning pavement, bridges, facilities and service areas, and other assets;
- Maintenance issues, practices, resources, and potential needs;
- Capital Improvements, including status of existing projects, planned or potential new projects, quality of support from the consultant community, and potential needs; and
- Organization / Asset Management, including any potential risks to the Division, any suggested changes or improvements in organization, and any other topics that the Division Engineers believe should be addressed

The following sections contain the results of the drive-through inspection and interviews for each Division.

a) New York Division

The New York Division runs from the New York City line to New Paltz, MP0 to MP76. In addition to I-87, it includes I-95 to the Connecticut state line (the New England Section), the Cross-Westchester Expressway (I-287, for which the Thruway is responsible only for maintenance), and a three-mile connection from Spring Valley to the New Jersey state line (Garden State Parkway.) Major bridges in the New York Division include the Tappan Zee Bridge and the Byram River Bridge in the New England Section. Toll facilities include the Tappan Zee Bridge Barrier, Yonkers Barrier, New Rochelle Barrier, Spring Valley Barrier, and Harriman Barrier. The bridges, barriers, and pavement in this Division were generally observed to be in satisfactory condition or better. Construction activity was observed at Exit 16 on the New England Thruway at the time of the drive-through inspection. The NY Division has several bridges that are reaching the end of their useful service life and will be rehabilitated.

Maintenance. The New York Division has more than 250 maintenance personnel for its roadway, bridges, and facilities, including a group dedicated solely to the existing Tappan Zee Bridge. The Division's maintenance program is ongoing, and it follows guidelines and directives from the Authority's headquarters in Albany. The Division's maintenance fleet varies widely in age and undergoes a regular program of repair and replacement. Ongoing maintenance activities including repair of guiderail and safety upgrades were observed during the drive-through.

Capital Program. The 2016 - 2020 Capital Program includes several pavement restoration projects within the NY Division. In addition, several bridges on or over the Thruway will be rehabilitated or replaced so that they are safe and accessible to the patrons. The NY Division has several notable pavement and bridge replacement projects including pavement resurfacing north of Sloatsburg to south of Harriman (MP38.7 - MP43.5; $11.3M); Major Deegan Expressway to Cross Westchester Expressway (MP 0.0 – MP11.3, $22.2M); North Avenue Bridge over I-95 Replacement (MP NE5.76, $11.3M); and Newburgh Interchange Bridge over Thruway replacement (MP 60.10, $7.5M).

The New NY Bridge. The construction of the new $4.0B bridge just north of the existing Tappan Zee Bridge is well under way. The construction activity has been progressing as planned; the fourth and final concrete crossbeam on the main span was recently installed. It is anticipated that the cables on the towers will be installed in the next few weeks. All-Electronic Toll Collection (AETC) will be implemented replacing the existing Tappan Zee Bridge Barrier on April 23, 2016.

b) Albany Division

The Albany Division runs from MP 76 in New Paltz to MP 197.9 in Canajoharie. It also includes the 24-mile Berkshire Section (I-90), which connects the Thruway mainline to the Massachusetts Turnpike through rugged terrain, including several steep rock cuts. The Berkshire Section includes the largest bridge in the Albany Division: the Castleton-on-Hudson Bridge, a 1500-ft cantilever truss bridge spanning the Hudson River. The $100M capital project to add an additional travel lane in each direction between exits 23 and 24, completed in November, 2013, has helped alleviate congestion in this heavily traveled corridor. The pavement and bridges in the Albany Division were generally observed to be in satisfactory condition or better, with the exception of pavement on the Berkshire section between the Canaan Toll Barrier and Massachusetts state line, which will soon be resurfaced.

Maintenance. The Albany Division has more than 200 personnel devoted to maintenance who plan and prioritize preventive maintenance activities such as repairing and sealing pavement, maintaining guiderails and safety elements, and repairing bridge bearings, to name a few. Because the Erie Canal is adjacent to the Thruway for much of its length within the Albany Division, the two are somewhat interdependent from a standpoint of flooding, maintenance, and operations issues. The Division's maintenance fleet varies widely in age and undergoes a regular program of repair and replacement. Ongoing maintenance activity also includes safety upgrades, rock removal, and maintenance of salt sheds and service areas. Maintenance activity was observed at the Wemple Road Bridge over the Thruway around MP138.

Capital Program. The 2016-2020 Capital Program in the Albany Division of the Thruway includes several pavement resurfacing and bridge rehabilitation/replacement projects to preserve the condition of their assets. Notable capital projects include pavement resurfacing between Rotterdam and Amsterdam including the Pattersonville Service Area and Interchange 25A (MP161 – MP170, $9.5M); pavement resurfacing and safety upgrades on the Berkshire Section, West of Exit B-1 to Canaan Toll Barrier (MP BS5.7 - MP BS17.9, $11.4M); rehabilitation of the Thruway Bridge over the Wallkill River (MP81.72, $8M); and replacement of Taconic Parkway (Exit B2) bridge over Berkshire Section (MP BS15.09, $5M); and rehabilitation of Movable Dam 4 in Scotia, Schenectady County ($31M). Upcoming pavement projects in the program include pavement rehabilitation between Exits 24 and 25 (MP 148.2 - MP154.4, $25M) and at Interchange 23 (MP141.92, $5.5M).

c) Syracuse Division

The Syracuse Division runs from MP 197.9 in Canajoharie to MP 350 (Rochester – Victor – I-490). As this section of the Thruway runs primarily through rural areas, the Syracuse Division includes eleven travel plazas that are strategically located every 30 to 40 miles along the Thruway. The pavement and bridges in the Syracuse Division were generally observed to be in satisfactory condition or better.

Maintenance. The Syracuse Division has approximately 200 personnel devoted to maintenance who are heavily engaged in maintaining the roadways, 189 bridges, 11 travel plazas, and 8 wastewater treatment plants. Inventories are kept for facility maintenance and repair. Inventories are also kept for the Division's many bridges and culverts, all of which require regular maintenance.

Of particular interest in the Syracuse Division are plans to decommission abandoned railroad bridges. By decommissioning them, the Authority can reallocate its maintenance resources and save money. These bridges are currently being used as hiking trails; however, the Authority is evaluating community and environmental impacts associated with re-routing the trails to the next crossing.

Capital Program. The 2016-2020 Capital Program in the Syracuse Division of the Thruway focuses on pavement restoration projects like pavement resurfacing west of Canastota to west of Syracuse (MP268.0 - MP279.3, $11.9M); pavement resurfacing between Geneva (Exit 42) to east of Manchester (MP327.5 - MP337.5, $13.4M); concrete pavement restoration from Canandaigua (Exit 44) to Rochester (Exit 45) (MP347.1 - MP351.4, $13M), and bridge rehabilitation/replacement projects including rehabilitation of Lock O-7 in Oswego ($30M); replacement of Thruway bridges over Vine Street and CSX Railroad (MP284.8, $11.7M); and Exit 43 - Manchester Interchange (MP340.15, $7M). A major pavement replacement project from Electronics Parkway (Exit 37) to I-690 (Exit 39) (MP284.1-MP 289.3, $55M) is planned to address subsurface drainage conditions and replace the original 9" thick concrete pavement with a thicker and stronger new concrete pavement. In addition, the Capital Program improvements include rehabilitation/replacement of wastewater treatment plants at Warners, Junius Ponds, Iroquois, Chittenango, Port Byron, and Clifton Springs Service Areas in the Syracuse Division.

d) Buffalo Division

The Buffalo Division runs from MP 350 (Rochester – Victor – I-490) to the Pennsylvania state line (MP 496) and from MP 426.17 (Exit 53, I-190) to Niagara Falls (the Niagara Section). The Erie Section (MP426.17 to the Pennsylvania state line) is rural and known for its many vineyards. This section also runs through land belonging to the Seneca Nation. The Niagara Section includes a mile-long viaduct (the viaduct deck was replaced in the mid-1990s) and four major bridges to Grand Island (two north bridges and two south). The Buffalo Division includes more bridges than any other section of the Thruway. Toll facilities include the Williamsville Barrier, Lackawanna Barrier, Ripley Barrier, Tonawanda Barrier, and Niagara Barrier. The Lackawanna Barrier is one of the busiest toll barriers on the Thruway. A recent construction project that added a new lane from the I-290 eastbound on-ramp to the toll plaza and median alterations has assisted in alleviating congestion and improving traffic flow.

The pavement and bridges in the Buffalo Division were generally observed to be in satisfactory condition or better. The substructures of the Grand Island Bridges were recently rehabilitated and appeared to be in good condition. The focus of current and near term work is deck overlay, steel repairs, maintenance cleaning for steel preservation, and painting. Over the past 20 years, approximately $100M has been invested in maintaining and improving these bridges. Under the 2016-2020 Capital Program, the North Grand Island Bridges Northbound and Southbound are planned to be painted at an estimated cost of $37.5M; the North and South Grand Island Bridges are planned to undergo retrofit/repairs of roller bearings, and pins and hangers at an estimated cost of $20M.

Maintenance. The Buffalo Division has approximately 300 personnel dedicated to maintenance for bridges and highway, facilities, and for ITS and other assets. The maintenance personnel are also responsible for safety upgrades. The median guiderail was recently added or replaced by the maintenance division to comply with the new clear zone requirements. The Division's maintenance fleet includes 59 plow trucks, among other vehicles, which require a greater percentage of preventative maintenance as they age. As noted, the Thruway has a seasonal preventative maintenance program which prescribes preventative maintenance and annual maintenance plans.

Capital Program. The Buffalo Division's 2016 – 2020 Capital Program includes numerous pavement resurfacing and bridge rehabilitation and replacement projects. These include pavement resurfacing from I-390 (Exit 46) to LeRoy (Exit 47) (MP362.3 - MP378.2; $23M); pavement rehabilitation near Exit 58 – Silver Creek (MP451.5 - MP455.2; $26M): rehabilitation of Thruway bridges over Seneca Street, Cazenovia Creek, Potters Corners Road and Smokes (MP428.37, $23.9M); and replacement of Beaver Island State Parkway Bridge over I-190 Thruway (MP915.46, $7.8M).

Other projects include rehabilitation of Lock E-32 in Monroe County with an approximate construction cost of $20M; and pavement resurfacing from east of Williamsville Toll Barrier (MP 419.4) to west of Buffalo-Williams Street (Exit 52A, MP425.9) estimated at $16M.

e) *Opinion*

The review of the Authority's maintenance and capital activities indicates a comprehensive program based on detailed inspections, evaluations, asset management, and a structured priority setting. The facilities have been maintained to high standards over the years with the result that the condition is generally good. In our opinion, the development and implementation of the Authority's 2016 – 2020 Capital Program, together with the ongoing heavy and regular maintenance programs should assure that the operational and structural integrity of these facilities will be maintained during the term of the Series 2016A Junior Indebtedness Obligations. We are also of the opinion that sufficient toll revenues can be generated to fund these programs.

B. New York State Canal System

In 1992, the New York State Canal Corporation was formed as a subsidiary of the Authority, and the Authority assumed control of the maintenance, operation and capital improvement of the 524-mile New York State Canal System. Financially, the Canal System was considered to be an "Other Authority Project" and funds allocated to the Canal could only be provided through funds which are junior to Thruway operations, senior and junior debt service, and Thruway System capital responsibilities (per the Authority's General Revenue Bond Resolution and the Junior Indebtedness Resolution). At the Governor's initiative, the State's 2016-2017 Enacted Budget included statutory authority transferring jurisdiction over the State Canal System from the Authority to the New York Power Authority. The transfer of jurisdiction takes effect on January 1, 2017 and the transfer of finacial responsibility is effective April 1, 2016 . The balance of this section discusses the Canal System to provide context for past Authority responsibilities.

For two centuries, the New York State Canal System has played a very important role in the history and development of the State and the nation. The ability to efficiently move people and goods across the State proved instrumental in the westward expansion of the nation, and the development of major cities in upstate New York including Buffalo, Rochester, Syracuse and Albany, as well as hundreds of smaller cities, towns and villages. The construction of the Erie Canal and the subsequent Canal System was primarily responsible for the dominance of New York City as the country's premier shipping port for many years.

Today, the NYSCC's 524-mile Canal System is a recreation-way and tourist destination whose mission includes the cultivation of historic preservation and economic development. The Canal System links the Hudson River with Lake Champlain, Lake Ontario, the Finger Lakes, the Niagara River and Lake Erie, passes through 25 counties and is in close proximity to more than 200 villages, hamlets and towns. It has been estimated that the canal waterway network supports nearly $380 million in economic activity throughout the Canal corridor. For much of its length, it closely parallels the Thruway.

The current Canal System (see Figure 2), which began construction in 1905, provides extensive inter-modal linkages within and beyond the State's borders and includes four major canals, canalized natural waterways, five lakes, feeder reservoirs and numerous shipping terminals. It consists of 57 locks, 18 movable bridges, 20 reservoirs, 376 buildings, 91 dams and nearly 600 other structures critical to the maintenance and operations of the waterways and its feeder systems (water control devices, fixed bridges over the Canal System, terminals, terminal walls, aqueducts, culverts, roads and reservoirs). Due to the age of the infrastructure, substantial maintenance activities are required to ensure system reliability.

In addition to maintaining these facilities prior to April 1, 2016, the Authority also maintained more than 260 miles of multi-use, recreational trails across upstate New York that are adjacent to the waterways of the Canal System or follow remnants of the historic original canals that date back to the early 1800s. According to a 2014 study for Parks & Trails New York, an estimated 1.6 million people use the trail network each year for bicycling, walking, jogging and other activities. A recent study stated that the visitors using the trail network generate approximately $253 million in sales, more than 3,000 jobs, $78 million in labor income, and $28.5 million in tax revenue. More information on the Canal System and Trail Network can be found at http://www.canals.ny.gov/.

Figure 2: New York State Canal System

III. Economic Backdrop and Outlook for the Future

Historically, Thruway traffic trends have been influenced by socioeconomic conditions and correlations have been found between passenger car growth and Gross Domestic Product ("GDP") growth, and between commercial vehicle growth and Industrial Production Index ("IPI") growth.

Jacobs typically uses the consensus forecast from a group of financial institutions and economic forecasting firms as an input into its traffic growth forecasts for revenue estimation purposes. The consensus outlook of economists predicts continued economic growth with real national GDP increasing by 2.1 percent in 2016 and 2.4 percent in 2017, respectively, as compared to the 2014 and 2015 growth rates of 2.4 percent per year. Our forecast also recognizes and takes into account the recent fall in gas prices and the probability of higher prices in the future.

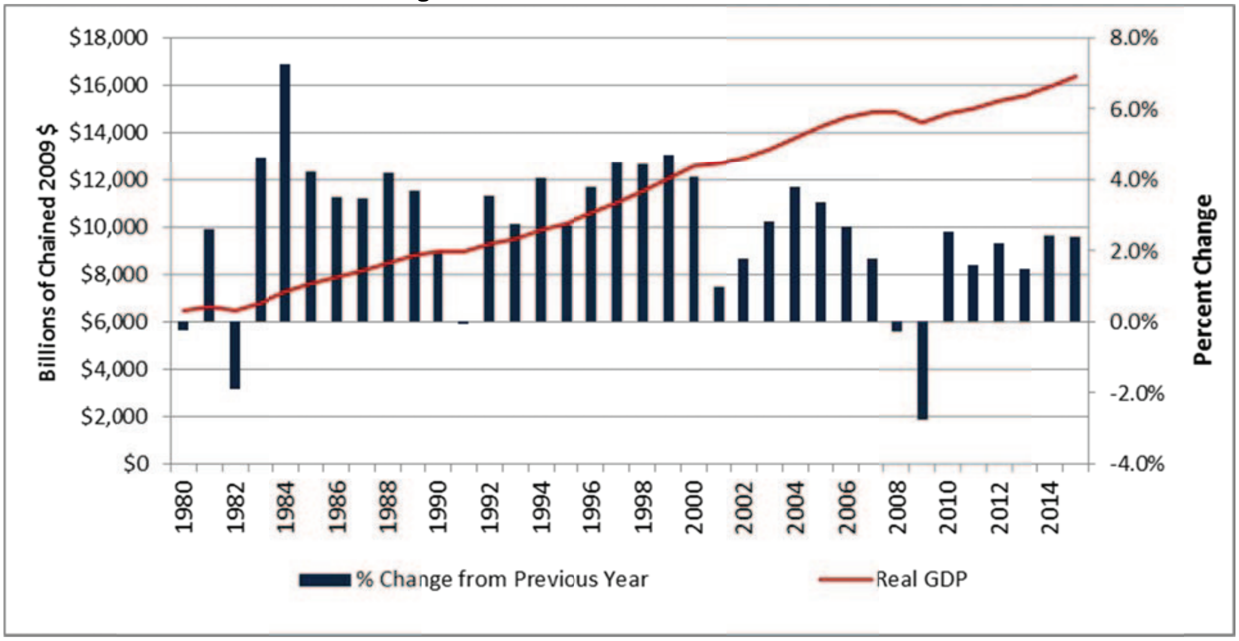
Any forecast of toll traffic and revenues will, of necessity, recognize the significant variations that can and do occur in the national, regional and local economies and population changes within the Thruway corridors. With this in mind, Jacobs performed a detailed analysis of the historical economic trends seen over the last few decades, particularly as they relate to the recessionary economic influences that occurred and how the Authority's facilities reacted to those trends.

A. Recent Macroeconomic Trends

From 2000 to 2014, GDP and the IPI in the United States increased by an average of 1.7 percent and 0.7 percent per year, respectively. This timeframe included the 2001 recession and the recession that began in late 2007 and ended in June 2009. The 2007-09 recession, which some economists have termed the "Great Recession", was far more severe than originally predicted and significantly deeper and longer than previous recessions.

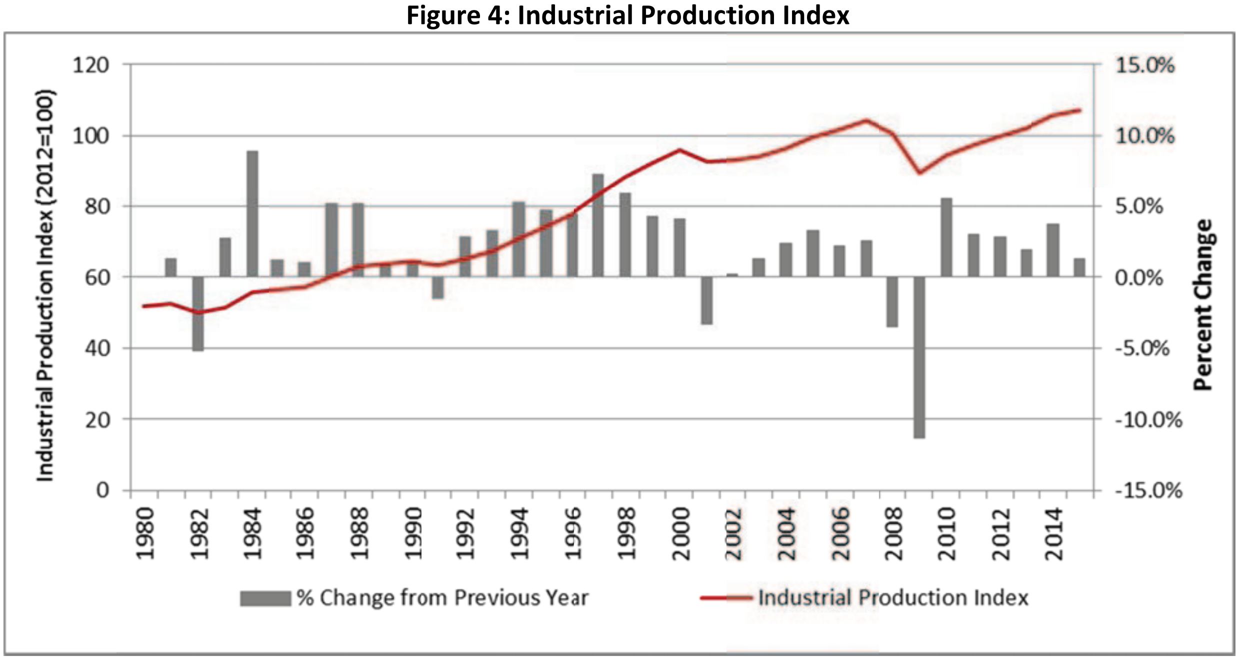
As shown in Figure 3 and Figure 4, in 2008 real GDP decreased by 0.3 percent and industrial production dropped by 3.3 percent. In 2009, the recession reached its apex, with real GDP decreasing by 2.8 percent and industrial production dropping by 11.9 percent. Since 2010, however, the U.S. economy has expanded and real GDP has grown at an average annual rate of at least 1.5 percent. During this period, the IPI has also increased at an average annual rate of at least 1.3 percent.

Figure 3: Real Gross Domestic Product



Source: U.S. Bureau of Economic Analysis ("BEA")

Figure 4: Industrial Production Index



Source: Board of Governors of the Federal Reserve System

B. Long-Term Structural Trends

The accumulation of the trends of productivity improvements and aging of the general population has until recently had a negative impact on traffic growth across the United States. Similar to other toll facilities, especially in the northeast, the Thruway itself has experienced these impacts.

The 2007-2009 recession has coincided with a number of long-term structural trends in the United States and internationally that have encumbered economic growth and job creation. First, there have been significant productivity improvements in the form of advances in information technology, computing power, transportation, and communications which encouraged the transfer of manufacturing facilities and jobs to areas with higher unemployment and lower wages. This shift has altered the engine for economic growth in the United States, from goods-producing industries to service-producing and information technology related industries. In 2014, according to the U.S. Bureau of Economic Analysis ("BEA"), private goods-producing industries contributed 19.8 percent to GDP while private service-producing industries and private information-communications-technology-producing industries contributed 67.1 percent and 5.9 percent, respectively. The technology boom of the 1990s and the subsequent decline in the early 2000s intensified these trends, encouraged the expansion of inexpensive communications technologies, and further flattened wage costs internationally that lead to significant outsourcing of jobs to foreign countries. The accumulation of these trends has had a negative impact on traffic growth in the United States.

Second, the U.S population is becoming older with the median age increasing from 29.5 in 1960 to 37.8 in 2015. The aging of the population has been one of the major factors contributing to slower traffic growth, as older age groups tend to travel less and spend less on transportation. Historical trends and population forecasts indicate that the U.S median age will likely continue to increase in the next 20 years.

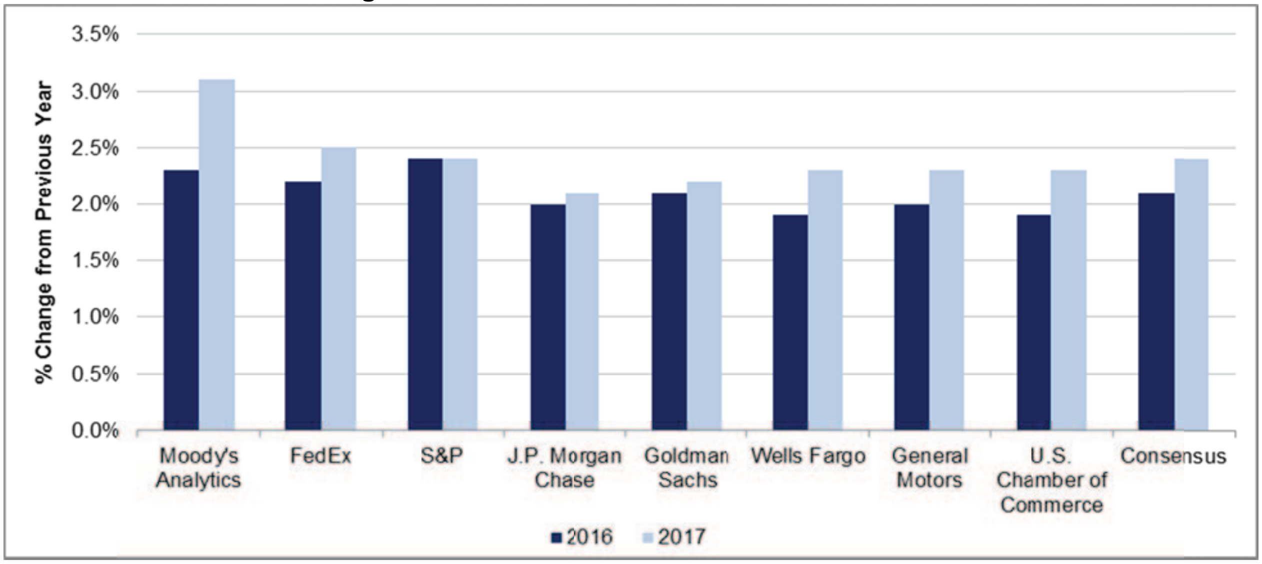
Jacobs has taken into consideration these long-term structural changes in nationwide traffic trends in the development of our toll traffic and revenue forecasts for the Thruway.

C. Short-Term Economic Forecast

1. Gross Domestic Product

The consensus outlook of economists predicts continued modest economic growth with real GDP increasing by 2.1 percent in 2016. It is important to note that the spread of the most recent 2016 forecasts (50+ observations) is relatively large, ranging from 1.5 percent to 2.6 percent. In comparison, the consensus forecast for real GDP growth in 2017 is higher, at 2.4 percent, with a slightly wider range—1.5 percent to 3.1 percent. As a result, there is still quite a bit of uncertainty about the extent of the nation's economic growth in the coming years, as shown in Figure 5. This forecast fits with our current base case forecast for Thruway traffic and toll revenues that are contained herein.

Figure 5: Real GDP Forecasts for 2016 and 2017



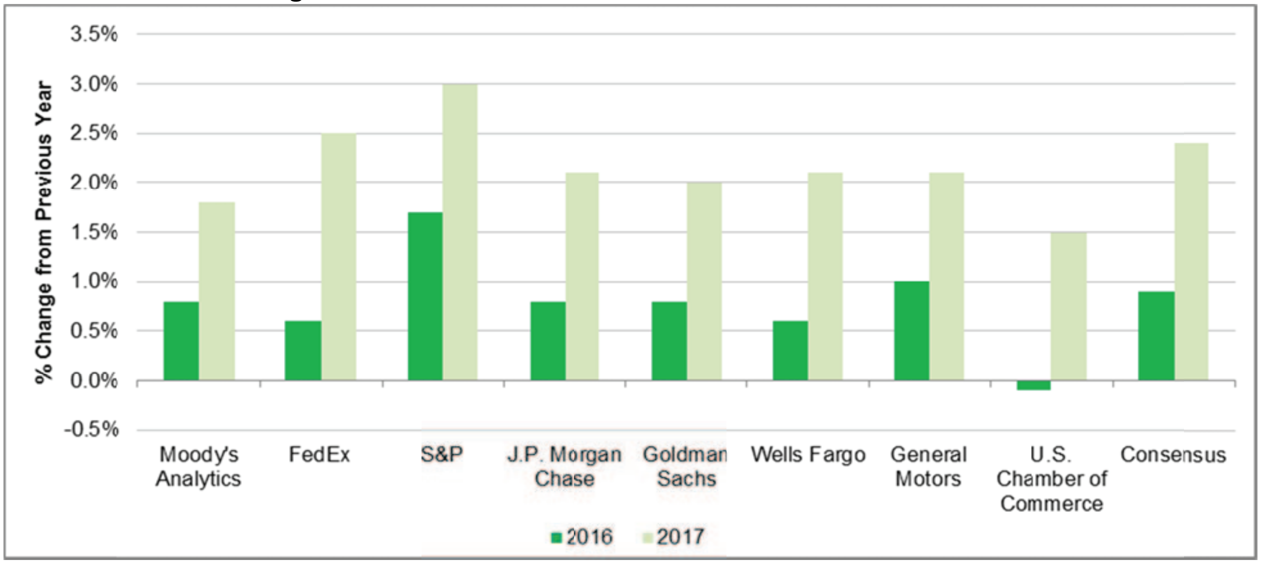
Source: March 2016 Blue Chip Economic Indicators

2. Industrial Production

Changes in U.S. industrial production have historically moved in tandem with GDP, albeit with steeper decreases during recessions and larger increases during recovery periods. Based on forecasts developed by financial institutions and industry analysts, the IPI is forecast to increase by an average of 0.9 percent in 2016 and 2.4 percent in 2017, as shown in Figure 6.

We expect that future growth in the shipment of goods across the nation's highways will be tempered, resulting in a more modest rate of growth in commercial traffic on the Thruway's facilities than what was experienced in the past. This trend is also seen on other toll facilities in the northeast and is built into to our traffic and revenue estimates for the Thruway.

Figure 6: Industrial Production Forecasts for 2016 and 2017



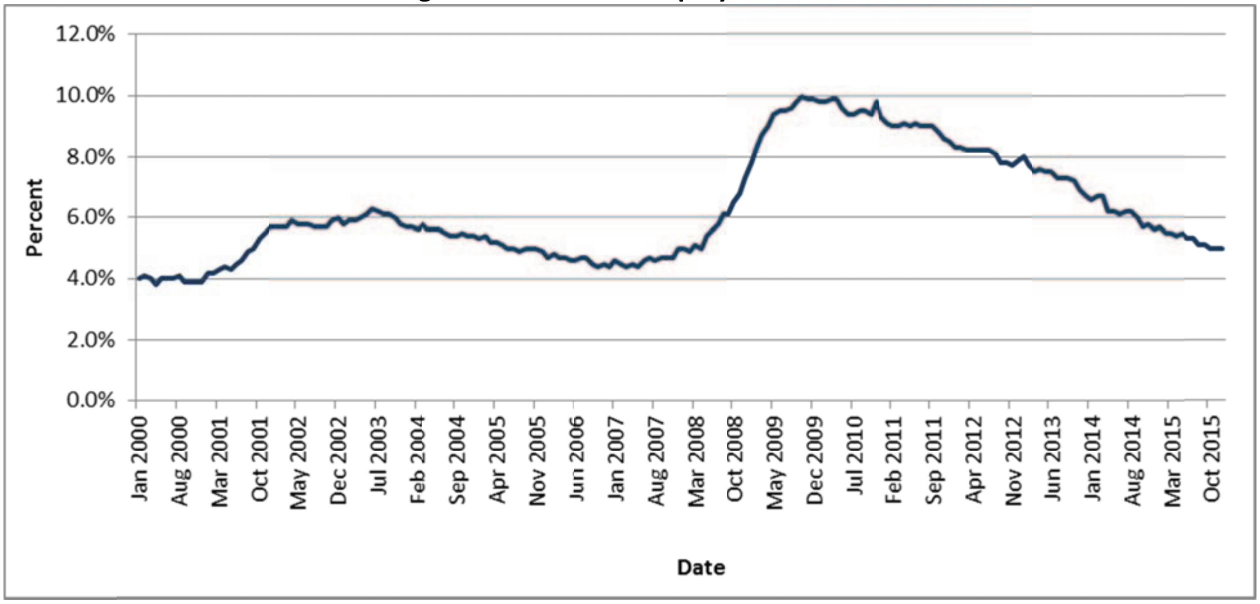
Source: March 2016 Blue Chip Economic Indicators

3. Employment

The 2007-2009 recession had a more severe impact on employment than previous recessions. The civilian unemployment rate rose to 10.0 percent in October of 2009 during the worst of the recession. This decrease in employment had a negative impact on traffic growth on Thruway facilities as well as other toll facilities nationwide.

Since the height of the last recession, however, the civilian unemployment rate has decreased at a relatively steady pace. While some of the improvement in the national civilian unemployment rate can be attributed to a decrease in the workforce participation rate, employers have been hiring new employees to meet an increase in demand for their goods and services. As of December 2015, the national unemployment rate was down to 5.0 percent.

Figure 7: Civilian Unemployment Rate



Source: U.S. Bureau of Labor Statistics

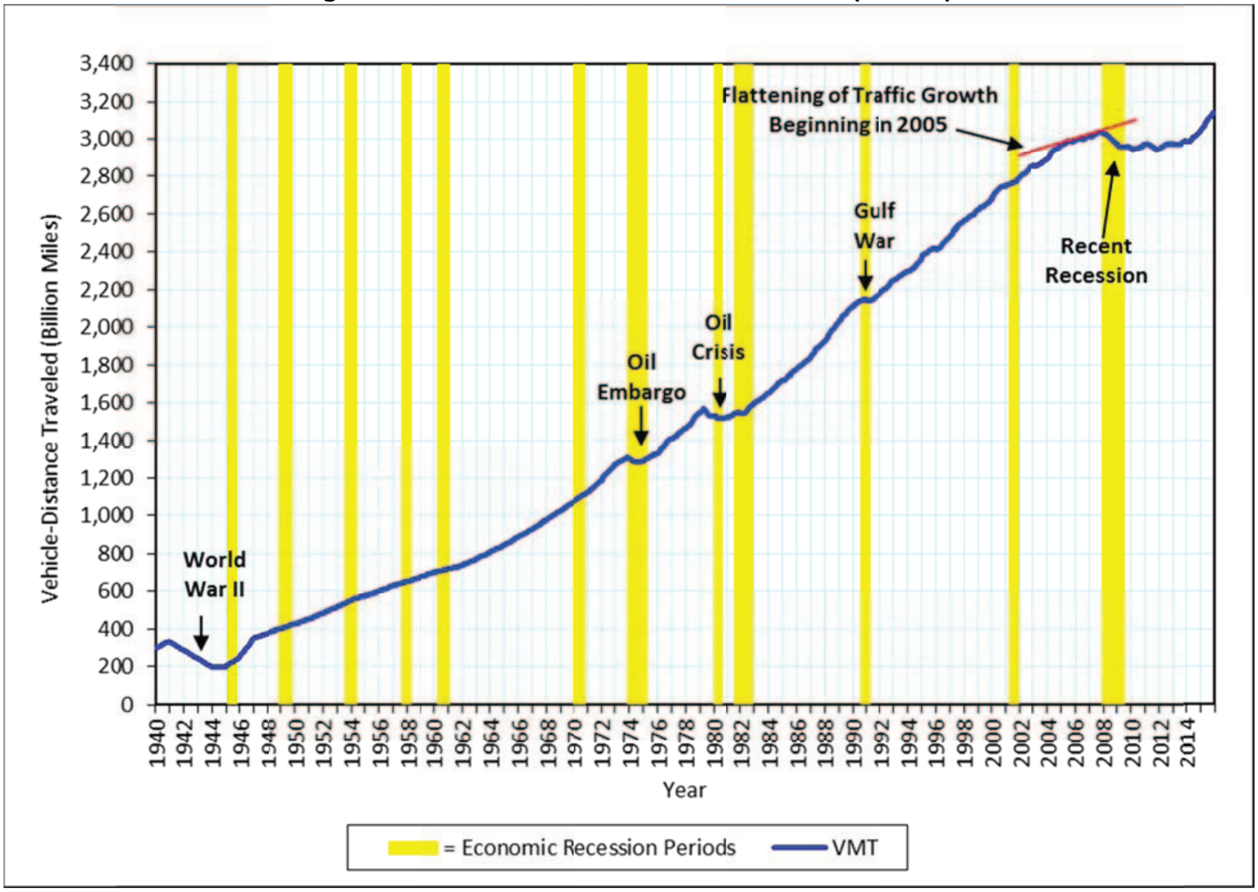
Forecasts of employment tend to differ, depending on varying assumptions of the impact of long-term structural trends that have been mentioned herein, such as advances in information technology, outsourcing, and an aging population. The U.S. Congressional Budget Office has forecasted that the natural rate of unemployment will fluctuate between 4.8 and 4.9 percent in 2016 and 2017. Forecasts from other institutions and economic analysts for the civilian unemployment rate over the 2016 to 2017 timeframe range from 3.7 to 5.2 percent.

4. National Trends in Vehicle Miles Traveled ("VMT") and Gas Prices

Figure 8 depicts the 12-month moving average of national travel mileage on all U.S. highways, from 1940 through 2015. As seen in this figure, there were temporary reductions in vehicle-miles traveled ("VMT") during World War II, oil crises, and economic recessions. Despite these temporary "dips", the VMT continued to grow rapidly over the years. It shows that, in recent years, with the exception of short, flat periods during the 1991 and 2001 recessions (each less than one year), VMT grew at a steady pace through about 2005.

Then, between 2005 and 2007, the United States experienced a historic flattening in the growth of nationwide VMT. This was followed by a significant reduction in VMT during the 2007-2009 recession. A reduction in VMT means less revenue – in the form of gas tax or tolls – for funding transportation operating, maintenance and capital expenses. It is therefore encouraging for providers of transportation infrastructure and related services to see VMT growth return to more historic trends, as it did in 2014 and 2015. While VMT was generally flat from the end of the recession until the beginning of 2014, after that point it began to grow at pre-recessionary rates. Increased economic growth and a reduction in real retail gas prices have undoubtably influenced this trend. It remains to be seen whether this resumption in growth will continue into the future or stall once again.

Figure 8: U.S. Annual Vehicle Miles Traveled ("VMT")

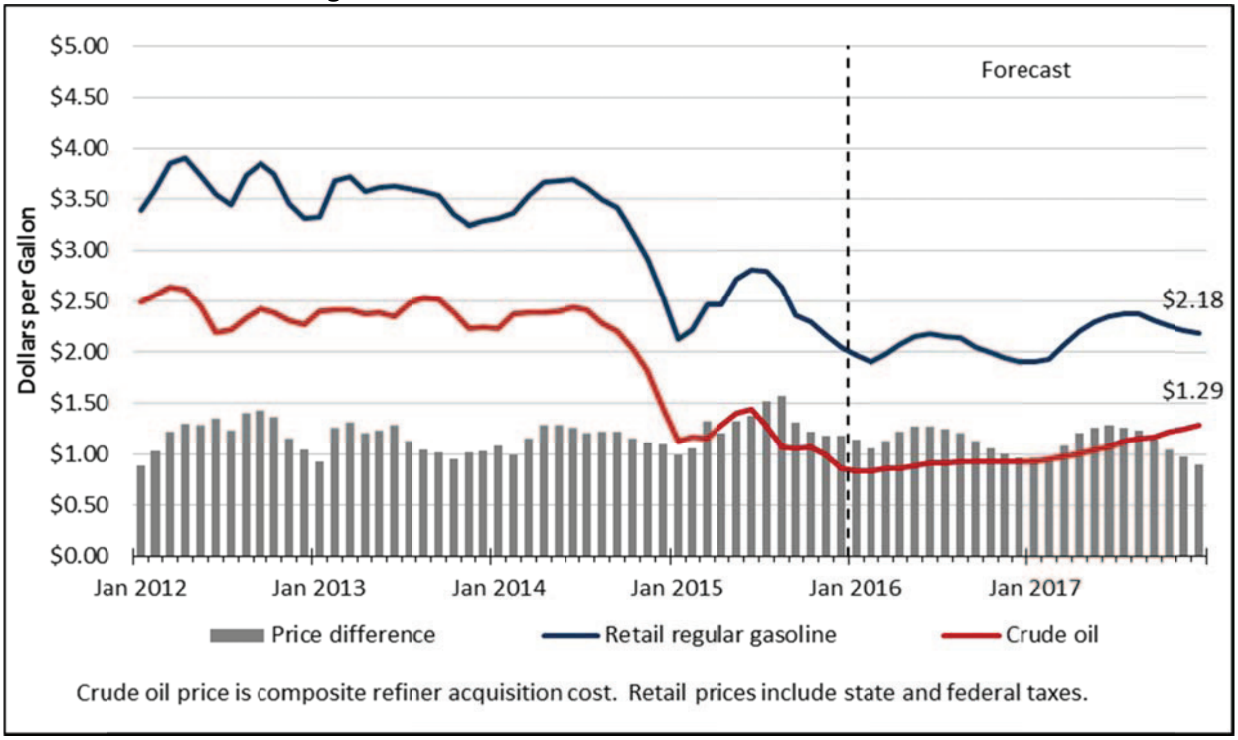


Source: Federal Highway Administration ("FHWA")

The U.S. Energy Information Administation ("EIA") predicts that retail gasoline and crude oil prices will remain low by recent standards, as shown in Figure 9. In fact, the EIA forecasts that retail gasoline prices will only reach $2.19 by December 2017. Relatively low prices in the future may help support higher rates of vehicular travel among the public, allowing the number of vehicle miles traveled in the United States to continue to grow.

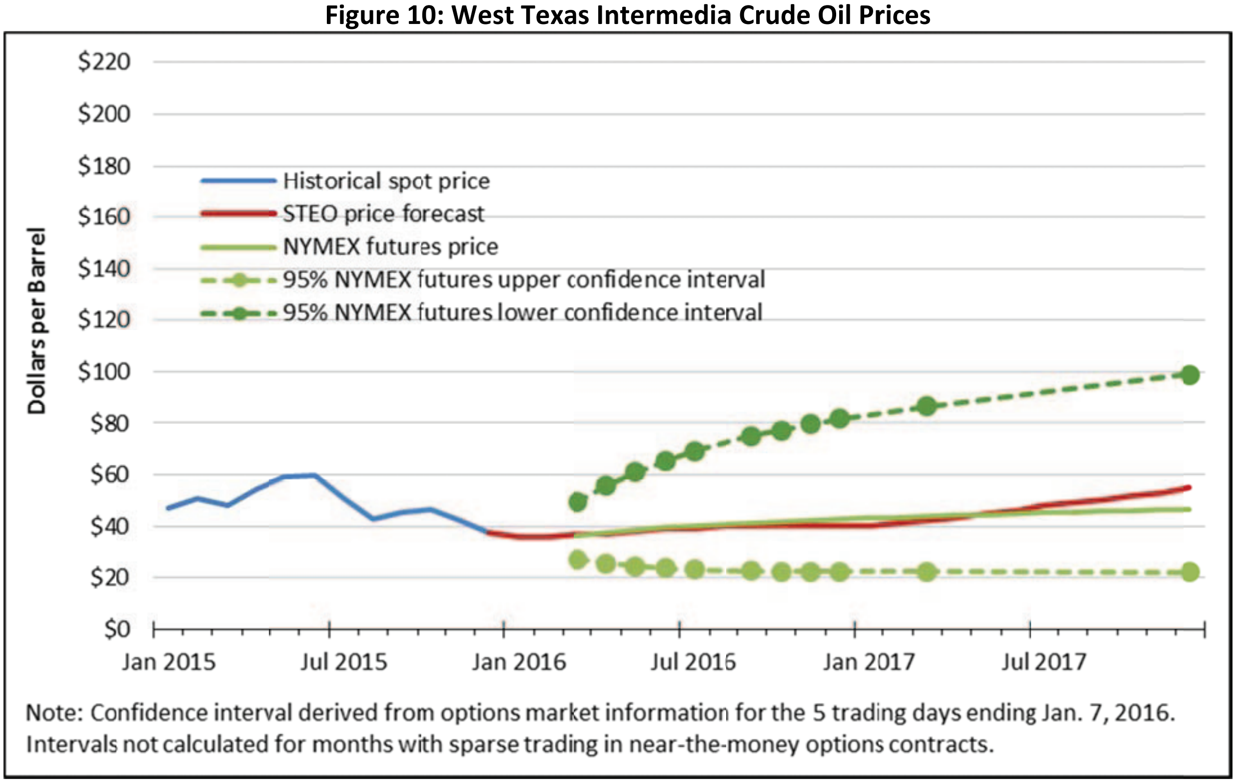
There is a great deal of uncertainty in the forecast of future energy prices. As shown in Figure 9, retail gasoline prices tend to move in tandem with the price of crude oil. While EIA predicts that crude oil prices will remain low in the future, there is of course a chance that prices could be much higher in the future. Figure 10 shows EIA's projection of crude oil prices through 2017.

Figure 9: Retail Gasoline Prices and Crude Oil Prices



Source: U.S. Energy Information Administration

Figure 10: West Texas Intermedia Crude Oil Prices

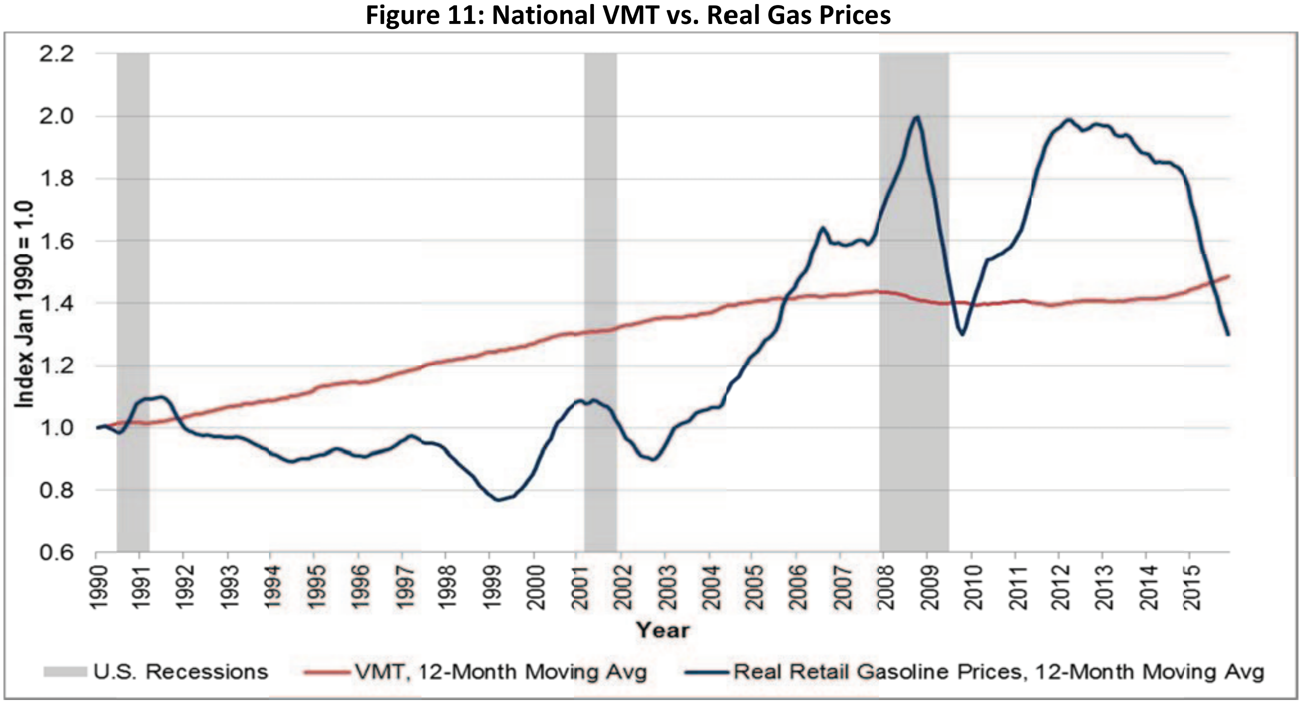


Source: U.S. Energy Information Administration

To understand the potential impact of future gas prices on traffic we can look at historical reactions. Figure 11 presents historical VMT across the United States as compared to real retail gasoline prices from 1990 through today. Both the VMT and real gas prices represent a 12-month moving average to remove any seasonality factors; all data are indexed to the 12 months ending January 1990. While the Great Recession began at the end of 2007, there was still a flattening, then decline, in VMT that started several years before. This may be partially attributed to rising gas prices. The continuation of the decline, post-fall 2008, would be more attributable to the economic meltdown, as gas prices dropped significantly by early 2009. Gas prices then increased throughout the rest of 2009 and 2010, peaking in the spring of 2011 with little change in VMT. However, between the summer of 2014 and winter of 2016 there was a precipitous drop in gas prices which coincided with a steep increase in VMT.

This data shows that it is difficult to pinpoint the elasticity of travel as it relates to gas prices; however, very large gas price changes in the past have generally resulted in a change in driving behavior. As cars become more and more fuel-efficient and/or use alternative fuels, the price of gas is expected to have less of an impact on travel in the future.

Figure 11: National VMT vs. Real Gas Prices



Source: U.S. Department of Energy, Energy Information Administration and U.S. Department of Transportation, Federal Highway Administration

IV. Capital Program

In order to better understand the Authority's current and future financial condition, consideration must be given to the size, complexity and capital needs of its highway and bridge infrastructure. The Authority's Thruway Systems is vast and aging and require considerable investments to remain reliable. This section summarizes the Authority's 2016-2020 Capital Program, the infrastructure investments and program changes that are to be made therein, and the impact that these investments will likely have on facility condition ratings. Table 2 on page 27 summarizes the actual annual capital expenditures from 2005 thorugh 2015 and planned expenditures from 2016 through 2020, and is followed by Table 3 which provides detail on the funding sources for the recent and projections for future capital programs.

A. 2016-2020 Capital Program Details

The Authority's adopted 2016-2020 Capital Program will provide nearly $3.8 billion for Thruway Authority capital projects. This includes $2 billion for the New NY Bridge, $1.7 billion for systemwide projects on the Thruway and $40 million for 2016 Canal Corporation projects. Specifically, the 2016-2020 Capital Program will complete major, job-sustaining reconstruction projects that were let during the previous multi-year Capital Program and includes reconstruction and rehabilitation of roadway, bridges, facilities, equipment and support systems of the Thruway and Canal systems. From 2016 through 2020, the Authority estimates that the investments made in this program will preserve overall highway and bridge conditions in the "good" category, allowing for the continued reliability of the Thruway system and accomplish the substantial completion of the New New York Bridge project by 2018.

The New NY Bridge project is discussed in Section B. Other Thruway projects included in the 2016-2020 five-year program include:

- Northway (Exit 24, milepost 148.2) to West of Schenectady (Exit 25, MP 154.4): Pavement Rehabilitation (2016 letting)
- I-390 (Exit 46, MP 362.3) to LeRoy (Exit 47, MP 378.2): Pavement Resurfacing (2016 letting)
- West Seneca (Exit 54, MP 427.9) to Lackawanna Toll Barrier (MP 430.6): Pavement Resurfacing and Rehabilitation of Four Bridges (2016 letting)
- East of Silver Creek (MP 451.5) to Silver Creek (Exit 58, MP 455.2): Pavement Rehabilitation (2017 letting)
- North Grand Island Southbound and Northbound Bridges – Painting (2017 letting)
- I-95 (New England Thruway), Port Chester to Connecticut state line: Pavement Replacement, Ramp Work, 2 Bridge Replacements and 1 Bridge Rehabilitation (2017 letting)
- Major Deegan Expressway (MP 0.0) to Cross Westchester Expressway (Exit 8, MP 11.3): Pavement Resurfacing and Safety Upgrades (2019 letting)
- Electronics Parkway (Exit 37, MP 284.1) to I-690 (Exit 39, MP 289.3): Pavement Replacement (2020 letting)

Since the transfer of the Canal System to the Authority in the 1990s, the Authority has made significant maintenance and capital investments into the waterway's infrastructure. However, given the age of the Canal System, revitalization of infrastructure is necessary to meet the demands of recreational boaters, tour and rental boats and a resurgent commercial shipping sector. While the Authority undertakes an ambitious annual maintenance program, Canal structure conditions continue to deteriorate, with nearly 50 percent of critical Canal structures rated in the fair and poor categories. Complicating efforts to reduce this rate of deterioration, a substantial portion of the Canal's current floating plant equipment consists of a variety of vessels that need to be replaced, and in 2011 Tropical Storms Irene and Lee caused nearly $100 million in damages to many components of the Canal System (which will be partially reimbursed by FEMA). As a result of the transfer of the Canal, the projects in the 2016-2020 Capital Program are limited and primarily focused on rehabilitation.

As the Authority progresses through the 2016-2020 Capital Program, it will continue to modernize and enhance its asset management and capital program management systems to ensure that changes to the program maintain the proper project mix, maximize investment value, and maintain good condition ratings as the economy and pricing environments change.

B. The New NY Bridge Project

The Authority is currently undertaking a massive transportation project: the replacement of the Tappan Zee Bridge. In December 2012, the Authority selected Tappan Zee Constructors ("TZC") as the winning team for the New NY Bridge project with a bid of $3.142 billion. The major TZC team members include FluorEnterprises, Inc.; Granite Construction Northeast, Inc.; American Bridge Company and Traylor Brothers, Inc. TZC members both individually and together as a team have a proven track record of successfully delivering complex, high profile mega projects. The major features and design elements for the New NY Bridge project consist of:

- Two new bridges with a 100-year design life,
- 3.1 miles long with 45 spans,
- Cable stay main spans with vertical towers,
- Eight general purpose lanes with shoulders
- Transit-ready design, and
- All-electronic toll collection ("AETC").

Currently in testing, the existing Tappan Zee Bridge is expected to begin AETC on April 23, 2016. Implementing this tolling technology offers motorists many advantages including reduced travel times, enhanced safety and improved traffic flow, and provides environmental benefits by limiting idling and reducing delays, as vehicles no longer have to stop at a toll plaza. AETC utilizes overhead gantries with readers to detect E-ZPass transponders and cameras to read license plates of non-E-ZPass customers who are later billed by mail. The implementation of AETC will ensure uninterrupted toll collection during construction and through the completion of the New NY Bridge.

The total budget for the New NY Bridge project is $4.0 billion. The plan of finance assumes the New NY Bridge project will be financed with (i) toll revenue bonds constituting Junior Indebtedness Obligations (including those securing the Authority payment obligations under the TIFIA Loan), as well as with (ii) pay-as-you-go funding, and (iii) proceeds of NYS Infrastructure Grant Contributions.

The project's status as of February 2016 is as follows:

- Design of the New NY Bridge project is 99% complete
- Dredging is complete
- Concrete piers which support the structural steel girders of the spans are 63% completed
- 67% of the structural steel girders have been fabricated
- 50% of bridge deck panels have been fabricated and installed, and
- 36% of the concrete for the main towers of the spans has been poured.

The project schedule estimates that the new north (westbound) span will open in 2017, at which point all traffic will be moved off of the existing Tappan Zee Bridge and onto the new north span. The new north span will be designed to accommodate all existing Tappan Zee Bridge traffic, with no decrease in capacity. During construction of the new south (eastbound) span, which is scheduled to open at the project's substantial completion in 2018, the existing Tappan Zee Bridge will be deconstructed. During the entire time the twin bridge spans are constructed, tolls will continue to be collected across the Thruway System (including the Toll Barrier at the existing Tappan Zee Bridge). The new northbound bridge will have larger deck capacity than the existing Tappan Zee Bridge, so full traffic-carrying capacity is assured.

Additional information on the New NY Bridge project can be found at: http://www.newnybridge.com.

C. Historical and Planned Capital Expenditures

Given the age of the Thruway and Canal Systems and the high percentage of their infrastructure that dates back to original construction, significant capital investments have been necessary to complement maintenance activities for the system to remain reliable and in a state of good repair.

While the last two Capital Programs (2005-2011 and 2012-2015) featured heavy reconstruction, rehabilitation and capacity improvement projects, recent fiscal constraints required the Authority to develop a more balanced mix of projects focusing on high priority and high impact investments to maintain the useful life of the Thruway and Canal System's infrastructure. Actual capital expenditures for 2005 through 2015 and planned expenditures for 2016 through 2020 are shown in Table 2. With these planned capital expenditures, the Authority can continue to provide good service to its customers, meet the demands of future traffic growth, and ensure that the system is not adversely affected by deteriorating bridge and pavement conditions.

Table 2: Actual and Projected Total Capital Expenditures (millions)

Year	Thruway Highway and Bridges Capital Expenditures	Equipment Replacement and Other Facility Capital Needs	Canal System and Other Authority Projects[1]	Total Capital Program Expenditures	New NY Bridge Capital Costs	Total Capital Costs
2005	$97.1	$27.3	$21.0	$145.4		$145.4
2006	179.3	50.9	14.4	244.6		244.6
2007	267.3	59.0	44.2	370.5		370.5
2008	288.7	36.2	30.3	355.2		355.2
2009	259.6	35.4	26.1	321.1		321.1
2010	311.0	39.9	26.8	377.7		377.7
2011	367.6	49.5	27.4	444.5		444.5
2012	322.4	22.9	45.7	390.9		390.9
2013	183.7	30.7	37.5	251.9	$613.4	865.3
2014	170.7	33.7	76.7	281.0	594.2	875.3
2015	251.3	35.2	48.8	335.3	702.0	1,037.3
2016 [2]	289.5	51.4	39.9	380.8	1,014.8	1,395.7
2017 [2]	306.3	48.1	0.0	354.4	725.6	1,080.0
2018 [2]	330.9	44.5	0.0	375.4	308.8	684.2
2019 [2]	275.0	45.7	0.0	320.7	12.2	332.9
2020 [2]	257.5	48.2	0.0	305.7	0.0	305.7
Total 2005-2020	**$4,157.8**	**$658.6**	**$438.8**	**$5,255.1**	**$3,971.1**	**$9,226.3**

Note: Numbers may not add due to rounding.

[1] *These costs are payable only after Thruway operating and maintenance and debt service costs.*

[2] *Projected*

Actual funding sources for the 2005-2011 and 2012-2015 Capital Programs and planned funding sources for the 2016-2020 Capital Program are summarized in Table 3. It is important to note that Federal aid allocated by the NYSDOT to the Authority declined from $43.1 million in 2005 to $0 in 2011, predominately the result of an agreement with NYSDOT expiring in 2005 which had previously authorized the allocation of Federal Interstate Maintenance Aid and Transportation Enhancement Program assistance to the Authority to support its capital and operational needs. This declining Federal aid plus low toll revenue growth led to a reduction in the level of pay-as-you-go financing for the 2005-2011 Capital Program. In 2012, there was an increase of other funding sources for the Capital Program including some Canal storm-related repairs reimbursed by FEMA and to account for DOT and MTA shares of the environmental costs of the New NY Bridge.

The Authority issued its Series 2013A Junior Indebtedness Obligations on December 18, 2013 in the principal amount of $1.6 billion to finance New NY Bridge project capital costs. The Authority entered into a TIFIA Loan Agreement on December 19, 2013 with the United States Department of Transportation authorizing a loan for an amount up to $1.6 billion (the "TIFIA Loan") which is secured by the Series 2013B Junior Indebtedness Obligations. It is anticipated that the Authority will draw on the TIFIA Loan in March, 2019. The Authority has reserved the right to pay, but is not obligated to pay, all or a portion of the principal of the Series 2013A Junior Indebtedness Obligations when due from the proceeds of the TIFIA Loan. The Authority expects to issue additional series of Junior Indebtedness Obligations, including the Series 2016A Junior Indebtedness Obligations, to finance a portion of costs of the New NY Bridge project

Additionally in 2015, New York State, appropriated grant money in the amount of $1.285 billion to fund Thruway capital projects, including $750 million for the New NY Bridge Project and $535 million for system-wide projects. The 2016-2017 Enacted Budget includes an additional appropriation of $700 million for capital assistance to the Thruway Authority.

Table 3: Funding Sources, Thruway Authority (millions)

Year	Funding Sources					
	Federal Aid	Other	Bond / Note Proceeds	Subtotal Exclusive of Thruway Revenues on Pay-As-You-Go Basis	Revenues Required from Tolls, etc.	Pay-As-You-Go %
2005	$43.1	$0.8	$60.4	$104.3	$41.1	58.5%
2006	22.7	7.4	154.8	184.9	59.7	36.7%
2007	30.9	1.2	198.3	230.4	140.1	46.5%
2008	17.6	1.3	299.5	318.4	36.8	15.7%
2009	10.0	2.7	258.4	271.1	50.1	19.6%
2010	8.7	4.9	305.8	319.4	58.3	19.0%
2011	0.0	6.4	366.0	372.4	72.1	17.6%
2012	11.2	54.2	268.7	334.1	56.8	31.3%
2013	22.8	24.1	725.4	772.2	93.1	16.2%
2014	51.3	9.9	721.6	782.8	92.7	17.6%
2015	51.2	396.6	491.8	939.5	97.7	52.6%
2016 (1)	14.3	582.4	640.1	1,236.8	158.9	54.1%
2017 (1)	0.0	595.8	420.5	1,016.3	63.7	61.1%
2018 (1)	0.0	314.8	302.2	617.0	67.3	55.8%
2019 (1)	0.0	1.5	251.6	253.1	79.8	24.4%
2020 (1)	0.0	1.1	236.6	237.7	68.0	22.6%
Total	**$283.7**	**$2,005.1**	**$5,701.6**	**$7,990.5**	**$1,236.2**	**38.2%**

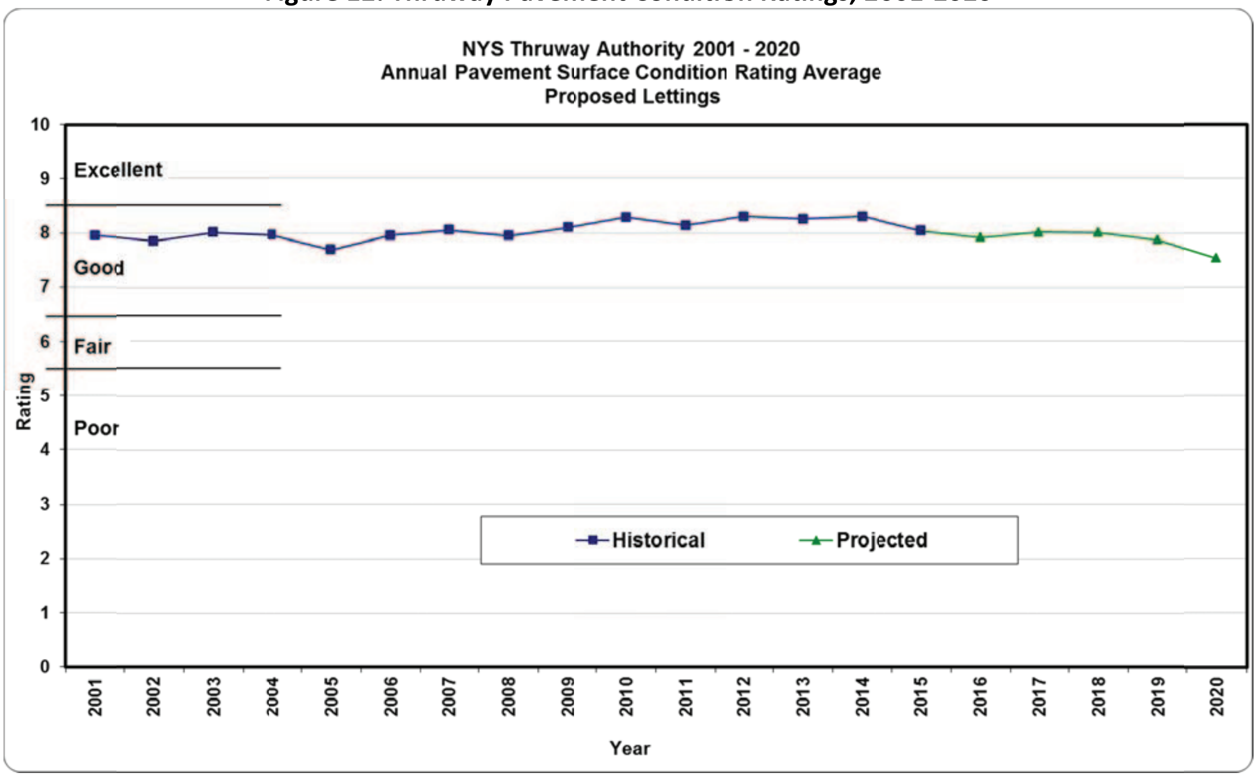
Notes: Incorporates the $700 million in State Capital assistance. Numbers may not add due to rounding.
(1) Projected

D. The Impact of the Capital Program on Conditions

As previously noted, the main goals of the Authority's capital and maintenance program is to preserve a high level of patron safety and service, maintain facilities in a state of good repair and ensure the overall reliability of the highway system. One measure of the effectiveness of these maintenance and capital programs is the condition ratings of highway and bridge facilities.

Figure 12 displays the historic average rating of Thruway pavement surface conditions since 2001 and the projected ratings as a result of the current capital program. During the life of the current capital program, it is projected that the pavement ratings for the Thruway facilities will remain in the "good" range, though at a level slightly below that of recent years.

Figure 12: Thruway Pavement Condition Ratings, 2001-2020



Similarly, the Authority maintains ratings of all of its bridge structures, being responsible for the maintenance of 809 bridges. Figure 13 shows the bridge condition ratings since 2001. As noted, the current capital program will maintain the average rating of all bridges in the "good" category. However, it is important to note that the average bridge condition rating is closely approaching the "fair" category.

Figure 13: Thruway Bridge Condition Ratings, 2001-2020

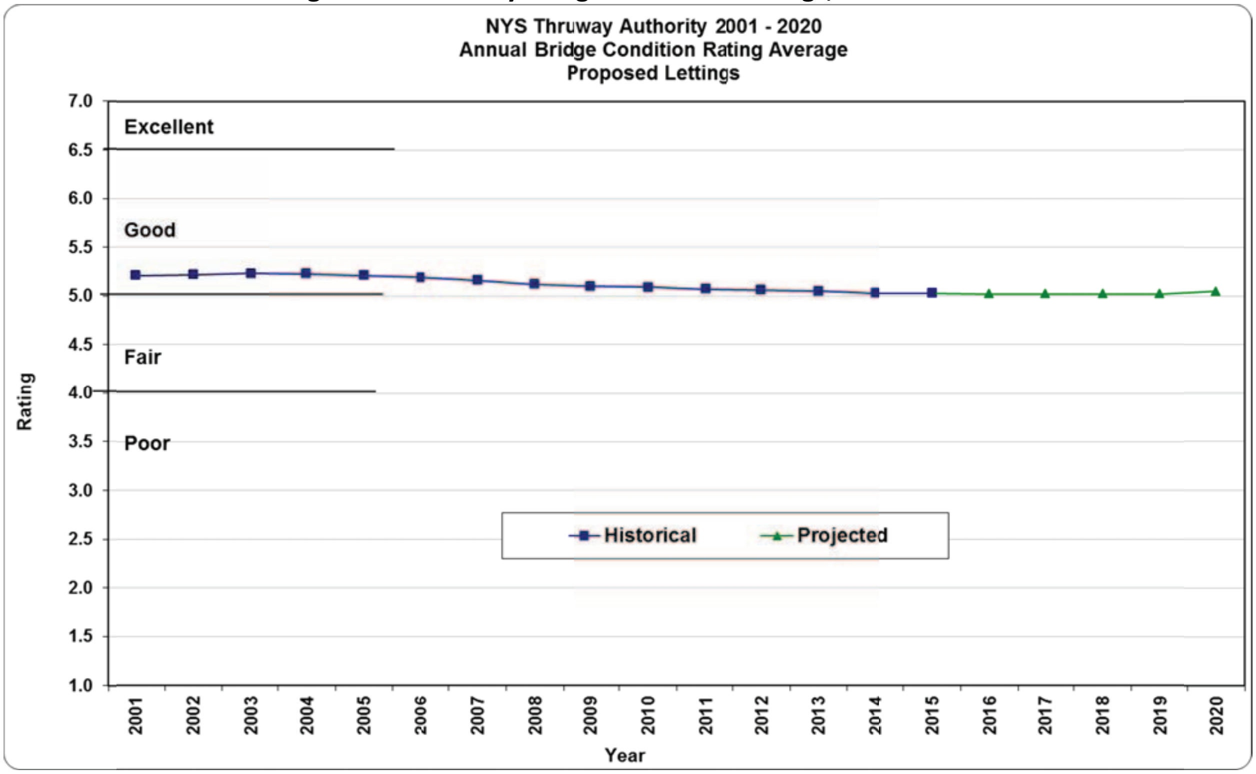


Table 4 presents a summary of bridge ratings on the Thruway as of December 2015 compared to December 2014 ratings. The Authority strictly complies with all State and Federal bridge inspection requirements and the assessments in this report reflect results of such inspections. It should be noted that the bridge "condition rating" is calculated by a specific formula containing separate components for each of the bridge elements. For a multi span structure, the lowest rated pier, the lowest rated deck, the lowest rated bearing, et cetera, are used to calculate the "condition rating". For example, if a bridge has eight bearings, seven of which are rated "good" and one of which is rated "fair", the rating of "fair" would be applied as the rating for bearings into the formula for the overall bridge condition.

The change in the Authority's bridge ratings between December 2014 and 2015 is due to the replacement of two bridges. As of December 31, 2015 there were seven bridges out of 809 with a general recommendation of 3, "in poor condition requiring major repairs or replacement." Each of the seven bridges will be replaced or improved in the current 2016-2020 Capital Plan.

Table 4: Bridge Conditions, December 2015 and December 2014

BRIDGE RATINGS		
CONDITION	NO. OF BRIDGES	
	Dec. 2014	Dec. 2015
GENERAL RECOMMENDATION 5-7 Bridges in generally good condition with only minor to moderate repairs required.	666	668
GENERAL RECOMMENDATION 4 Bridges in good to fair condition requiring reconditioning of some structural elements.	135	134
GENERAL RECOMMENDATION 2-3 Bridges in poor condition requiring major repairs or replacement.	8	7

V. Operating and Maintenance Expenses

The Authority's operating and maintenance ("O&M") expenses include non-capitalized costs for the maintenance of highway, building and canal facilities; equipment purchases; snow and ice removal; Thruway toll collection; policing; administrative costs and fringe benefits; Thruway traffic operations; and provisions for funding environmental and other liability reserves.

In recent years the Authority was able to limit the level of growth in Thruway and Canal O&M costs primarily through staffing reductions and a stronger workforce management program. During this period, the Authority reduced its workforce by approximately 10 percent. In addition, the Authority reduced or eliminated expenditures for equipment and projects, cancelled or deferred scheduled salary increases and other employee benefits, relied more heavily upon part-time and seasonal workforces, reduced toll lane staffing hours, enhanced energy efficiency measures, reduced overtime and discretionary expenses and a number of other actions. Combined with new actions planned to further modernize the management and streamline operations, these ongoing initiatives will generate recurring savings and aid the Authority in maintaining fiscal balance in the future.

Table 5 summarizes the Authority's actual 2005-2015 and projected 2016-2020 operating and maintenance expenses. A large reduction in O&M costs is shown beginning in 2013, where as part of a State-supported initiative to reduce the Authority's Operating Expenses, New York State relieved the Authority of $85 million for certain fiscal responsibilities, including about $56 million to fund the operations of New York State Police (Troop T) whose 320 members patrol the Thruway System.

At the Governor's initiative, the States's 2016-2017 Enacted Budget includes the transfer of the New NYSCC to the NYPA. This transfer of the NYSCC, and its related expenses and revenues, would be offset with Thruway Authority reimbursement to the State of New York for the State Police costs associated with Troop T expenses of the State of New York ("the State"). This reimbursement would be provided for from the General Reserve Fund (after supporting operating and debt service costs) and are not operations and maintenance related expenses of the Authority.

Additional costs for account management of the Tolls by Mail program due to the April 23, 2016 implementation of AETC on the Tappan Zee Bridge are included in the O&M projections.

Table 5: Actual and Projected Operating and Maintenance Expenses, 2005 – 2020, Thruway System (millions)

Year	Thruway Operations	Reserves(1)	I-84(2)(3)	Canal System(2)	Total Operating Expenses
2005	$303.8	$3.5	$12.5	$38.2	$358.0
2006	310.7	13.0	11.5	42.8	378.0
2007 (3)	332.2	6.8	10.3	45.9	395.2
2008 (3)	334.8	2.5	-	45.2	382.5
2009	339.4	7.3	-	48.7	395.4
2010 (4)	358.2	6.0	-	46.0	410.2
2011	365.4	4.6	-	51.3	421.3
2012	357.0	2.0	-	54.1	413.1
2013	279.6	3.5	-	57.1	340.1
2014	286.1	5.9	-	55.2	347.2
2015	287.4	1.8	-	52.0	341.1
2016 (5)(6)	313.5	1.8	-	10.5	325.7
2017 (6)	317.3	1.8	-	0.0	319.1
2018 (6)	320.2	1.8	-	0.0	322.0
2019 (6)	323.2	1.8	-	0.0	325.0
2020 (6)	326.2	1.8	-	0.0	328.0

(1) *Includes provisions for legal claims and indemnities and reserves for environmental remediation.*
(2) *Canal and I-84 operating expenses are paid out of the Other Authority Projects Operating Fund and are net of Federal Enhancement fund reimbursements. Also, reflects the Transfer of Canal Corporation and reimbursements as of April 1, 2016 from the Power Authority.*
(3) *From November 2007 through October 2010, expenditures for I-84 were fully reimbursable by the New York State Department of Transportation. Since October 11, 2010, the Authority has no legal operational or funding responsibility for I-84.*
(4) *In 2010, operating expenses include $13.3 million for the special early retirement surcharge ($11.4 million for the Thruway and $1.9 million for the Canal) and $5.6 million in Federal Enhancement funds was received for Canal operations.*
(5) *AETC begins at the Tappan Zee Bridge April 23, 2016.*
(6) *Projected*

VI. Debt Service Expenses

As a result of a higher level of capital investment and the reduced Pay-as-you-go financing in recent years the Authority utilized additional bond/note proceeds to finance commitments made in the multi-year Capital Programs. As summarized in Table 6, the greater reliance on bonds and the issuance of short-term notes to finance programmed capital improvements resulted in annual debt service payments increasing from $108.4 million in 2005 to $235.7 million in 2015, and are projected to reach a maximum of $295.3 million in 2020.

Table 6: Debt Service, Thruway System (millions)

Year	Senior Debt Service	Debt Defeasance [1]	Bond Anticipation Note ("BAN") or Line of Credit Interest	Junior Debt Service (2)	Total Debt Service
2005	$103.8		$4.6		$108.4
2006	127.4		1.1		128.5
2007	135.8		1.8		137.7
2008	163.5		0.0		163.5
2009	166.3		10.6		176.9
2010	167.3		23.8		191.2
2011	167.4		14.4		181.8
2012	198.5		2.0		200.5
2013	239.8		0.3		240.1
2014	250.9		0.4		251.3
2015	235.4		0.4		235.7
2016 [3]	227.2		0.5	28.0	255.6
2017 [3]	235.7		0.0	52.6	288.4
2018 [3]	245.6	-36.4		79.2	288.3
2019 [3]	274.5	-50.3		67.6	291.8
2020 [3]	287.6	-60.4		68.0	295.3
Total	**$3,226.8**	**-$147.2**	**$59.8**	**$295.4**	**$3,434.9**

Note: Numbers may not add due to rounding.

[1] Incorporates $700 million in State capital assistance of which a portion will be used to defease Senior Debt Service costs.

2) Does not include $10 million deposited into the Junior Debt Service Reserve Fund in 2019 and 2020 for the TIFIA Loan Junior Debt Service Reserve Fund. This $10 million is not included in the Junior Debt Service Coverage ratio and is therefore shown separately in the Thruway Flow of Funds and Debt Service Coverage table (Table 13).

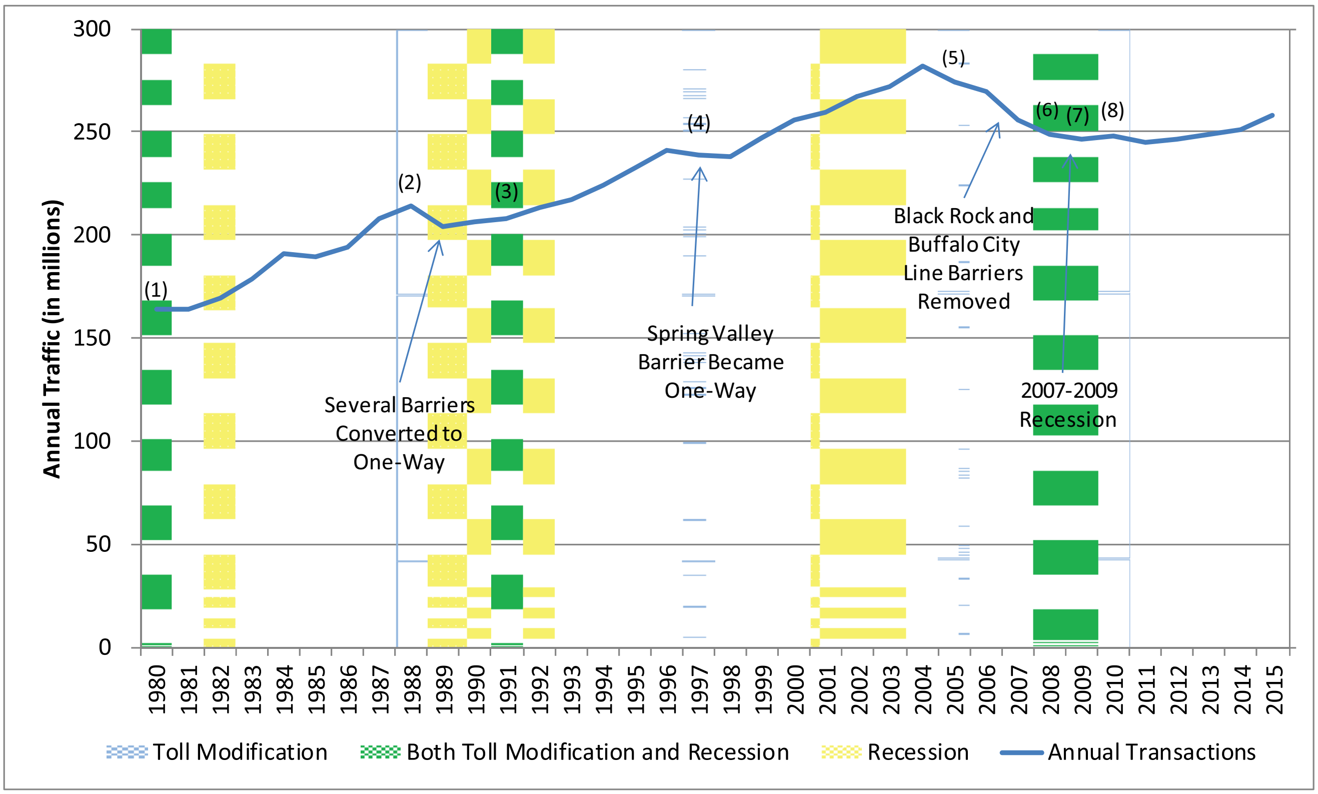
[3] Projected debt service numbers are net of Debt Service Reserve Fund interest

VII. Traffic and Revenues

A. Historical Total Thruway Traffic

Figure 14 shows historical total traffic on the Thruway since 1980. It is important to note that the volumes shown are not adjusted for various toll collection changes on the Thruway. For example, the 2005 toll modification resulted in the elimination of several commercial vehicle classes that were based on a single vehicle receiving two toll transactions, resulting in an apparent decrease in commercial traffic counts. This was a one-time occurrence that did not represent a decrease in actual number of vehicle trips made on the Thruway. Similarly, in October 2006, tolls were removed from the Buffalo City Line and Black Rock toll barriers which reduced total toll transactions on the Thruway by approximately 17 million annually.

Figure 14: Historical Thruway Traffic Volumes



(1) 1980 - Average Toll Increase of 25% Passenger Cars, 30% Commercial
(2) 1988 - Average Toll Increase of 32% Passenger Cars, 38% Commercial
(3) 1991 - Spring Valley Toll Adjustment, Passenger Cars Only
(4) 1997 - Tappan Zee Corridor Relief (Congestion Pricing)
(5) 2005 - System Reclassification, Average Toll Increase of 25% Passenger Cars, 35% Commercial
(6) 2008 - Average Toll Increase of 10% for All Vehicles, Plus Reduction of E-ZPass Discount in July
(7) 2009 - Average Toll Increase of 5% for All Vehicles
(8) 2010 - Average Toll Increase of 5% for All Vehicles (not apparent in all toll schedules, due to rounding)

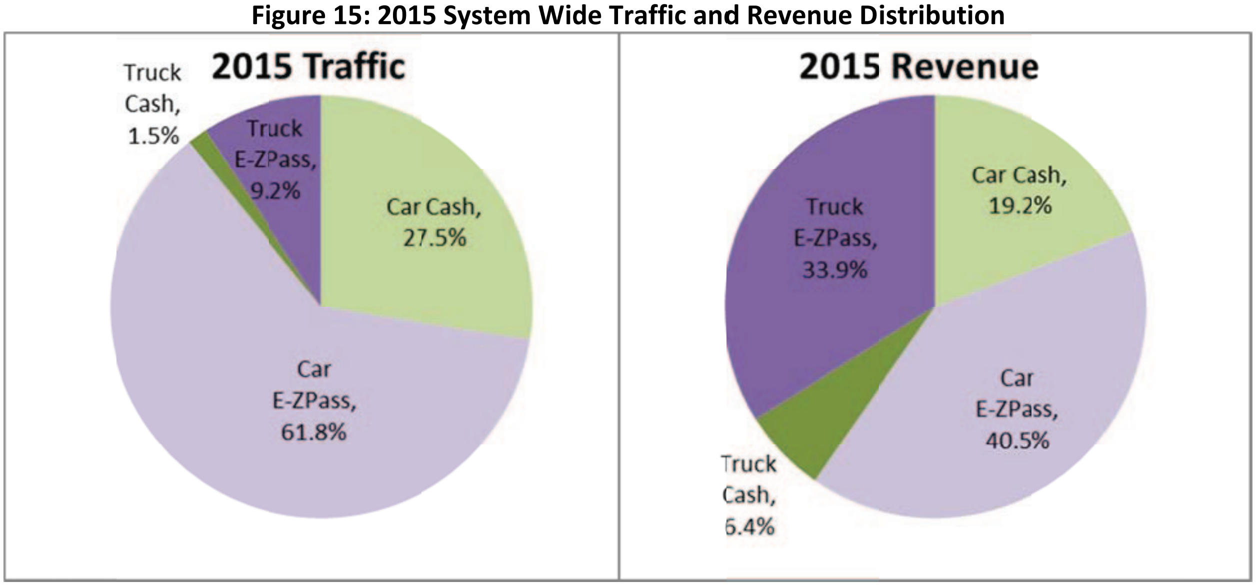
Historically, slow traffic growth and traffic losses have been associated with economic downturns, toll increases, high fuel costs, bad weather conditions and/or traffic shifts due to construction. In the past five years, the national economy has slowly improved and gas prices have dropped. Additionally, at the George Washington Bridge – the Tappan Zee Bridge's biggest competitor – tolls have increased annually and construction closures have occurred. The combination of these factors has led to higher growth rates in the past several years on the Thruway System. More detail on the Thruway's historical traffic volumes can be found in Table 9 and in the Appendix: Historical Traffic and Revenue by Facility, attached to this study.

B. Demographics of Toll Paying Patrons

To better understand Thruway revenue trends and the impact toll policy may have on traffic and traffic shifts, it is important to appreciate the make-up of traffic on the Thruway System and its customer base.

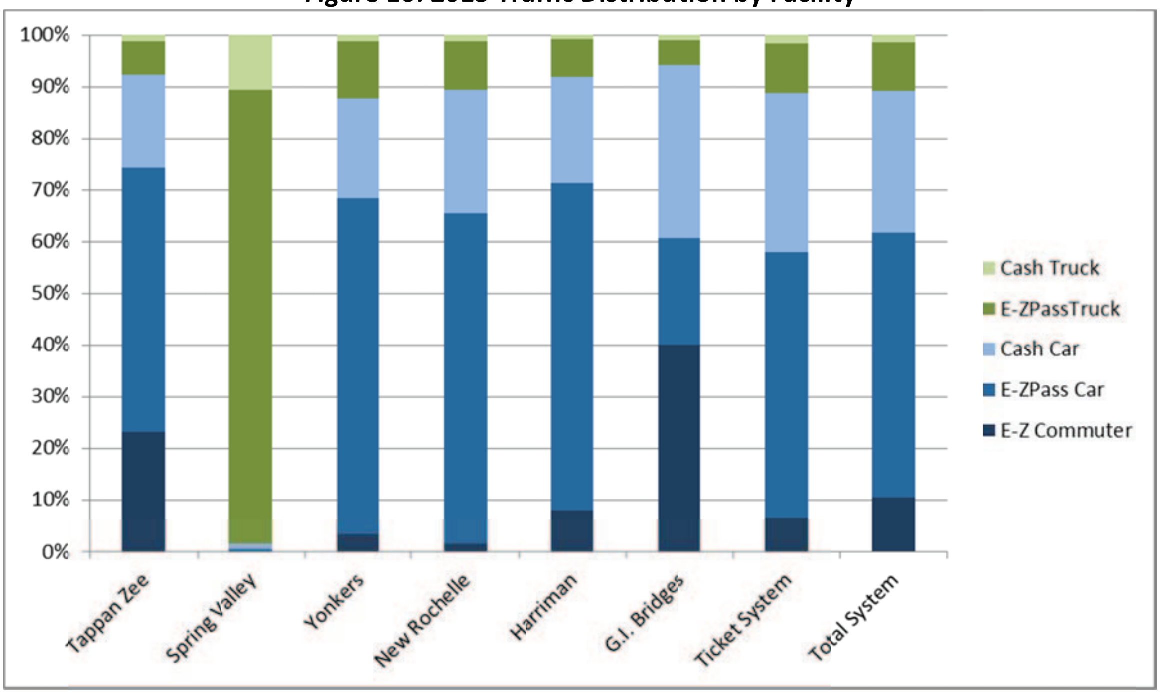
As shown in Figure 15, in 2015 roughly 89 percent of traffic on the Thruway System was comprised of passenger cars, with the remaining 11 percent of traffic coming from variety of commercial vehicle types. Although commercial traffic comprises only a small percentage of systemwide traffic, trucks accounted for more than 40 percent of all Thruway toll revenues. In addition, the Thruway has seen significant growth in electronic toll collection transactions, with 71 percent of vehicles paying a toll with an *E-ZPass* transponder (approximately 69 percent of passenger vehicles and 86 percent of commercial vehicles).

Figure 15: 2015 System Wide Traffic and Revenue Distribution



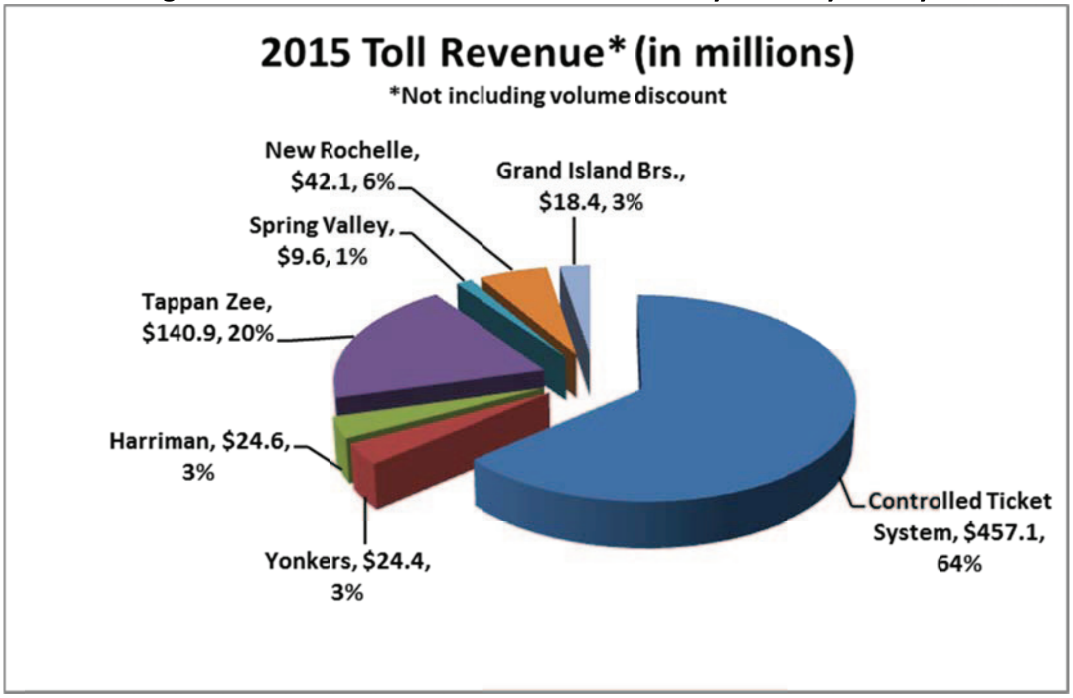
The distributions of vehicle class and payment types vary by facility, as shown in Figure 16. The highest passenger car participation in *E-ZPass* is seen at the Tappan Zee Bridge, while the highest truck participation rate in *E-ZPass* payment is seen at the Yonkers Barrier. It should be noted that although *E-ZPass* transactions account for about 71 percent of annual transactions on the Thruway, the majority of individual customers using the Thruway over the course of a year travel infrequently and pay with cash.

Figure 16: 2015 Traffic Distribution by Facility



As noted in Figure 17, the controlled system and the Tappan Zee Bridge generate the most significant portion of the Thruway's traffic and revenue. In 2015, the controlled system generated a total of $457.1 million or nearly 64 percent of all Thruway toll revenues and the Tappan Zee Bridge generated $140.9 million or almost 20 percent of total toll revenues. The New York Metropolitan Area barrier tolls (other than the Tappan Zee Bridge) generated about $100.7 million or a combined 14 percent of 2015 revenues, while the Grand Island Bridges generated about $18.4 million or 3 percent of revenues. 2015 total toll revenues were $717.2 million collected in toll transactions minus $25.5 million in commercial volume discounts (as described on page 39), or a net amount of $691.7 million.

Figure 17: Distribution of 2015 Toll Revenues by Thruway Facility



Specific regions within the controlled (ticket) system that see the most traffic volume include the Albany area, the Buffalo Mainline plazas, and the Woodbury Mainline Plaza. The top six plaza volumes for the controlled system in 2015 are shown in Table 7.

Table 7: Controlled System Toll Plazas with the Highest Volumes, 2015 (millions of transactions)

Plaza / Interchange	Transactions
Exit 24: Albany, Montreal, I-90 East, I-87 North	13.7
Williamsville (Buffalo)	9.7
Lackawanna (Buffalo)	8.8
Woodbury	7.7
Exit 25: Schenectady, I-890, NY Routes 7 & 146	6.9
Exit 45: Rochester, Victor, I-490	6.6

Finally, in 2015 approximately 44 percent of the Thruway's *E-ZPass* toll revenues were generated by customers with a Thruway Authority-issued *E-ZPass*. Customers that had a transponder issued by a New York State toll agency (the Thruway Authority, Port Authority of NY & NJ or the Metropolitan Transportation Authority) accounted for about 72 percent of total *E-ZPass* toll revenues. As a result, 28 percent of *E-ZPass* toll revenues were collected from customers that had a non-New York issued transponder, underscoring the importance of the Thruway System in the regional and national economy.

C. Toll Rates

With the exception of a small amount of Federal aid and other funds, tolls collected on the controlled system and through toll barriers support an overwhelming majority of the Authority's budget. The following provides a brief history of toll adjustments on the Thruway System and compares Thruway toll rates to those on other facilities in the northeast.

1. Recent History of Toll Adjustments on the Thruway System

In 2005, a two-stage toll adjustment was implemented by the Authority that generally increased toll rates by 25 percent for all passenger vehicles and 35 percent for all commercial vehicles, and increased cash tolls in 2008 for both passenger and commercial vehicles by 10 percent. Additionally, in 2005 the Authority also implemented a new vehicle classification system (reducing the number of classifications from 43 to 9), created a new *E-ZPass* discount program, continued a graduated volume discount program for commercial customers and expanded the availability of commuter plans to bridges and barriers on the Thruway System.

In response to the financial pressures brought on by high and volatile fuel prices and the state of the national economy, the Authority implemented another series of staged, smaller adjustments to toll rates in 2008. These adjustments were designed to provide additional funding to assist the Authority in financing operational, maintenance and capital commitments made in the 2005-2011 Capital Program period. The 2008 toll adjustments maintained a 5 percent *E-ZPass* discount for all patrons, but added two five-percent across-the-board increases, which took effect in 2009 and 2010. There have been no changes to toll rates on the Thruway System in the past six years.

2. Current Toll Rates on the Thruway System

The toll rates set in 2010 continue to be in effect today. The Authority's current toll rate structure is presented in Table 8.

Table 8: Current Thruway Toll Structure ($)

Vehicle Class [1]	Controlled (Cents/Mile)		Yonkers		Harriman		Spring Valley		New Rochelle		Tappan Zee		Grand Island	
	Cash	E-Z Pass	Cash	E-Z Pass	Cash	E-Z Pass	Cash	E-Z Pass[2]	Cash	E-Z Pass	Cash	E-Z Pass[2]	Cash	E-Z Pass
Commuter	-	[3]	-	0.55	-	0.55	-	-	-	1.10	-	3.00	-	0.28
Motor-Cycle	-	0.0235	-	0.63	-	0.63	-	-	-	0.88	-	2.50	-	0.50
2L	0.0470	0.0447	1.25	1.19	1.25	1.19	-	-	1.75	1.66	5.00	4.75 / 4.75	1.00	0.95
3L	0.0728	0.0691	1.50	1.43	1.50	1.43	3.00	3.00 / 1.50	2.50	2.38	11.50	11.50 / 5.75	1.50	1.43
4L	0.0864	0.0821	1.75	1.66	1.75	1.66	4.50	4.50 / 2.25	3.00	2.85	13.75	13.75 / 6.88	1.75	1.66
2H	0.0933	0.0886	2.00	1.90	2.00	1.90	5.25	5.25 / 2.63	3.50	3.33	14.75	14.75 / 7.38	2.00	1.90
3H	0.1604	0.1524	2.25	2.14	2.75	2.61	8.25	8.25 / 4.13	4.25	4.04	20.75	20.75 / 10.38	2.25	2.14
4H	0.1768	0.1680	2.75	2.61	3.00	2.85	8.25	8.25 / 4.13	5.00	4.75	24.75	24.75 / 12.38	2.75	2.61
5H	0.2390	0.2271	4.25	4.04	4.25	4.04	13.50	13.50 / 6.75	8.00	7.60	32.75	32.75 / 16.38	4.25	4.04
6H	0.2963	0.2815	4.50	4.28	5.00	4.75	14.75	14.75 / 7.38	8.75	8.31	41.00	41.00 / 20.50	4.50	4.28
7H	0.3536	0.3359	5.00	4.75	5.75	5.46	16.50	16.50 / 8.25	9.75	9.26	49.25	49.25 / 24.63	5.00	4.75

(1) Classes are generally denoted by the number of axles (2 through 7) and the vehicle height. "L" represents vehicles under 7.5' and "H" represents vehicles over 7.5' in height. Customers in the commuter program pay $60 a month, covering up to 20 passenger car trips, and $3.00 for each additional trip.

(2) Peak/off peak E-ZPass rates

(3) Controlled system permit plan customers pay $88/year which covers the toll for the first 30 miles or less of a passenger car trip.

The Authority offers several specialized E-ZPass discount programs. Among these are a series of commuter plans designed specifically for frequent users of the Thruway that use one or more of the barrier toll stations. E-ZPass customers can pre-pay a monthly minimum for each facility that they choose and then receive discounted travel for each trip taken in excess of the minimum charge. In addition to the barrier commuter discounts, the controlled system offers an annual permit that when purchased allows for the first 30 miles of each trip to be free of tolls.

Other specialized passenger car plans include a Tappan Zee Bridge carpool commuter plan that further reduces the cost of travel for vehicles with three or more occupants, and residents of Grand Island are eligible for a special resident discount when crossing through either of the Grand Island toll barriers. The Authority also offers a green discount that is available to certain high mileage vehicles that both achieve MPG ratings greater than 45 MPG and meet certain emission standards. Motorcycles, motor homes and "5th wheel' or "gooseneck" vehicles or vehicle combinations are also eligible for discounts. These discounts are administered through the E-ZPass program and proof of residency or registration for the various plans and vehicle combinations must also be provided.

For commercial vehicles, there are currently two types of discount programs offered. The S-Discount is for non-tandem commercial vehicles less than or equal to 48 feet in length and requires a Thruway E-ZPass issued transponder. The second discount program is a commercial volume discount that offers progressively higher discounts based on the monthly toll charges on an account basis. The discount caps at 20 percent for all tolls in excess of $3,000 in each month.

3. Comparison of Thruway Toll Rates to Other Regional Toll Facilities

Figure 18 and Figure 19 compare the cash toll rates and discounted electronic toll rates of several toll roads in the northeastern quadrant of the U.S. Of note is the comparatively low per-mile passenger car toll rate of the Thruway's controlled system when compared to other toll facilities, as shown in Figure 18. The published 5-axle truck rate, as seen in Figure 19, is also comparatively low relative to other regional facilities, and is effectively lower than the rate shown due to the commercial volume discount program.

Figure 18: Peak Toll Rates Per-Mile on Toll Roads in the Northeastern Quadrant of U.S., Passenger Cars

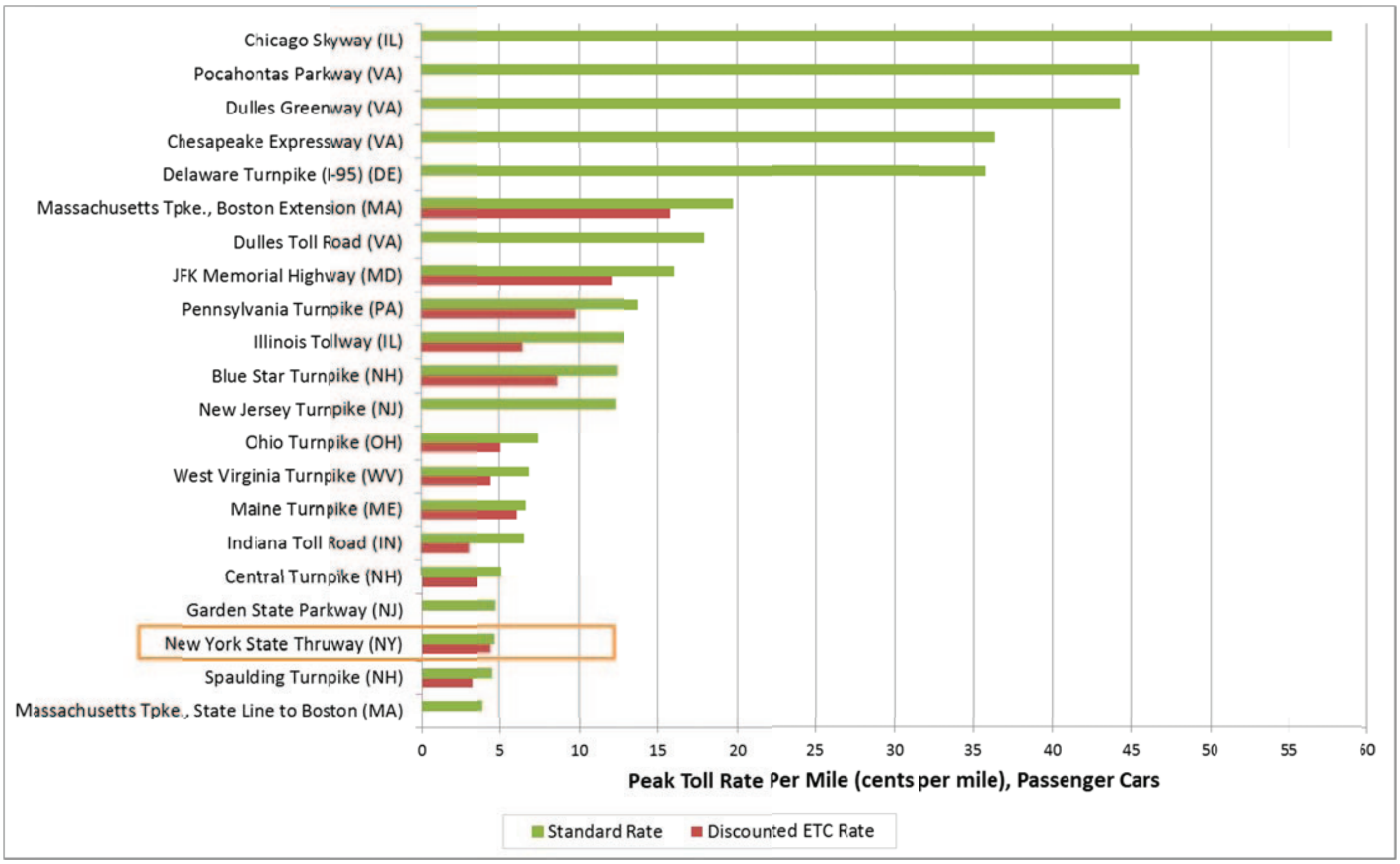


Figure 19: Peak Toll Rates Per-Mile on Toll Roads in the Northeastern Quadrant of U.S, 5-Axle Trucks

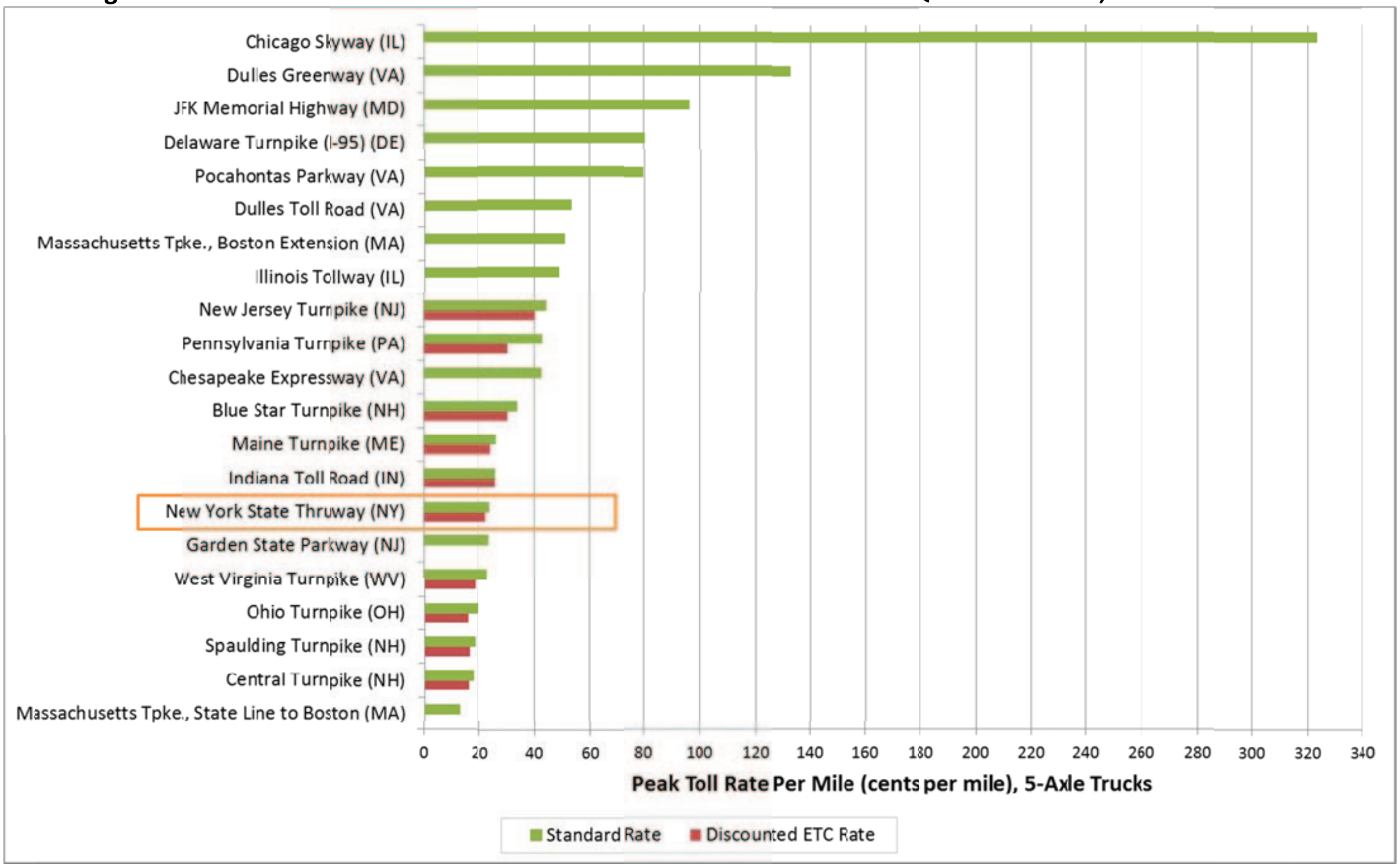


Figure 20 and Figure 21 compare toll rates on a number of major toll crossings in the northeast. Of note is that the Tappan Zee Bridge car tolls are below that of the other metro New York crossings and comparable to other major crossings on the interstate highway system, as shown in Figure 20. Similar to the controlled system, the peak 5-axle truck rate is also comparable to that of other regional facilities. A majority of the Tappan Zee Bridge commercial vehicles travel in off-peak periods and pay using E-ZPass which is one-half of the peak period and cash rate. In addition to the lower off-peak rates, many vehicles further reduce the average toll rate paid through participation in the volume discount program. These reductions in the effective rate make the Tappan Zee Bridge commercial toll rate significantly below that of other metro New York tolled crossings.

Figure 20: Round Trip Peak Toll Rates on Major Toll Crossings in the Northeast, Passenger Cars

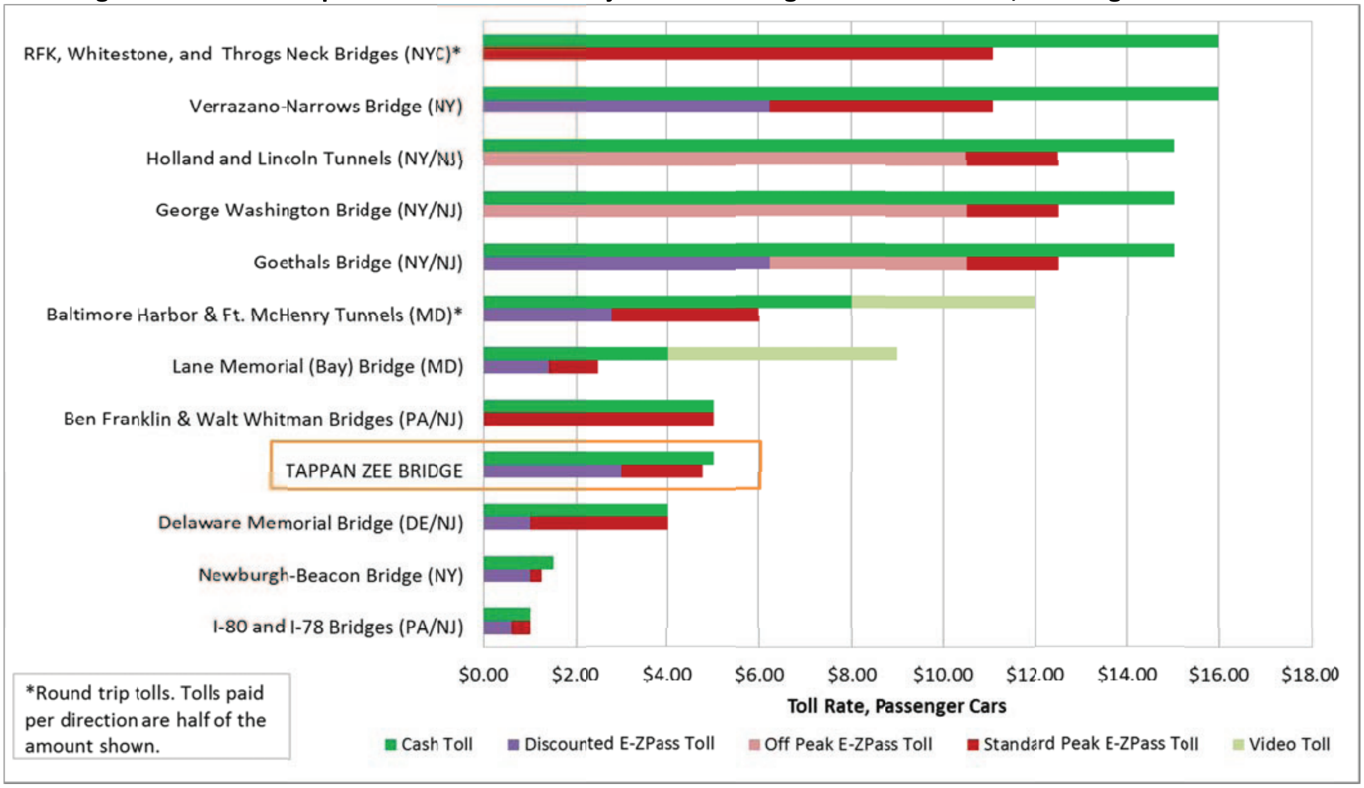
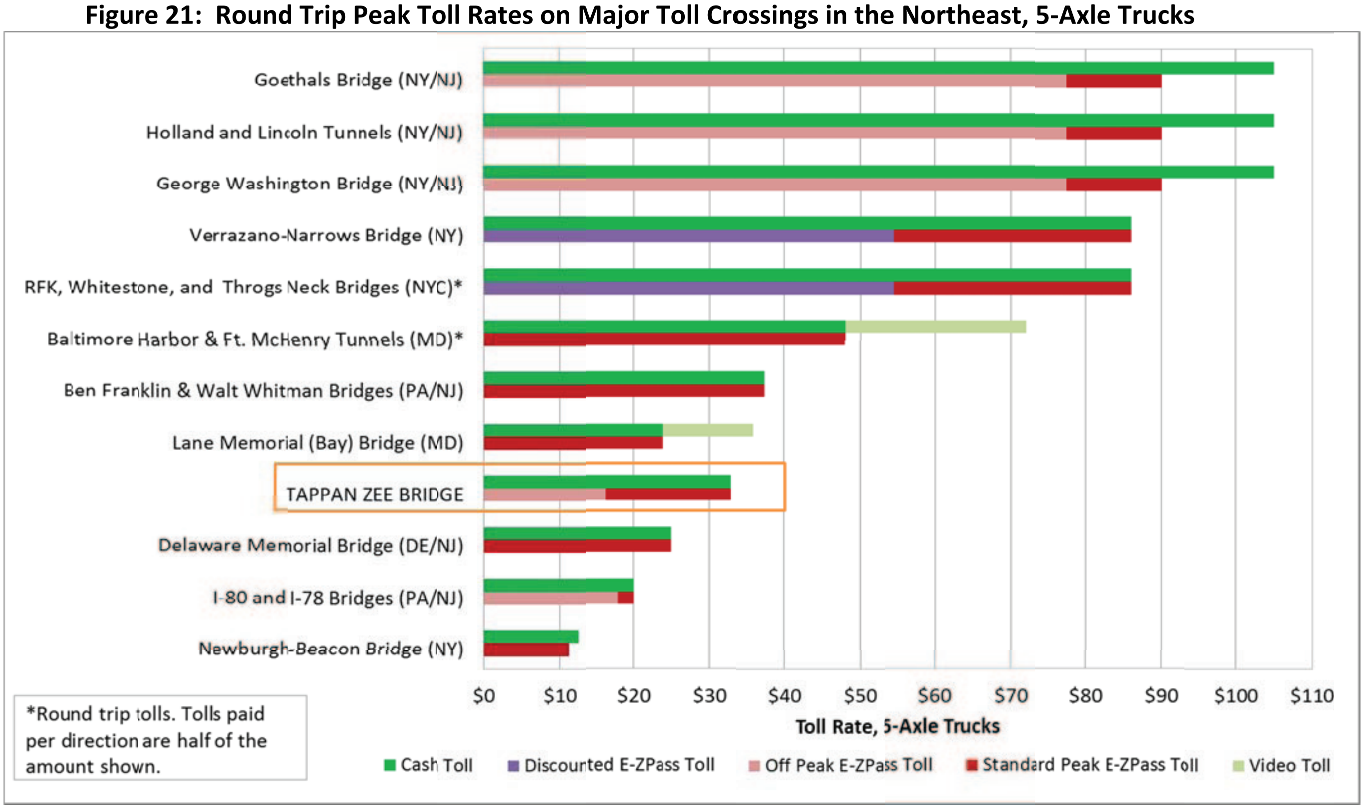


Figure 21: Round Trip Peak Toll Rates on Major Toll Crossings in the Northeast, 5-Axle Trucks



D. Forecast Methodology

The following sections provide some detail on the process involved in developing the traffic and toll revenue forecasts for the Thruway which are presented in this study in Table 9 and Table 10.

1. Overview of Base Forecasting Methodology

Toll traffic and revenue forecasts were developed with the aid of a computerized modeling platform created specifically by Jacobs for the Thruway. The basic function of this model is to take current traffic volumes by general payment class (car, truck; cash, *E-ZPass*, and commuter) for each Thruway facility (see Appendix) and adjust them for various factors such as underlying socioeconomic/demographic growth in the project corridors. These result in forecasts of traffic volume growth for each year of the forecast period. Toll revenues are then calculated based on these traffic volumes by applying average toll rates to each payment class volume.

Inputs to our base case analysis include the historical distribution of traffic under the current toll structure. To develop base toll traffic projections for the Thruway for the period 2016-2020, historical traffic information through the end of 2015 was analyzed and trends in growth were considered for different toll payment classes on the different geographic regions of the Thruway System. Relevant socioeconomic data were collected, including economic consensus forecasts and trends, and used as an aid in our assessment of future Thruway traffic trends. We estimated separate traffic growth rates for cars and trucks on each facility, as historical trends have pointed to correlations with different economic factors between the two: passenger car growth has been shown on many facilities to correlate reasonably well with the growth of GDP, whereas trucks have been shown to correlate reasonably well with the corresponding growth in the IPI.

It should be noted that a new regulation enacted by the State on January 20, 2016 authorizes the Department of Motor Vehicles to suspend the registrations of New York State drivers with five or more toll violations in 18 months. Jacobs has estimated that the number of violators (with vehicles registered in the State) who become toll-payers will rise by about 50 percent with this new enforcement measure. This has been considered in the forecasts. This measure is of special importance as it relates to AETC at the Tappan Zee Bridge, to better ensure payment of toll bills by the non-E-ZPass customers who receive them.

2. Tappan Zee/New NY Bridge AETC Forecasting Methodology

AETC is planned to begin on April 23, 2016 at the toll gantry recently erected on the west side of the Tappan Zee Bridge in Nyack. Like today, tolls will be collected for southbound traffic only. While the methodology described in the previous section was used for all of the Thruway toll barriers and the controlled system, additional analysis was necessary for the Tappan Zee Bridge because a) small traffic changes and payment type shifts are expected with AETC and b) some uncollectable revenues are associated with video tolling. This is in addition to the lag in when video toll revenues would be collected.

While no changes are anticipated with current E-ZPass customer behavior at the Tappan Zee Bridge Toll Barrier with the implementation of AETC, current cash customers will default to becoming video toll customers, meaning that they will receive a toll bill in the mail or could choose to pay online or by phone within a short time of making their trip before a bill is generated ("prepaid video"). However, after researching the effects of AETC conversion at other facilities throughout the country, we estimated that some trips made by current cash customers will switch to E-ZPass, increasing the E-ZPass market share by about 2.2 percentage points for cars and 0.3 percentage points for trucks A small share of current cash trips – about 2.5 percent, or less than 0.5 percent of total trips - was estimated to divert off the bridge (or consolidate trips or choose not to travel) when there is AETC.

With the implementation of AETC, there are numerous independent variables that will each cause changes to the ultimate amount of revenue collected. A set of base assumptions was developed that, in our opinion, is a reasonable estimation of what might be expected for AETC at the Tappan Zee/New NY Bridge. The base values were established based on information developed as part of HNTB's 2013 Report on AETC prepared for the Authority, actual experience with the Thruway violation enforcement system, and experiences at other AETC facilities currently operating across the country. Each of the variables is described in the following sections.

a) Non-Usable Video Images

Not all license plates would be readable due to various reasons such as weather, a dirty license plate, a missing plate, or a temporary plate in the window of the vehicle. The existing AETC facilities researched have 4 to 10 percent non-usable video images. For passenger cars, Jacobs estimated 11 percent non-usable video images. This estimate was higher than existing AETC facilities based on actual Thruway results in the violation system and because the other facilities reviewed were from geographic locations that were not as impacted by heavy rain, mud and snow.

Jacobs estimated that there would be a higher share of non-usable images for commercial vehicles; this was confirmed in a March 2013 survey conducted by Authority staff at the Tappan Zee and Harriman toll plazas to see how many cash-paying commercial vehicles were missing a front license plate or had other issues with identifying and reading their plate. The survey revealed that 5 percent of commercial vehicles had no front license plate at all, while about 7 percent had a plate that was difficult to read because it was broken, dirty, bent, or covered with a dark plastic shield. This led to Jacobs' estimate that 15 percent of commercial vehicle license plate images would not be usable for video toll collection.

b) Business Rule Out

We expect that, like existing AETC facilities, the Authority would develop business rules that will determine which video customers they will and will not pursue. For example, they may decide that it is not feasible to pursue a customer with a non-U.S. license plate. Existing AETC facilities do not pursue one to two percent of customers with readable license plates. We have assumed that the Authority would rule out (not pursue) one percent.

c) Invalid DMV record

Jacobs estimated that 7 percent of both passenger cars and commercial vehicles without E-ZPass would have a readable license plate that does not match to a valid DMV record, and would therefore not be sent a toll invoice at all. Other AETC facilities have reported a range of 1 to 16 percent of total vehicles with invalid DMV records.

d) Invalid Addresses

Many people who move do not change their address attached to their DMV vehicle registration and do not have mail forwarded; therefore, they would not be able to receive a video toll invoice. On existing AETC facilities where information is available, 4 to 9 percent of video toll vehicles that have a valid DMV record would not receive their first invoice. Jacobs estimated this share to be 7 percent for vehicles at the Tappan Zee/New NY Bridge.

When the first invoice is returned to the Authority because of a bad address, another invoice would not be sent. Because of this, it was assumed that there would be no invalid addresses on any subsequent mailings (second bills and delinquent notices).

e) Percent of Bills and Late Notices Paid

These share of video toll bills that are paid on the first, second, and third mailings are most difficult factors to pinpoint, and have the highest effect on the amount of revenues collected.

First Toll Bill

On existing AETC facilities there is a wide range in the share of transactions that are paid on the first toll invoice. Jacobs assumed that 55 percent of passenger car transactions on the first invoice would be paid; this was estimated based on the 28 to 56 percent first bill payment range on existing AETC facilities, and the 40 percent estimated by HNTB based on the response behavior of Authority toll violators. Jacobs estimated that the share of Thruway customers paying their first bill would be at the high end of the range due to the new enforcement measures, including New York State vehicle suspension for nonpayment of tolls.

Second Toll Bill

If the first toll bill is not paid, a second bill is sent and toll payment is considered to be late, incurring a $5.00 per bill late fee. On existing AETC facilities, 20 to 45 percent of transactions appearing on second toll bills are paid. On all of these facilities a late fee is incurred on the second bill. Jacobs estimated 40 percent of passenger car video toll transactions would be paid upon receipt of the second bill. This is in comparison to HNTB's estimate of 30 percent based on toll violator responses.

To avoid higher late fees, a greater share of commercial vehicle drivers who missed payment on their first bill are expected to pay on the second bill: 60 percent of transactions.

The MTA's Henry Hudson Bridge currently operates with AETC. In order to reduce costs and consolidate account information, video toll billing for New York Customer Service Center agencies (MTA Bridges and Tunnels, Port Authority of NY and NJ, and the Thruway Authority) will be combined. Therefore, the $5.00 second bill late fees will be split among the agencies based on the split of video toll transactions on each bill. We have estimated for 2016, of all second bills with Tappan Zee Bridge transactions, 65 percent of the $5.00 late fees would go the Thruway Authority. This share would be reduced over time as more conversion to AETC is expected to occur in the area at other New York toll agency facilities; we estimated that by 2019 and 2020 only 30 percent of the second bill late fees would go to the Authority.

Delinquent Notices

If the second toll bill is not paid, a customer will receive a delinquent notice. The share of delinquent notices paid is one of the most important factors affecting the revenues collected, because of the substantial delinquency fee of $25.00 per transaction. Most of the existing AETC facilities have a range of 23 to 27 percent paying their delinquent notice tolls. Jacobs came to a consensus in discussions with HNTB, estimating that 15 percent of delinquent notices received by both drivers of passenger cars and commercial vehicles would be paid.

f) Dismissals and Forgiveness of Late Fees and Fines

The Thruway as well as other AETC facilities typically offer forgiveness of late fees for a very small share of customers. Reasons include incorrect identification of license plates, transponders mistakenly charged more than once for a trip, and other similar circumstances.

Other customers could possibly have their Toll by Mail late fee dismissed. Some of these are expected to be customers who are offered retroactive E-ZPass rates as an incentive to switch to E-ZPass, and then do so. Fifteen percent of video transactions were assumed to have their Toll by Mail late fee dismissed.

One percent of customers were assumed to have their second bill late fee forgiven. In discussions with the Authority, an estimated 55 percent of delinquent notice fees would be dismissed based on their actual experience with violation notices.

g) Prepaid Video Transactions

Prepaid video transactions are made by customers without E-ZPass who pay their toll online or by phone within a certain limited timeframe before or after making their trip, before an invoice is generated. Jacobs assumed that 5 percent of cars and 1 percent of trucks paying by video would choose this option.

E. Historical and Forecasted Traffic and Toll Revenue

Table 9 and Table 10 present actual 2005-2015 and forecasted gross toll revenues and traffic through 2020 that consider the economic information and expectations summarized above. Moderate traffic growth of 1.3 percent is forecasted in 2016 as low gas prices are expected to continue at least in the short term. As in previous forecasts, we have tempered this growth several years into the future.

Note that construction on the New NY Bridge project was considered in the forecasts. Construction began in 2013, with the first new span anticipated to open in 2017 and the second in 2018. As the same number of lanes will be in operation during each phase of construction as are open today, no measurable reduction of traffic or revenue is anticipated due to construction. Furthermore, it is our understanding that any revenue loss resulting from contractor action will be covered by the contractor.

Table 10 shows a slight reduction in revenue in 2016; this is due to the lag in the collection of tolls from video toll customers at the Tappan Zee/New NY Bridge and the inability to collect revenue from some of these customers. In addition, the two tables show that revenue growth slightly exceeds traffic growth over the five-year forecast period. This is because growth in commercial traffic, which pays higher tolls, is expected to exceed passenger car traffic growth.

No toll rate adjustments are assumed in the forecast period 2016 through 2020.

Table 9: The Thruway System's Actual 2005-2015 and Forecasted 2016-2020 Tolled Traffic (millions of trips)

	Passenger			Commercial				
Year	**Controlled System**	**TZB**	**Other Barriers**	**Control System**	**TZB**	**Other Barriers**	**Total**	**Growth**
2005 (1)	125.8	23.7	92.0	19.9	1.6	10.9	274.0	-
2006 (2)	127.8	23.6	89.1	17.7	1.5	9.8	269.4	-1.7%
2007	127.7	23.7	76.9	17.7	1.5	8.6	256.0	-5.0%
2008 (1)	125.5	22.9	73.5	16.9	1.4	8.3	248.5	-2.9%
2009 (1)	128.2	22.7	71.5	15.4	1.3	7.5	246.7	-0.7%
2010 (1)	129.0	23.1	70.7	15.7	1.4	7.7	247.6	0.4%
2011	126.6	22.6	70.9	15.8	1.4	7.9	245.2	-1.0%
2012	127.3	22.9	71.1	15.9	1.5	7.9	246.5	0.5%
2013	128.2	23.3	71.1	16.0	1.7	8.1	248.4	0.7%
2014	129.5	23.4	71.4	16.5	1.9	8.3	250.8	1.0%
2015	134.2	23.6	72.7	17.0	2.0	8.8	258.2	3.0%
2016 (3)(4)	136.4	23.7	73.1	17.3	2.0	8.9	261.5	1.3%
2017 (4)	138.4	23.9	73.5	17.5	2.1	9.0	264.5	1.1%
2018 (4)	139.8	24.3	74.2	17.7	2.1	9.1	267.2	1.0%
2019 (4)	141.2	24.6	74.9	17.8	2.1	9.3	269.9	1.0%
2020 (4)	142.6	25.0	75.5	18.0	2.2	9.4	272.7	1.0%

Notes: Totals may not add due to rounding. Non-revenue traffic not included.

(1) Toll Adjustments were implemented in 2005, 2008, 2009, and 2010.

(2) Tolling discontinued at Black Rock and Buffalo City Line barriers on Oct 30, 2006.

(3) AETC expected to begin at the Tappan Zee Bridge April 23, 2016.

(4) No toll rate adjustments are assumed in the forecasts.

Table 10: The Thruway System's Actual 2005-2015 and Forecasted 2016-2020 Toll Revenues (millions)

Year	Passenger			Commercial				Total	Growth
	Controlled System	TZB	Other Barriers	Controlled System	TZB	Other Barriers	Volume Discount		
2005 (1)	$173.2	$73.8	$64.0	$169.9	$20.4	$29.7	-$19.9	$511.2	-
2006 (2)	183.7	82.0	68.0	188.0	21.9	31.9	-21.1	554.4	8.4%
2007	183.4	82.1	59.2	187.0	21.5	28.2	-21.1	540.3	-2.5%
2008 (1)	193.8	85.4	67.9	187.0	21.2	29.1	-21.7	562.7	4.1%
2009 (1)	215.0	103.5	82.4	180.7	21.3	30.0	-21.2	611.6	8.7%
2010 (1)	226.6	104.7	81.8	194.9	24.6	31.4	-22.8	641.2	4.8%
2011	220.2	102.4	81.3	196.3	24.1	32.4	-22.7	634.1	-1.1%
2012	220.7	103.4	81.2	196.9	26.2	32.1	-22.8	637.7	0.6%
2013	225.6	105.1	81.3	199.1	28.8	32.8	-23.8	648.9	1.8%
2014	226.5	105.1	81.6	209.6	32.2	33.6	-24.6	664.1	2.3%
2015	237.8	106.5	83.5	219.3	34.4	35.6	-25.5	691.7	4.2%
2016 (3)(4)	241.9	98.9	84.0	222.9	31.1	36.3	-26.2	688.8	-0.4%
2017 (4)	245.5	101.0	84.5	225.1	32.0	36.6	-26.7	698.1	1.3%
2018 (4)	248.0	102.6	85.3	227.4	32.6	37.0	-27.2	705.7	1.1%
2019 (4)	250.6	104.3	86.0	229.5	33.1	37.4	-27.6	713.3	1.1%
2020 (4)	253.2	106.0	86.8	231.6	33.6	37.9	-28.0	721.0	1.1%

Note: Totals may not add due to rounding.
No toll rate adjustments are assumed in the forecasts.
(1) Toll Adjustments were implemented in 2005, 2008, 2009, and 2010.
(2) Tolling discontinued at Black Rock and Buffalo City Line barriers on Oct 30, 2006.
(3) AETC expected to begin at the Tappan Zee Bridge April 23, 2016.
(4) No toll rate adjustments are assumed in the forecasts.

F. Other Revenues/Total Revenues

In addition to toll revenues, the Authority collects a variety of non-toll revenues derived from payments received from concessionaires at the Thruway service areas restaurant and gasoline stations, sales of surplus property, revenues from special hauling permits, *E-ZPass* fees, fiber optic agreements, interest on various invested funds, and other miscellaneous sources. Historical gross revenues between 2005 and 2015 and forecasted gross revenues from 2016 through 2020 are summarized in Table 11.

Table 11: Summary of 2005 – 2015 Actual and 2016-2020 Forecasted Total Thruway System Gross Revenues (millions)

Year	Toll Revenues	Other Revenues	Total Revenues
2005 (1)	$511.2	$36.4	$547.6
2006 (2)	554.4	39.6	594.0
2007	540.3	41.4	581.7
2008 (1)	562.7	33.5	596.2
2009 (1)	611.6	26.7	638.3
2010 (1)	641.2	31.3	672.5
2011	634.1	31.4	665.5
2012	637.7	31.5	669.2
2013	648.9	31.8	680.7
2014	664.1	32.4	696.4
2015	691.7	34.6	726.3
2016 (3)(4)	688.8	35.5	724.4
2017 (4)	698.1	34.2	732.3
2018 (4)	705.7	34.4	740.1
2019 (4)	713.3	34.9	748.1
2020 (4)	721.0	35.1	756.1

Note: Totals may not add due to rounding

(1) Toll Adjustments were implemented in 2005, 2008, 2009, and 2010.

(2) Tolling discontinued at Black Rock and Buffalo City Line barriers on Oct 30, 2006.

(3) AETC expected to begin at the Tappan Zee Bridge April 23, 2016.

(4) No toll rate adjustments are assumed in the forecasts.

VIII. Flow of Funds

A. Historical

Table 12 presents total revenue and expenses for 2005 through 2015 in a format that is consistent with the flow of funds required by the Authority's General Revenue Bond Resolution (note that there is no Junior Indebtedness Obligations debt service that is due and payable through 2015). As noted in this table, from 2005 through 2012 the Authority was able to maintain fiscal stability and a debt service coverage ratio that warranted its current favorable investment grade credit rating. This was accomplished primarily by the aforementioned operational cost containment efforts, capital program modifications, and implemented toll rate adjustments.

Table 12: Historical Revenues, Operating Expenses and Reserve Fund Requirements, 2005 – 2015
(in millions)

	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Total 2005-2015
Total Revenues	$ 547.6	$ 594.0	$ 581.6	$ 596.2	$ 638.3	$ 672.5	$ 665.5	$ 669.2	$ 680.7	$ 696.4	$ 726.3	$ 7,068.3
Less:												
Operating Expenses	305.3	310.7	332.2	334.8	339.3	358.2	365.5	357.0	279.6	286.1	287.4	3,556.2
Operating Reserves	2.0	13.0	6.8	2.5	7.3	6.0	4.6	2.0	3.5	5.9	1.8	55.2
Total	307.3	323.7	339.0	337.3	346.7	364.2	370.0	359.0	283.1	292.0	289.1	3,611.4
Net Revenues	240.3	270.3	242.6	258.9	291.7	308.3	295.5	310.2	397.6	404.4	437.1	3,456.9
Less: Senior Bonds Debt Service	103.8	127.4	135.8	163.5	166.3	167.3	167.4	198.5	239.8	250.9	235.4	1,956.1
Net Revenues After Debt Service	136.5	142.9	106.8	95.4	125.4	141.0	128.1	111.7	157.8	153.5	201.8	1,500.9
Less: Retained for Operating Reserves	5.2	-5.0	-5.0	5.1	(6.8)	(18.8)	(4.3)	(5.5)	10.7	(15.2)	(18.2)	(57.9)
Net Revenues	141.7	137.9	101.8	100.5	118.5	122.1	123.8	106.2	168.5	138.3	183.6	1,443.0
Less:												
RMF Provisions (2)	60.9	69.8	20.7	30.7	34.5	31.0	10.0	36.2	79.8	35.7	97.1	506.5
FCIF Provisions								8.0	25.0	10.0	20.5	8.0
Other Authority Projects (3)	50.7	54.3	53.7	45.2	48.7	46.0	51.3	51.9	47.7	46.8	52.0	548.4
General Reserve Fund	24.9	12.8	26.8	24.4	25.1	21.2	48.2	8.1	15.8	45.2	13.6	266.2
General Reserve Fund - CP1, CP 2 & BAN's	4.6		-	-	10.6	23.8	14.4	2.0	0.3	0.4	0.4	56.5
Balance After Reserve Maintenance Provisions, Other Authority Projects and General Reserve Fund	0.6	1.0	0.6	0.0	(0.3)	0.0	(0.1)	(0.1)	(0.1)	0.2	(0.1)	1.9
Adjustments for Cash Basis	(0.6)	(1.0)	(0.6)	-	0.2	(0.1)	0.1	0.1	0.1	(0.2)	0.1	(1.8)
Net Balance Available for Working Capital	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Debt Service Coverage Ratios	2.31x	2.12x	1.79x	1.58x	1.75x	1.84x	1.77x	1.56x	1.66x	1.61x	1.86x	
Pay-As-You-Go Percentage	58.5%	36.7%	46.5%	15.7%	19.6%	19.0%	17.6%	31.3%	16.2%	17.6%	52.6%	

(1) Totals may not add due to rounding.

(2) Shows the Reserve Maintenance Fund provision will be funded from debt proceeds when sufficient revenues are not available.

(3) As of 10/31/2007, expenditures for I-84 were funded from NYS Department of Transportation.

B. Meeting the Authority's Future Revenue Needs

Future funding needs through 2020 were established by the Authority at amounts necessary to continue high levels of safety and service, maintain good infrastructure conditions, support Thruway operations, and maintain debt service coverage levels appropriate for its current "A" credit rating.

In determining these needs, it is important to note that the Authority established a future minimum debt service coverage ratio requirement for the Senior Lien of 1.60, above the Board-adopted guideline of 1.50. Additionally, the Authority has set a minimum debt service coverage ratio for combined Senior Bonds and Junior Indebtedness Obligations of 1.35, higher than the Junior Indebtedness Resolution requirement of 1.2x coverage for the combined annual Senior Bond debt service and annual Junior Indebtedness Obligation debt service. Table 13 presents the projected flow of funds including the needed revenue amounts and debt service coverage ratios. The funding for the Capital Program and estimated debt to be issued are also shown in the table.

Historically, the Authority has funded its system through toll adjustments, however, the Board announced in November 2015 that there would be no toll increase in 2016, which was made possible in part by pledged funding in 2015 from State Infrastructure Grant Contributions in the amount of $1.285 billion, plus higher-than-expected traffic and toll revenue growth.

The Traffic Engineer's forecast includes the additional $700 million in NYS Infrastructure Grants provided in the State's 2016-2017 Enacted Budget. Future funding needs through 2020 were established by the Authority at amounts necessary to maintain levels of safety and service, preserve good infrastructure conditions, support the Thruway, and maintain the Authority's established debt service coverage policy targets. The projections included in Table 13 fully incorporate the $700 million that was included in the State's enacted 2016-2017 Budget.

In the absence of any proposed additional funding amounts, the Authority has the power, without approval by the Legislature or the Governor, to increase toll rates to maintain its high level of operating safety and services on the Thruway System, to maintain and rehabilitate the Thruway System, to pay debt service, to meet toll covenants and to maintain the balance of revenues and expenses. Based on our experience and knowledge of the Thruway System, it is our opinion that the essentiality of the Thruway System, its currently low relative toll rates, and the size of future rate adjustments that may be needed to produce these additional revenues can be achieved. Those adjustments, if required, would likely result in only small adverse changes to traffic patterns.

Table 13: Thruway Flow of Funds (millions of dollars), and Debt Service Coverage

	Actual 2015	Budget 2016	Estimated 2017	Estimated 2018	Estimated 2019	Estimated 2020	Total 2016-2020
Toll Revenues	$691.7	$688.8	$698.1	$705.7	$713.3	$721.0	$3,526.9
Other Revenues	34.6	35.5	34.2	34.4	34.9	35.1	174.2
Total Revenue Needs	$726.3	$724.4	$732.3	$740.1	$748.1	$756.1	$3,701.0
Thruway Operating Expenses	287.4	313.5	317.3	320.2	323.2	326.2	1,600.3
Reserve for Claims and Indemnities and Environmental Remediation	1.8	1.8	1.8	1.8	1.8	1.8	8.9
Net Revenue (A)	437.1	409.2	413.2	418.1	423.2	428.1	2,091.8
Less: Net Senior Bonds Debt Service (B)	235.4	227.2	235.7	209.1	224.2	227.3	1,123.5
Net Revenue after Senior Bonds Debt Service	201.8	182.0	177.5	208.9	199.0	200.8	968.3
Less:							
Retain for Operating Reserves	18.1	0.0	0.0	0.0	0.0	0.0	0.0
Reserve Maintenance Deposit	97.1	79.0	63.7	67.4	57.7	58.0	325.8
Net Junior Indebtedness Debt Service (C)	0.0	28.0	52.6	79.2	67.6	68.0	295.4
Deposit into Jr Debt Service Res Fund					10.0	10.0	20.0
Facilities Capital Improvement Deposit	20.5	14.0	0.0	0.0	0.0	0.0	14.0
Canal Corporation (Net of Federal Aid)	52.0	10.5	0.0	0.0	0.0	0.0	10.5
General Reserve Fund Provision - State Police		45.0	61.2	62.4	63.6	64.9	297.1
General Reserve Fund Provision - Canal Capital	13.6	5.0	0.0	0.0	0.0	0.0	5.0
General Reserve Fund - Subordinate Debt	0.4	0.5	0.0	0.0	0.0	0.0	0.5
Balance	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Senior Bonds Debt Service Coverage Ratio (A/B) (2)	1.86	1.80	1.75	2.00	1.89	1.88	(1)
Senior Bonds & Junior Indebtedness Debt Service Coverage Ratio (A/(B+C)) (2)	1.86	1.60	1.43	1.45	1.45	1.45	
Proposed Debt Issuances by Year:							
Senior Bonds				$ 133.9	$ 271.3	$ 255.5	
Junior Indebtedness Obligations		$ 850.0	$ 309.8	$ 208.4			

(1) Board-adopted Fiscal Management Guidelines require a minimum 1.5 coverage ratio.
General Revenue Bond Resolution and Junior Indebtedness Resolution each require a 1.2 minimum coverage ratio.
(2) Incorporates $700 million in State capital assistance.
Note that totals may not add due to rounding.

IX. Conclusion

The Authority's Board has the independent statutory authority to set toll rates and has the obligation to adjust rates (as set forth in both the General Revenue Bond Resolution and the Junior Indebtedness Resolution) to the levels required to satisfy covenants pledged to its debt holders. In our opinion, the Thruway has the capacity to generate the required additional revenues through periodic toll adjustments. If needed to fill noted revenue shortfalls, the periodic adjustments will result in only small changes to traffic patterns. In addition, either through the proposed actions or through periodic toll adjustments, we believe that these will allow the Authority to:

- Fund necessary operations, maintenance and capital expenses;
- Meet the covenants of the of the General Revenue Bond Resolution and the Junior Indebtedness Resolution;
- Complete the New NY Bridge project;
- Preserve good overall infrastructure conditions on the entire Thruway System;
- Satisfy the terms of the TIFIA loan;
- Comply with the Authority's Fiscal Management Guidelines; and
- Maintain targeted levels of debt service coverage as projected in this study.

We believe the Authority will continue to be able to provide good service to its customers and will continue to fulfill its critical role in supporting the State's economy through the forecast period.

X. Limits and Disclaimers

It is Jacobs' opinion that the traffic and toll revenue estimates provided herein represent reasonable and achievable levels of traffic and toll revenues that can be expected to accrue at the Authority's toll facilities over the forecast period and that they have been prepared in accordance with accepted industry-wide practice. However, as should be expected with any forecast, and given the uncertainties within the current economic climate, it is important to note the following assumptions which, in our opinion, are reasonable:

- This limited synopsis presents the highlighted results of Jacobs' consideration of the information available as of the date hereof and the application of our experience and professional judgment to that information. It is not a guarantee of any future events or trends.
- The traffic and toll revenue estimates will be subject to future economic and social conditions, demographic developments and regional transportation construction activities that cannot be predicted with certainty.
- The estimates contained in this document, while presented with numeric specificity, are based on a number of estimates and assumptions which, though considered reasonable to us, are inherently subject to economic and competitive uncertainties and contingencies, most of which are beyond the control of the Authority and cannot be predicted with certainty. In many instances, a broad range of alternative assumptions could be considered reasonable with the availability of alternative toll schedules, and any changes in the assumptions used could result in material differences in estimated outcomes.
- Jacobs' traffic and toll revenue estimations only represent our best judgment and we do not warrant or represent that the actual toll revenues will not vary from our estimates.
- The standards of operation and maintenance on all of the Thruway System will be maintained as planned within the business rules and practices.
- The general configuration and location of the Thruway System and its interchanges will remain as discussed in the report.
- Access to and from the Thruway System will remain as discussed in the report.
- No other new competing highway projects, tolled or non-tolled are assumed to be constructed or significantly improved in the project corridor during the project period, except those identified within the report.
- Major highway improvements that are currently underway or fully funded will be completed as planned.
- The Thruway System will be well maintained, efficiently operated, and effectively signed to encourage maximum usage.
- No reduced growth initiatives or related controls that would significantly inhibit normal development patterns will be introduced during the forecast period.
- There will be no future serious protracted recession during the forecast period.

- There will be no protracted fuel shortage during the forecast period.
- No local, regional, or national emergency will arise that will abnormally restrict the use of motor vehicles.

In Jacobs' opinion, the assumptions underlying the study provide a reasonable basis for the analysis. However, any financial projection is subject to uncertainties. Inevitably, some assumptions used to develop the projections will not be realized, and unanticipated events and circumstances may occur. There are likely to be differences between the projections and actual results, and those differences may be material. Because of these uncertainties, Jacobs makes no guaranty or warranty with respect to the projections in this study.

This document, and the opinions, analysis, evaluations, or recommendations contained herein are for the sole use and benefit of the contracting parties. There are no intended third party beneficiaries, and Jacobs Civil Consultants Inc., (and its affiliates) shall have no liability whatsoever to any third parties for any defect, deficiency, error, omission in any statement contained in or in any way related to this document or the services provided.

Neither this document nor any information contained therein or otherwise supplied by Jacobs Civil Consultants Inc. in connection with the study and the services provided to our client shall be used in connection with any financing solicitation, proxy, and proxy statement, proxy soliciting materials, prospectus, Securities Registration Statement or similar document without the express written consent of Jacobs Civil Consultants Inc.

* * * * * *

We would like to thank the Authority staff for all of their assistance in the preparation of this report.

Sincerely,

Richard J. Gobeille, P.E.

National Toll / Finance Manager

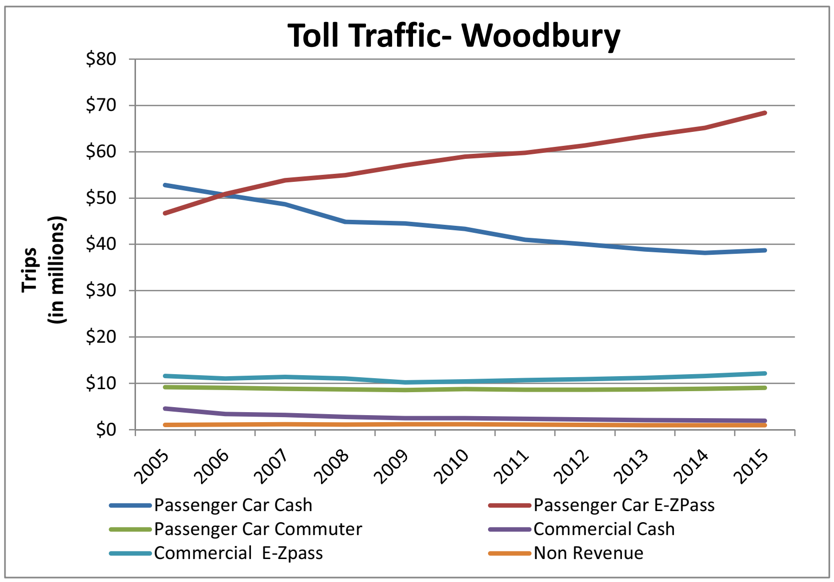
Jacobs Civil Consultants, Inc.

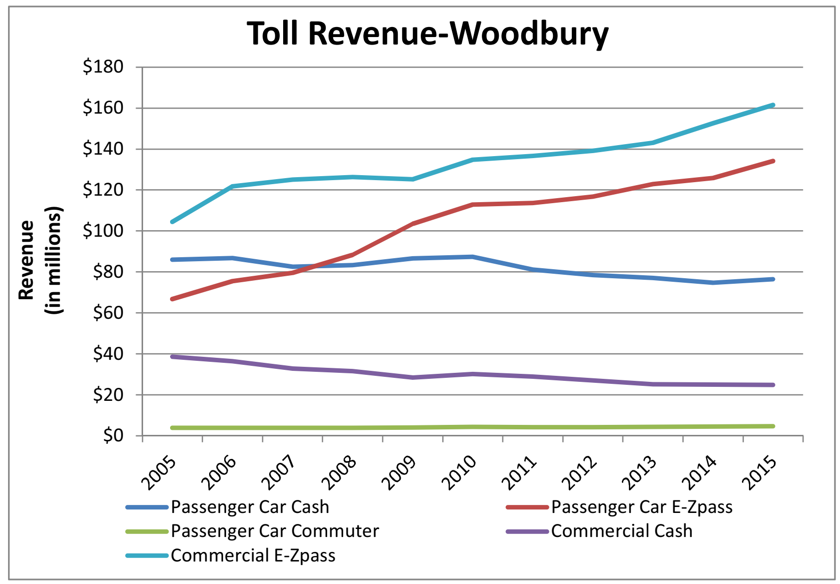
APPENDIX: Historical Traffic and Revenue by Facility

Traffic and Revenue- Woodbury Section

Toll Traffic-Woodbury							
Year	**Passenger Car Cash**	**Passenger Car E-ZPass**	**Passenger Car Commuter**	**Commercial Cash**	**Commercial E-Zpass**	**Non Revenue**	**Total**
2005	52.8	46.7	9.2	4.6	11.6	1.1	125.9
2006	50.7	50.8	9.0	3.4	11.0	1.1	126.1
2007	48.7	53.9	8.8	3.2	11.4	1.2	127.1
2008	44.9	54.9	8.7	2.8	11.0	1.1	123.5
2009	44.5	57.1	8.6	2.5	10.2	1.1	124.0
2010	43.3	59.0	8.8	2.5	10.4	1.2	125.2
2011	41.0	59.8	8.6	2.4	10.7	1.1	123.6
2012	40.1	61.4	8.6	2.2	10.9	1.0	124.2
2013	38.9	63.4	8.7	2.0	11.2	0.9	125.1
2014	38.1	65.2	8.8	2.0	11.6	1.0	126.7
2015	38.7	68.4	9.1	1.9	12.2	1.0	131.2

Toll Revenue-Woodbury							
Year	**Passenger Car Cash**	**Passenger Car E-Zpass**	**Passenger Car Commuter**	**Commercial Cash**	**Commercial E-Zpass**	**Non Revenue**	**Total**
2005	$ 86.0	$ 66.8	$ 4.0	$ 38.6	$ 104.4	$ -	$ 299.7
2006	$ 86.8	$ 75.6	$ 3.9	$ 36.4	$ 121.9	$ -	$ 324.6
2007	$ 82.6	$ 79.5	$ 3.8	$ 32.8	$ 125.0	$ -	$ 323.8
2008	$ 83.3	$ 88.3	$ 3.9	$ 31.6	$ 126.3	$ -	$ 333.3
2009	$ 86.6	$ 103.5	$ 4.1	$ 28.5	$ 125.3	$ -	$ 347.9
2010	$ 87.4	$ 112.9	$ 4.4	$ 30.1	$ 134.7	$ -	$ 369.6
2011	$ 81.2	$ 113.7	$ 4.3	$ 28.9	$ 136.6	$ -	$ 364.6
2012	$ 78.4	$ 116.8	$ 4.2	$ 27.0	$ 139.2	$ -	$ 365.7
2013	$ 77.1	$ 122.8	$ 4.3	$ 25.2	$ 143.1	$ -	$ 372.6
2014	$ 74.8	$ 125.8	$ 4.5	$ 25.0	$ 152.5	$ -	$ 382.7
2015	$ 76.5	$ 134.1	$ 4.6	$ 24.8	$ 161.5	$ -	$ 401.5

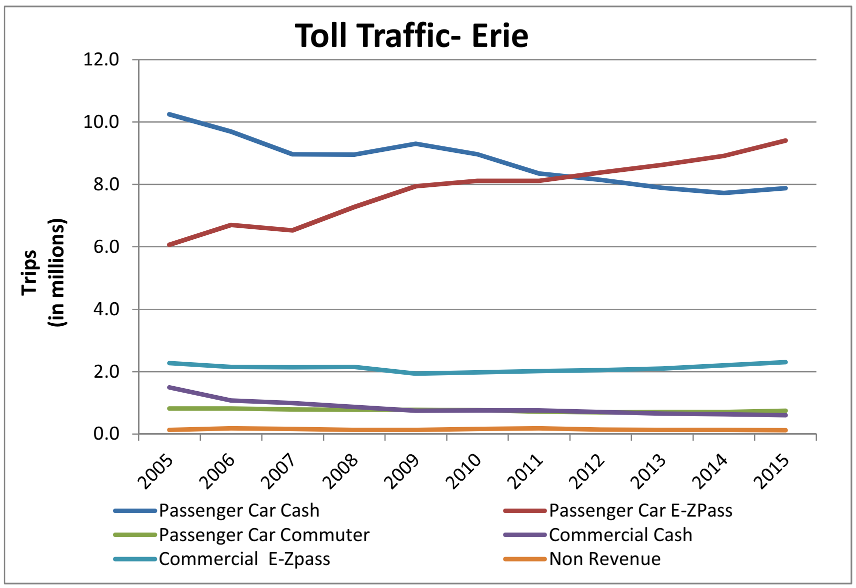


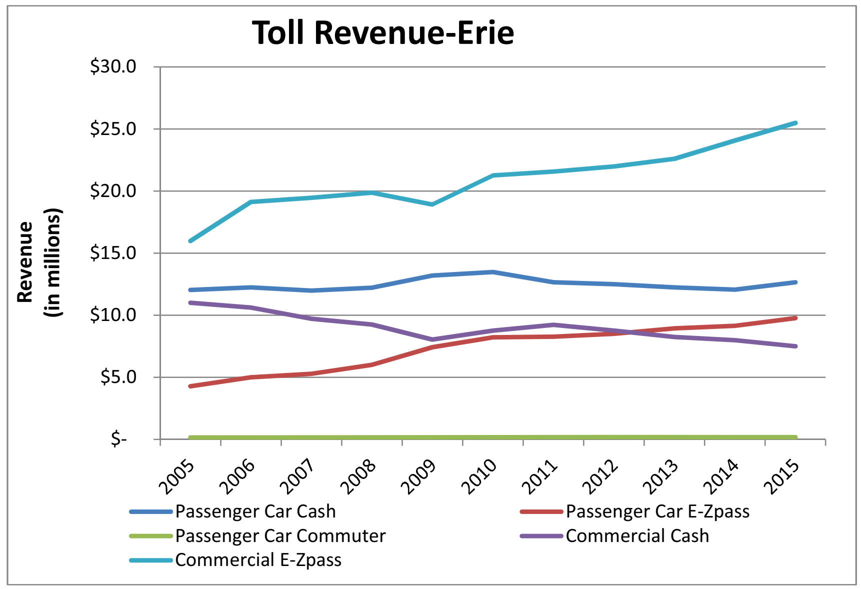


Traffic and Revenue- Erie Section

Toll Traffic-Erie							
Year	Passenger Car Cash	Passenger Car E-ZPass	Passenger Car Commuter	Commercial Cash	Commercial E-Zpass	Non Revenue	Total
2005	10.2	6.1	0.8	1.5	2.3	0.1	21.0
2006	9.7	6.7	0.8	1.1	2.2	0.2	20.6
2007	9.0	6.5	0.8	1.0	2.1	0.2	19.6
2008	9.0	7.3	0.8	0.9	2.1	0.1	20.2
2009	9.3	7.9	0.8	0.7	1.9	0.1	20.8
2010	9.0	8.1	0.8	0.8	2.0	0.2	20.8
2011	8.4	8.1	0.7	0.8	2.0	0.2	20.2
2012	8.1	8.4	0.7	0.7	2.1	0.1	20.1
2013	7.9	8.6	0.7	0.7	2.1	0.1	20.1
2014	7.7	8.9	0.7	0.6	2.2	0.1	20.3
2015	7.9	9.4	0.7	0.6	2.3	0.1	21.1

Toll Revenue-Erie							
Year	Passenger Car Cash	Passenger Car E-Zpass	Passenger Car Commuter	Commercial Cash	Commercial E-Zpass	Non Revenue	Total
2005	$ 12.0	$ 4.3	$ 0.2	$ 11.0	$ 16.0	$ -	$ 43.4
2006	$ 12.2	$ 5.0	$ 0.2	$ 10.6	$ 19.1	$ -	$ 47.1
2007	$ 12.0	$ 5.3	$ 0.2	$ 9.7	$ 19.4	$ -	$ 46.6
2008	$ 12.2	$ 6.0	$ 0.2	$ 9.3	$ 19.9	$ -	$ 47.5
2009	$ 13.2	$ 7.4	$ 0.2	$ 8.0	$ 18.9	$ -	$ 47.8
2010	$ 13.5	$ 8.2	$ 0.2	$ 8.8	$ 21.3	$ -	$ 51.9
2011	$ 12.6	$ 8.3	$ 0.2	$ 9.2	$ 21.6	$ -	$ 51.9
2012	$ 12.5	$ 8.5	$ 0.2	$ 8.8	$ 22.0	$ -	$ 51.9
2013	$ 12.2	$ 8.9	$ 0.2	$ 8.2	$ 22.6	$ -	$ 52.2
2014	$ 12.1	$ 9.2	$ 0.2	$ 8.0	$ 24.1	$ -	$ 53.5
2015	$ 12.7	$ 9.8	$ 0.2	$ 7.5	$ 25.5	$ -	$ 55.6

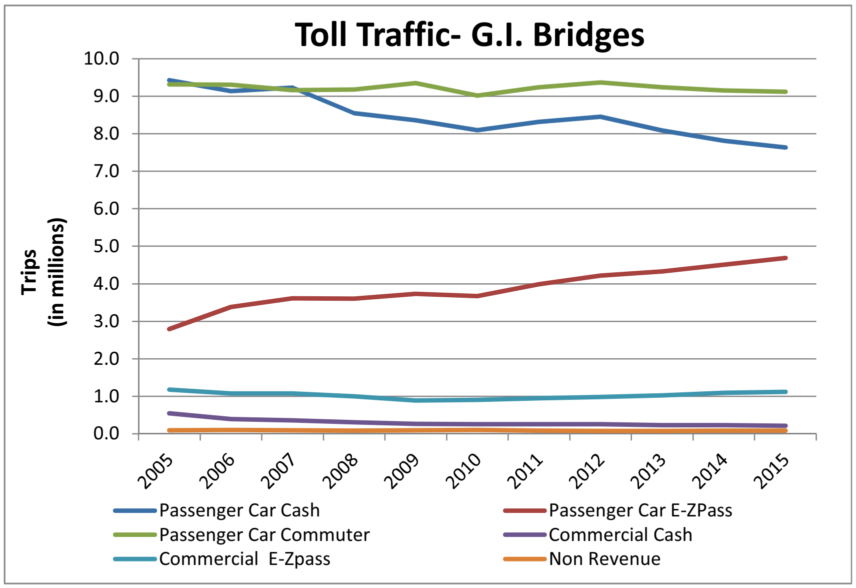


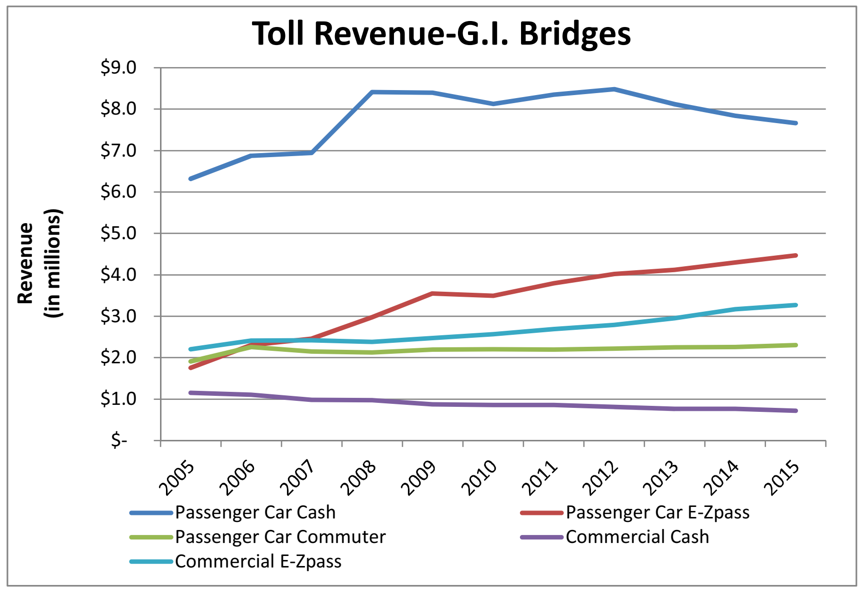


Traffic and Revenue- Grand Island Bridges Total

Toll Traffic-G.I. Bridge							
Year	Passenger Car Cash	Passenger Car E-ZPass	Passenger Car Commuter	Commercial Cash	Commercial E-Zpass	Non Revenue	Total
2005	9.4	2.8	9.3	0.6	1.2	0.1	23.3
2006	9.1	3.4	9.3	0.4	1.1	0.1	23.4
2007	9.2	3.6	9.2	0.4	1.1	0.1	23.5
2008	8.6	3.6	9.2	0.3	1.0	0.1	22.7
2009	8.4	3.7	9.3	0.3	0.9	0.1	22.7
2010	8.1	3.7	9.0	0.3	0.9	0.1	22.0
2011	8.3	4.0	9.2	0.3	0.9	0.1	22.8
2012	8.5	4.2	9.4	0.3	1.0	0.1	23.4
2013	8.1	4.3	9.2	0.2	1.0	0.1	23.0
2014	7.8	4.5	9.2	0.2	1.1	0.1	22.9
2015	7.6	4.7	9.1	0.2	1.1	0.1	22.9

Toll Revenue-G.I. Bridge							
Year	Passenger Car Cash	Passenger Car E-Zpass	Passenger Car Commuter	Commercial Cash	Commercial E-Zpass	Non Revenue	Total
2005	$ 6.3	$ 1.8	$ 1.9	$ 1.1	$ 2.2	$ -	$ 13.3
2006	$ 6.9	$ 2.3	$ 2.3	$ 1.1	$ 2.4	$ -	$ 15.0
2007	$ 6.9	$ 2.5	$ 2.1	$ 1.0	$ 2.4	$ -	$ 14.9
2008	$ 8.4	$ 3.0	$ 2.1	$ 1.0	$ 2.4	$ -	$ 16.9
2009	$ 8.4	$ 3.5	$ 2.2	$ 0.9	$ 2.5	$ -	$ 17.5
2010	$ 8.1	$ 3.5	$ 2.2	$ 0.9	$ 2.6	$ -	$ 17.2
2011	$ 8.3	$ 3.8	$ 2.2	$ 0.9	$ 2.7	$ -	$ 17.9
2012	$ 8.5	$ 4.0	$ 2.2	$ 0.8	$ 2.8	$ -	$ 18.3
2013	$ 8.1	$ 4.1	$ 2.3	$ 0.8	$ 2.9	$ -	$ 18.2
2014	$ 7.8	$ 4.3	$ 2.3	$ 0.8	$ 3.2	$ -	$ 18.3
2015	$ 7.7	$ 4.5	$ 2.3	$ 0.7	$ 3.3	$ -	$ 18.4





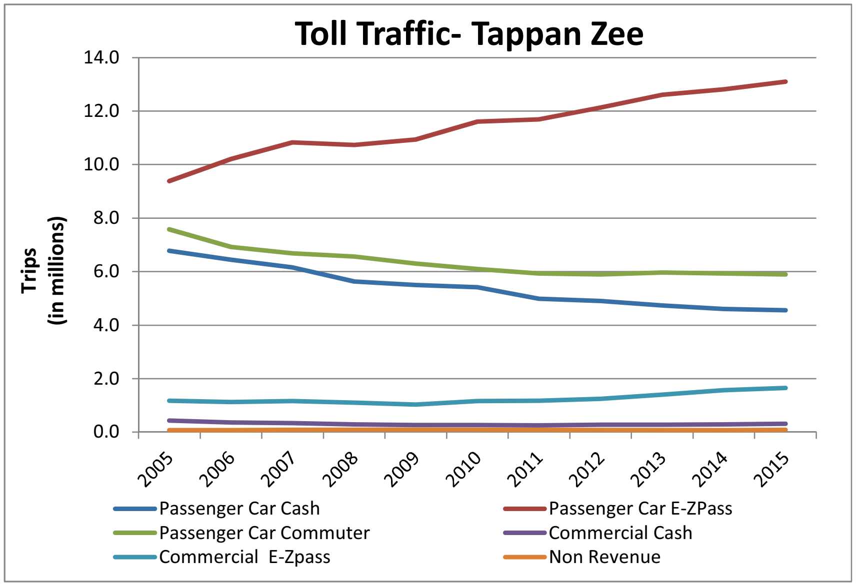
Traffic and Revenue- Tappan Zee Bridge

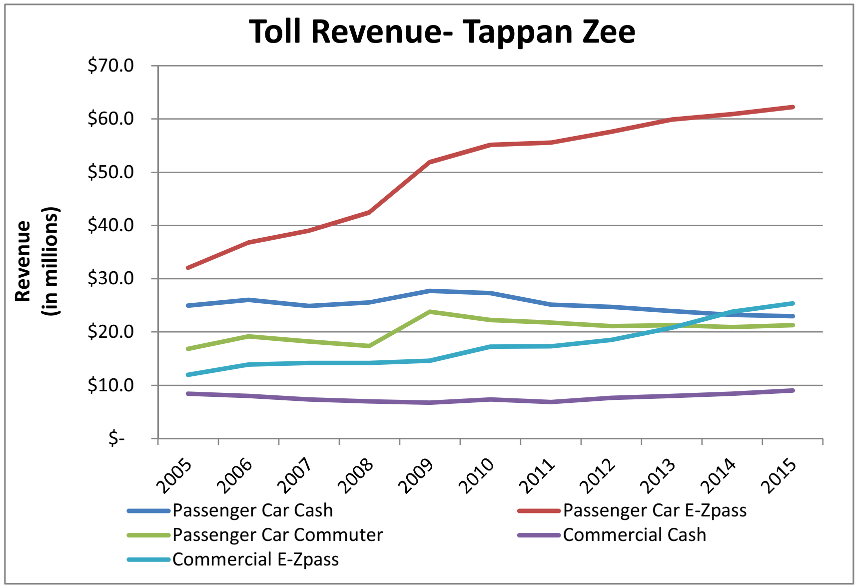
Toll Traffic-Tappan Zee

Year	Passenger Car Cash	Passenger Car E-ZPass	Passenger Car Commuter	Commercial Cash	Commercial E-Zpass	Non Revenue	Total
2005	6.8	9.4	7.6	0.4	1.2	0.1	25.4
2006	6.4	10.2	6.9	0.4	1.1	0.1	25.1
2007	6.2	10.8	6.7	0.3	1.2	0.1	25.3
2008	5.6	10.7	6.6	0.3	1.1	0.1	24.4
2009	5.5	10.9	6.3	0.3	1.0	0.1	24.1
2010	5.4	11.6	6.1	0.3	1.2	0.1	24.6
2011	5.0	11.7	5.9	0.2	1.2	0.1	24.1
2012	4.9	12.1	5.9	0.3	1.3	0.1	24.5
2013	4.7	12.6	6.0	0.3	1.4	0.1	25.1
2014	4.6	12.8	5.9	0.3	1.6	0.1	25.3
2015	4.6	13.1	5.9	0.3	1.7	0.1	25.6

Toll Revenue-Tappan Zee

Year	Passenger Car Cash	Passenger Car E-Zpass	Passenger Car Commuter	Commercial Cash	Commercial E-Zpass	Non Revenue	Total
2005	$ 25.0	$ 32.1	$ 16.8	$ 8.4	$ 11.9	$ -	$ 94.2
2006	$ 26.0	$ 36.8	$ 19.2	$ 8.0	$ 13.9	$ -	$ 103.8
2007	$ 24.9	$ 39.0	$ 18.2	$ 7.3	$ 14.2	$ -	$ 103.6
2008	$ 25.5	$ 42.5	$ 17.4	$ 7.0	$ 14.2	$ -	$ 106.5
2009	$ 27.7	$ 51.9	$ 23.8	$ 6.7	$ 14.6	$ -	$ 124.8
2010	$ 27.3	$ 55.1	$ 22.3	$ 7.3	$ 17.3	$ -	$ 129.3
2011	$ 25.1	$ 55.5	$ 21.8	$ 6.8	$ 17.3	$ -	$ 126.6
2012	$ 24.7	$ 57.6	$ 21.1	$ 7.6	$ 18.5	$ -	$ 129.6
2013	$ 23.9	$ 59.9	$ 21.3	$ 8.0	$ 20.8	$ -	$ 133.9
2014	$ 23.2	$ 60.9	$ 20.9	$ 8.4	$ 23.8	$ -	$ 137.3
2015	$ 23.0	$ 62.2	$ 21.3	$ 9.0	$ 25.4	$ -	$ 140.9

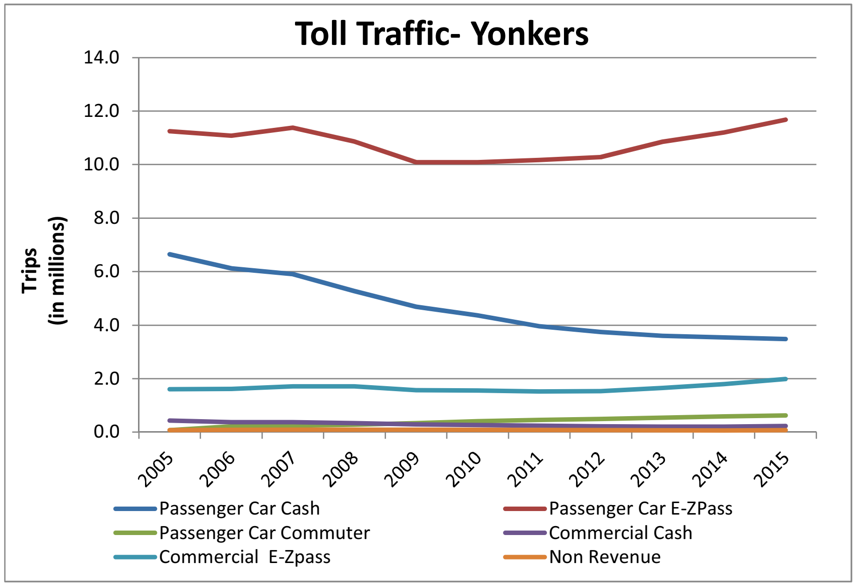


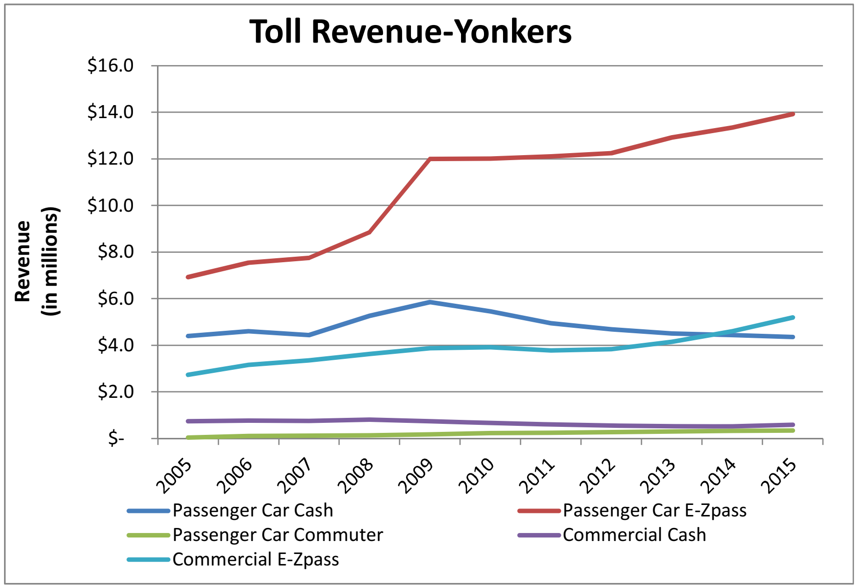


Traffic and Revenue- Yonkers

Toll Traffic-Yonkers							
Year	Passenger Car Cash	Passenger Car E-ZPass	Passenger Car Commuter	Commercial Cash	Commercial E-Zpass	Non Revenue	Total
2005	6.7	11.2	0.1	0.4	1.6	0.1	20.1
2006	6.1	11.1	0.2	0.4	1.6	0.1	19.5
2007	5.9	11.4	0.2	0.4	1.7	0.1	19.7
2008	5.3	10.9	0.3	0.3	1.7	0.1	18.5
2009	4.7	10.1	0.3	0.3	1.6	0.1	17.1
2010	4.4	10.1	0.4	0.3	1.6	0.1	16.8
2011	4.0	10.2	0.5	0.2	1.5	0.1	16.4
2012	3.7	10.3	0.5	0.2	1.5	0.1	16.3
2013	3.6	10.9	0.5	0.2	1.7	0.1	16.9
2014	3.5	11.2	0.6	0.2	1.8	0.1	17.4
2015	3.5	11.7	0.6	0.2	2.0	0.1	18.1

Toll Revenue-Yonkers							
Year	Passenger Car Cash	Passenger Car E-Zpass	Passenger Car Commuter	Commercial Cash	Commercial E-Zpass	Non Revenue	Total
2005	$ 4.4	$ 6.9	$ 0.0	$ 0.7	$ 2.7	$ -	$ 14.8
2006	$ 4.6	$ 7.5	$ 0.1	$ 0.8	$ 3.2	$ -	$ 16.2
2007	$ 4.4	$ 7.7	$ 0.1	$ 0.8	$ 3.3	$ -	$ 16.4
2008	$ 5.3	$ 8.9	$ 0.1	$ 0.8	$ 3.6	$ -	$ 18.7
2009	$ 5.9	$ 12.0	$ 0.2	$ 0.7	$ 3.9	$ -	$ 22.7
2010	$ 5.5	$ 12.0	$ 0.2	$ 0.7	$ 3.9	$ -	$ 22.3
2011	$ 5.0	$ 12.1	$ 0.3	$ 0.6	$ 3.8	$ -	$ 21.7
2012	$ 4.7	$ 12.2	$ 0.3	$ 0.5	$ 3.8	$ -	$ 21.6
2013	$ 4.5	$ 12.9	$ 0.3	$ 0.5	$ 4.2	$ -	$ 22.4
2014	$ 4.4	$ 13.3	$ 0.3	$ 0.5	$ 4.6	$ -	$ 23.2
2015	$ 4.4	$ 13.9	$ 0.3	$ 0.6	$ 5.2	$ -	$ 24.4

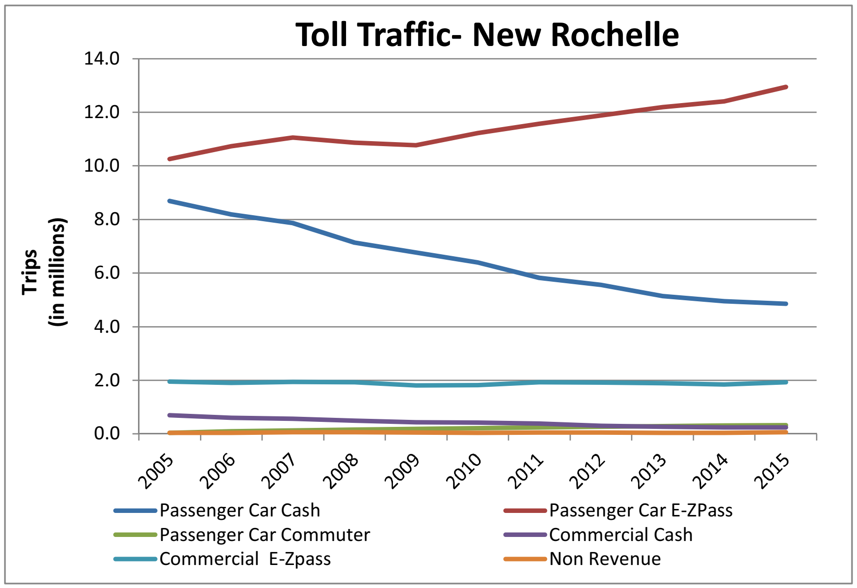


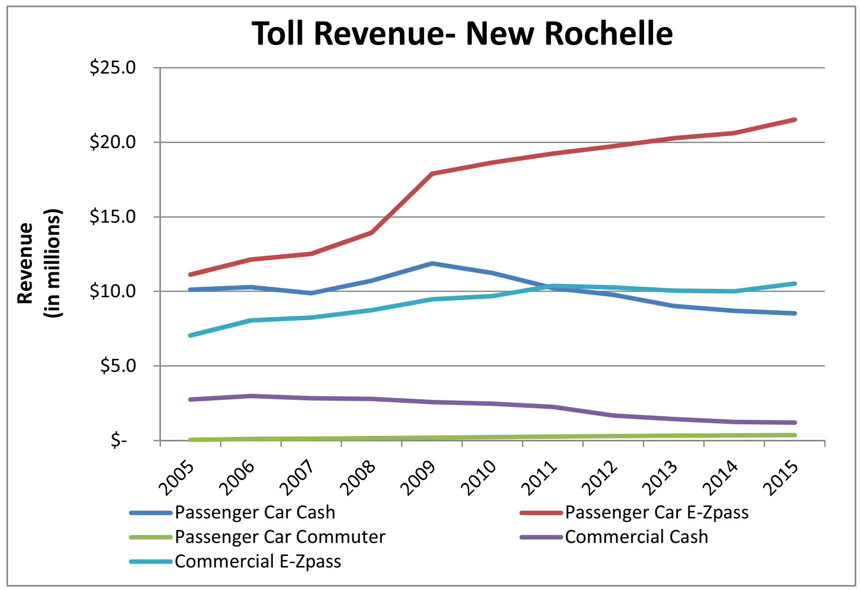


Traffic and Revenue- New Rochelle

Toll Traffic-New Rochelle							
Year	**Passenger Car Cash**	**Passenger Car E-ZPass**	**Passenger Car Commuter**	**Commercial Cash**	**Commercial E-Zpass**	**Non Revenue**	**Total**
2005	8.7	10.3	0.0	0.7	2.0	0.0	21.7
2006	8.2	10.7	0.1	0.6	1.9	0.0	21.6
2007	7.9	11.1	0.1	0.6	1.9	0.1	21.6
2008	7.1	10.9	0.2	0.5	1.9	0.1	20.6
2009	6.8	10.8	0.2	0.4	1.8	0.0	20.0
2010	6.4	11.2	0.2	0.4	1.8	0.0	20.1
2011	5.8	11.6	0.2	0.4	1.9	0.0	20.0
2012	5.6	11.9	0.3	0.3	1.9	0.0	20.0
2013	5.1	12.2	0.3	0.3	1.9	0.0	19.8
2014	5.0	12.4	0.3	0.2	1.8	0.0	19.8
2015	4.9	12.9	0.3	0.2	1.9	0.1	20.4

Toll Revenue-New Rochelle							
Year	**Passenger Car Cash**	**Passenger Car E-Zpass**	**Passenger Car Commuter**	**Commercial Cash**	**Commercial E-Zpass**	**Non Revenue**	**Total**
2005	$ 10.1	$ 11.1	$ 0.0	$ 2.8	$ 7.0	$ -	$ 31.1
2006	$ 10.3	$ 12.1	$ 0.1	$ 3.0	$ 8.1	$ -	$ 33.6
2007	$ 9.9	$ 12.5	$ 0.1	$ 2.8	$ 8.3	$ -	$ 33.6
2008	$ 10.7	$ 13.9	$ 0.2	$ 2.8	$ 8.7	$ -	$ 36.3
2009	$ 11.9	$ 17.9	$ 0.2	$ 2.6	$ 9.5	$ -	$ 42.0
2010	$ 11.2	$ 18.6	$ 0.2	$ 2.5	$ 9.7	$ -	$ 42.3
2011	$ 10.2	$ 19.2	$ 0.3	$ 2.3	$ 10.4	$ -	$ 42.3
2012	$ 9.8	$ 19.7	$ 0.3	$ 1.7	$ 10.3	$ -	$ 41.7
2013	$ 9.0	$ 20.3	$ 0.3	$ 1.4	$ 10.1	$ -	$ 41.1
2014	$ 8.7	$ 20.6	$ 0.3	$ 1.2	$ 10.0	$ -	$ 40.9
2015	$ 8.5	$ 21.5	$ 0.4	$ 1.2	$ 10.5	$ -	$ 42.1

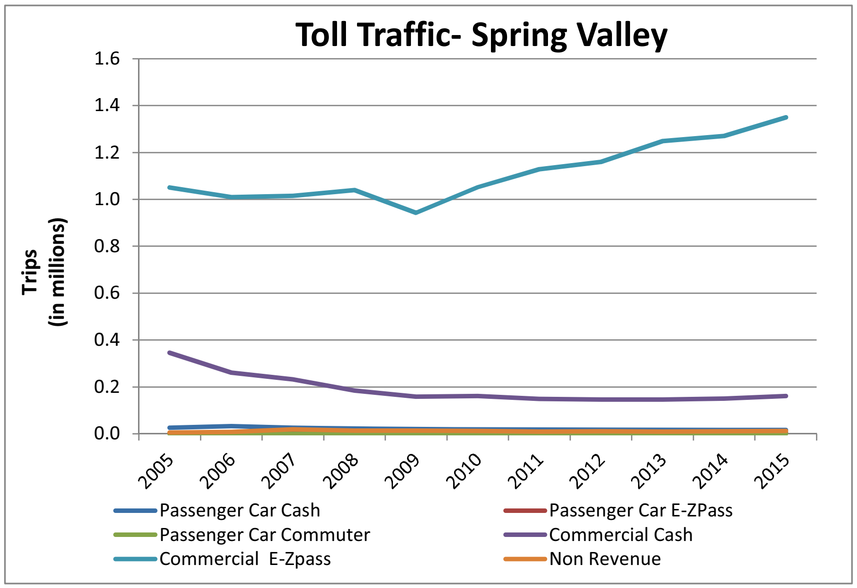


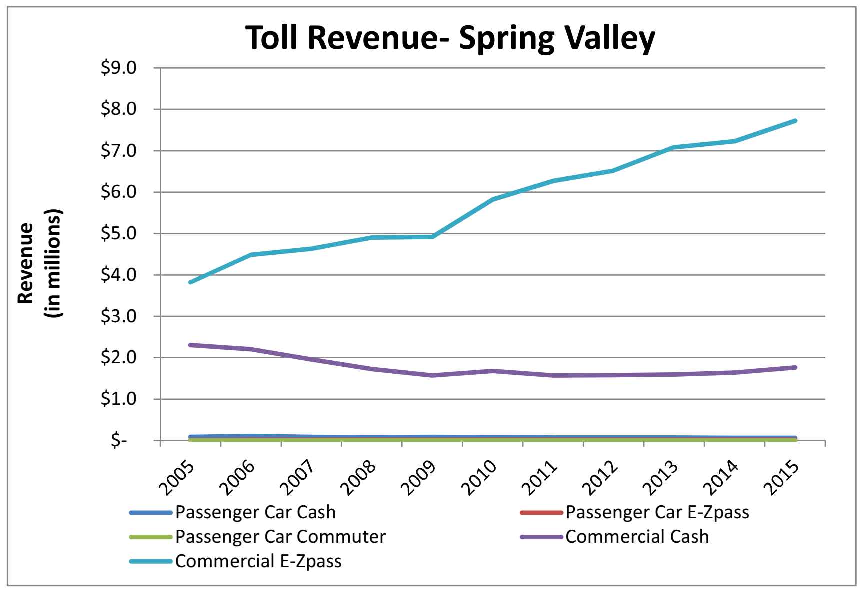


Traffic and Revenue- Spring Valley

Toll Traffic-Spring Valley							
Year	Passenger Car Cash	Passenger Car E-ZPass	Passenger Car Commuter	Commercial Cash	Commercial E-Zpass	Non Revenue	Total
2005	0.0	0.0	0.0	0.3	1.1	0.0	1.4
2006	0.0	0.0	0.0	0.3	1.0	0.0	1.3
2007	0.0	0.0	0.0	0.2	1.0	0.0	1.3
2008	0.0	0.0	0.0	0.2	1.0	0.0	1.3
2009	0.0	0.0	0.0	0.2	0.9	0.0	1.1
2010	0.0	0.0	0.0	0.2	1.1	0.0	1.3
2011	0.0	0.0	0.0	0.1	1.1	0.0	1.3
2012	0.0	0.0	0.0	0.1	1.2	0.0	1.3
2013	0.0	0.0	0.0	0.1	1.2	0.0	1.4
2014	0.0	0.0	0.0	0.1	1.3	0.0	1.5
2015	0.0	0.0	0.0	0.2	1.3	0.0	1.5

Toll Revenue-Spring Valley							
Year	Passenger Car Cash	Passenger Car E-Zpass	Passenger Car Commuter	Commercial Cash	Commercial E-Zpass	Non Revenue	Total
2005	$ 0.1	$ 0.0	$ -	$ 2.3	$ 3.8	$ -	$ 6.2
2006	$ 0.1	$ 0.0	$ -	$ 2.2	$ 4.5	$ -	$ 6.8
2007	$ 0.1	$ 0.0	$ -	$ 2.0	$ 4.6	$ -	$ 6.7
2008	$ 0.1	$ 0.0	$ -	$ 1.7	$ 4.9	$ -	$ 6.7
2009	$ 0.1	$ 0.0	$ -	$ 1.6	$ 4.9	$ -	$ 6.6
2010	$ 0.1	$ 0.0	$ -	$ 1.7	$ 5.8	$ -	$ 7.6
2011	$ 0.1	$ 0.0	$ -	$ 1.6	$ 6.3	$ -	$ 7.9
2012	$ 0.1	$ 0.0	$ -	$ 1.6	$ 6.5	$ -	$ 8.2
2013	$ 0.1	$ 0.0	$ -	$ 1.6	$ 7.1	$ -	$ 8.8
2014	$ 0.1	$ 0.0	$ -	$ 1.6	$ 7.2	$ -	$ 8.9
2015	$ 0.1	$ 0.0	$ -	$ 1.8	$ 7.7	$ -	$ 9.6

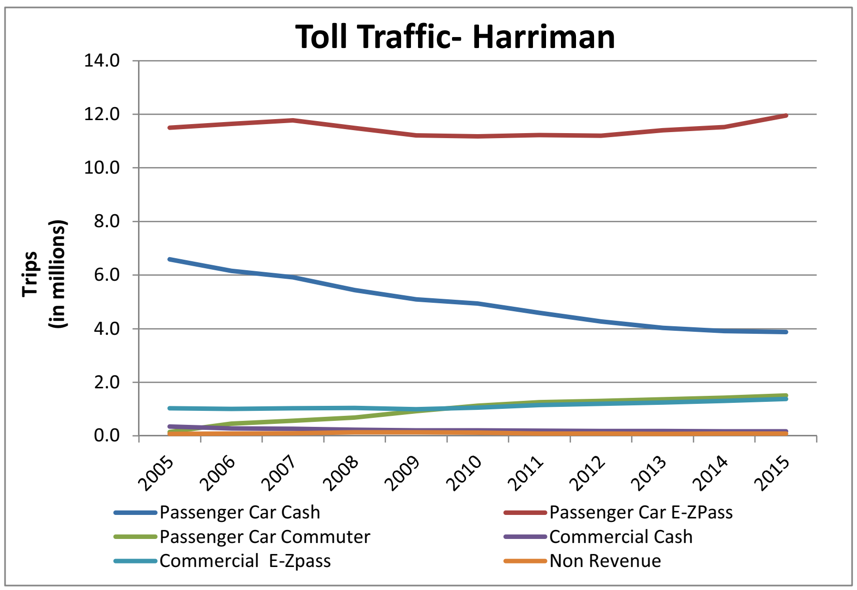


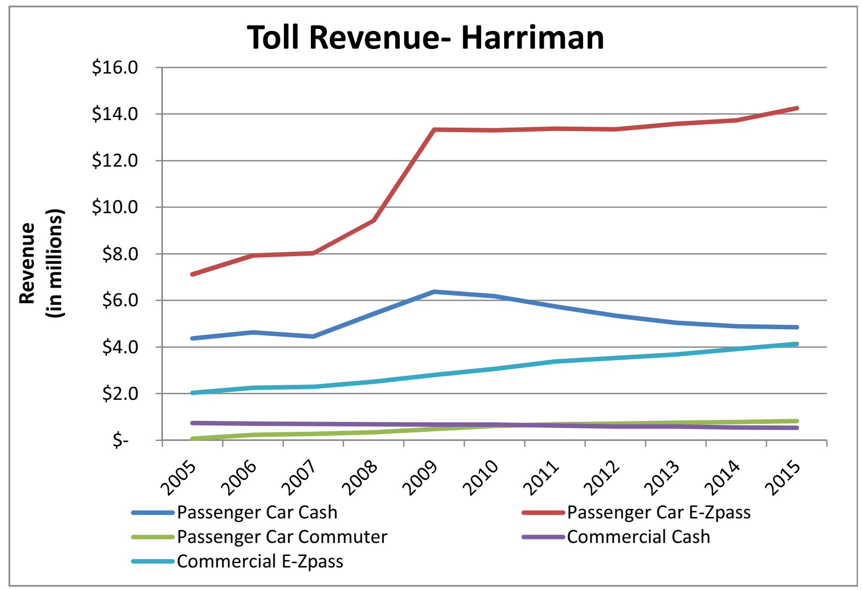


Traffic and Revenue- Harriman

Toll Traffic-Spring Harriman							
Year	Passenger Car Cash	Passenger Car E-ZPass	Passenger Car Commuter	Commercial Cash	Commercial E-Zpass	Non Revenue	Total
2005	6.6	11.5	0.1	0.3	1.0	0.1	19.7
2006	6.2	11.6	0.5	0.3	1.0	0.1	19.6
2007	5.9	11.8	0.6	0.3	1.0	0.1	19.6
2008	5.4	11.5	0.7	0.2	1.0	0.1	19.0
2009	5.1	11.2	0.9	0.2	1.0	0.1	18.6
2010	4.9	11.2	1.1	0.2	1.1	0.1	18.6
2011	4.6	11.2	1.3	0.2	1.1	0.1	18.5
2012	4.3	11.2	1.3	0.2	1.2	0.1	18.2
2013	4.0	11.4	1.4	0.2	1.2	0.1	18.3
2014	3.9	11.5	1.4	0.2	1.3	0.1	18.4
2015	3.9	12.0	1.5	0.2	1.4	0.1	19.0

Toll Revenue-Harriman							
Year	Passenger Car Cash	Passenger Car E-Zpass	Passenger Car Commuter	Commercial Cash	Commercial E-Zpass	Non Revenue	Total
2005	$ 4.4	$ 7.1	$ 0.1	$ 0.7	$ 2.0	$ -	$ 14.3
2006	$ 4.6	$ 7.9	$ 0.2	$ 0.7	$ 2.2	$ -	$ 15.8
2007	$ 4.5	$ 8.0	$ 0.3	$ 0.7	$ 2.3	$ -	$ 15.8
2008	$ 5.4	$ 9.4	$ 0.3	$ 0.7	$ 2.5	$ -	$ 18.4
2009	$ 6.4	$ 13.3	$ 0.5	$ 0.7	$ 2.8	$ -	$ 23.7
2010	$ 6.2	$ 13.3	$ 0.6	$ 0.7	$ 3.1	$ -	$ 23.8
2011	$ 5.7	$ 13.4	$ 0.7	$ 0.6	$ 3.4	$ -	$ 23.8
2012	$ 5.3	$ 13.3	$ 0.7	$ 0.6	$ 3.5	$ -	$ 23.5
2013	$ 5.0	$ 13.6	$ 0.8	$ 0.6	$ 3.7	$ -	$ 23.7
2014	$ 4.9	$ 13.7	$ 0.8	$ 0.6	$ 3.9	$ -	$ 23.9
2015	$ 4.9	$ 14.3	$ 0.8	$ 0.5	$ 4.1	$ -	$ 24.6

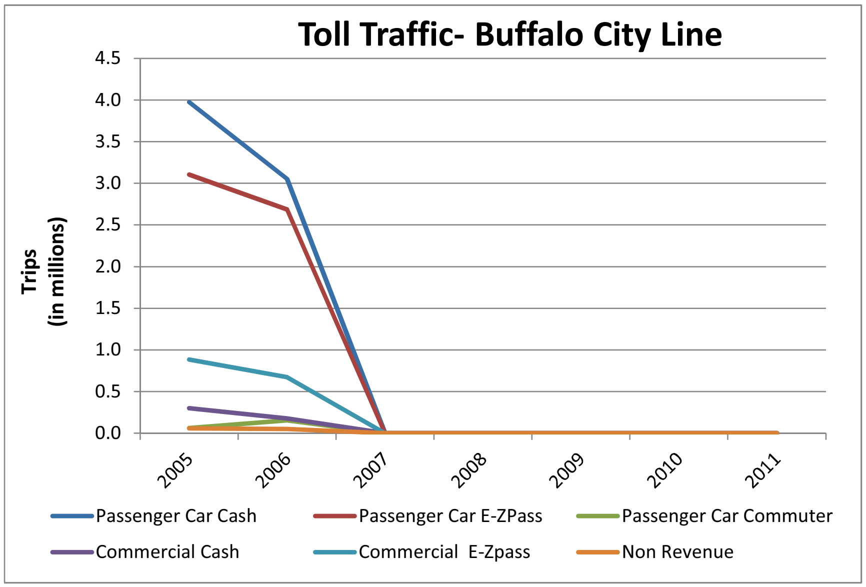


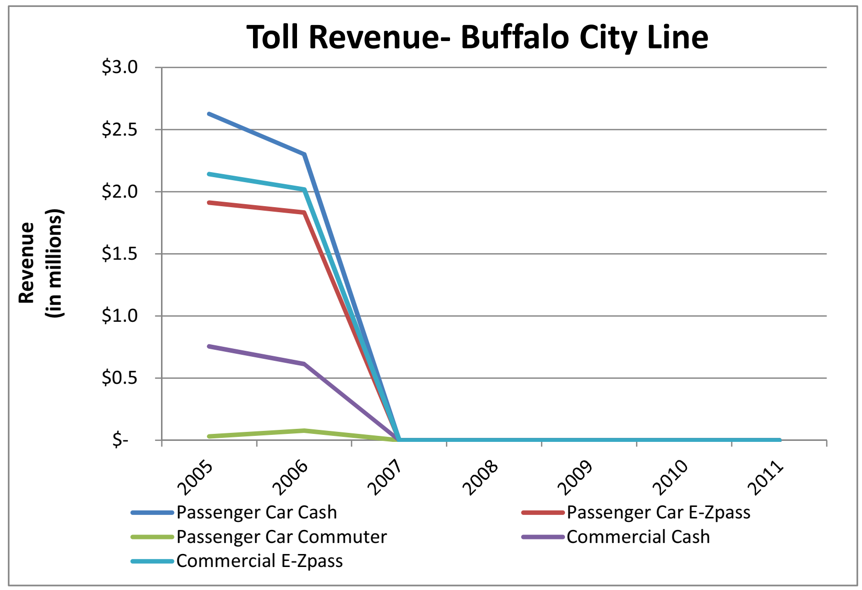


Traffic and Revenue- Buffalo City Line*

Toll Traffic-Buffalo City Line							
Year	Passenger Car Cash	Passenger Car E-ZPass	Passenger Car Commuter	Commercial Cash	Commercial E-Zpass	Non Revenue	Total
2005	4.0	3.1	0.1	0.3	0.9	0.1	8.4
2006	3.1	2.7	0.2	0.2	0.7	0.1	6.8
2007	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2008	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2009	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2011	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2012	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2013	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2015	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Toll Revenue-Buffalo City Line							
Year	Passenger Car Cash	Passenger Car E-Zpass	Passenger Car Commuter	Commercial Cash	Commercial E-Zpass	Non Revenue	Total
2005	$ 2.6	$ 1.9	$ 0.0	$ 0.8	$ 2.1	$ -	$ 7.5
2006	$ 2.3	$ 1.8	$ 0.1	$ 0.6	$ 2.0	$ -	$ 6.8
2007	$ 0.0	$ -	$ -	$ -	$ -	$ -	$ -
2008	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2009	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2010	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2011	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2012	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2014	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2015	$ -	$ -	$ -	$ -	$ -	$ -	$ -



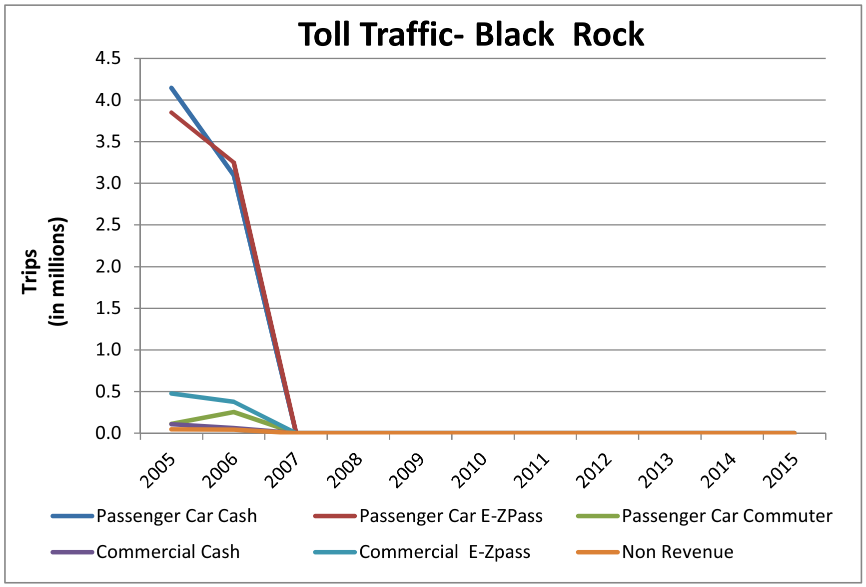


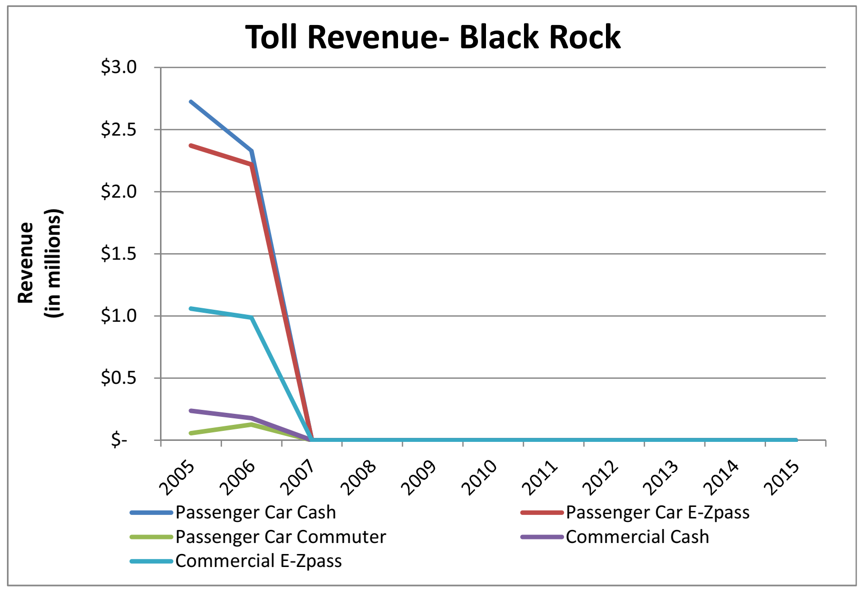
*Tolls were removed in 2007, and lost revenue was offset by returning I-84 to the New York State Department of Transportation

Traffic and Revenue- Black Rock*

Toll Traffic-Black Rock							
Year	Passenger Car Cash	Passenger Car E-ZPass	Passenger Car Commuter	Commercial Cash	Commercial E-Zpass	Non Revenue	Total
2005	4.1	3.8	0.1	0.1	0.5	0.0	8.7
2006	3.1	3.3	0.3	0.1	0.4	0.0	7.1
2007	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2008	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2009	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2010	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2011	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2012	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2013	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2014	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2015	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Toll Revenue-Black Rock							
Year	Passenger Car Cash	Passenger Car E-Zpass	Passenger Car Commuter	Commercial Cash	Commercial E-Zpass	Non Revenue	Total
2005	$ 2.7	$ 2.4	$ 0.1	$ 0.2	$ 1.1	$ -	$ 6.4
2006	$ 2.3	$ 2.2	$ 0.1	$ 0.2	$ 1.0	$ -	$ 5.8
2007	$ 0.0	$ -	$ -	$ -	$ -	$ -	$ -
2008	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2009	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2010	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2011	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2012	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2014	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2015	$ -	$ -	$ -	$ -	$ -	$ -	$ -



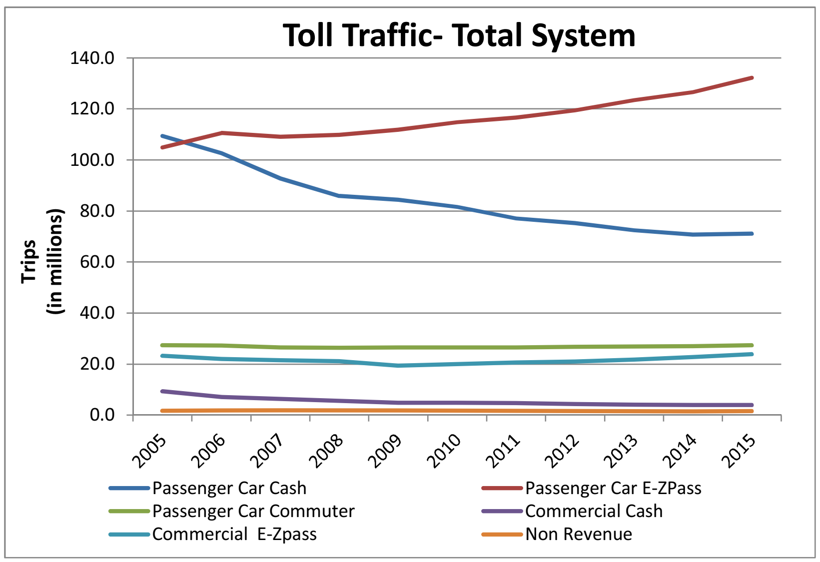


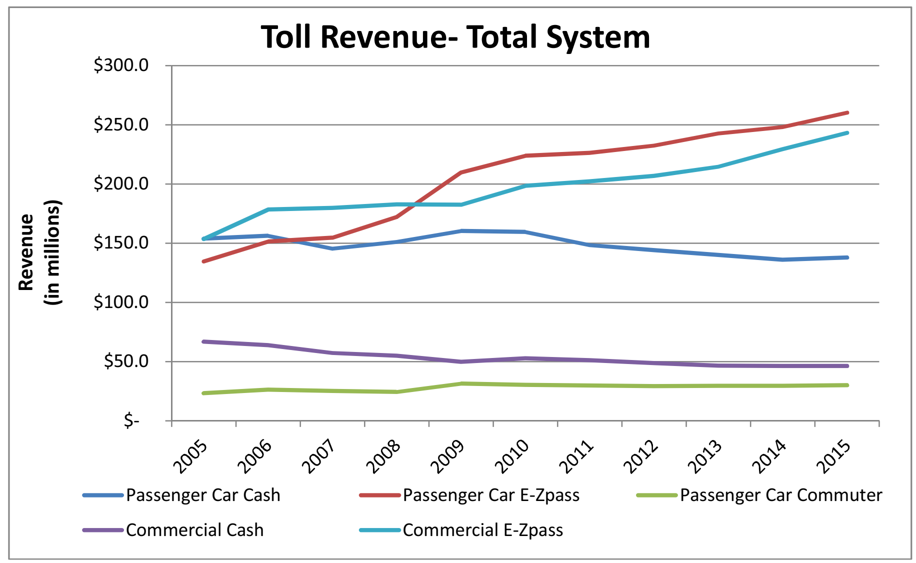
*Tolls were removed in 2007, and lost revenue was offset by returning I-84 to the New York State Department of Transportation

Traffic and Revenue- Total System

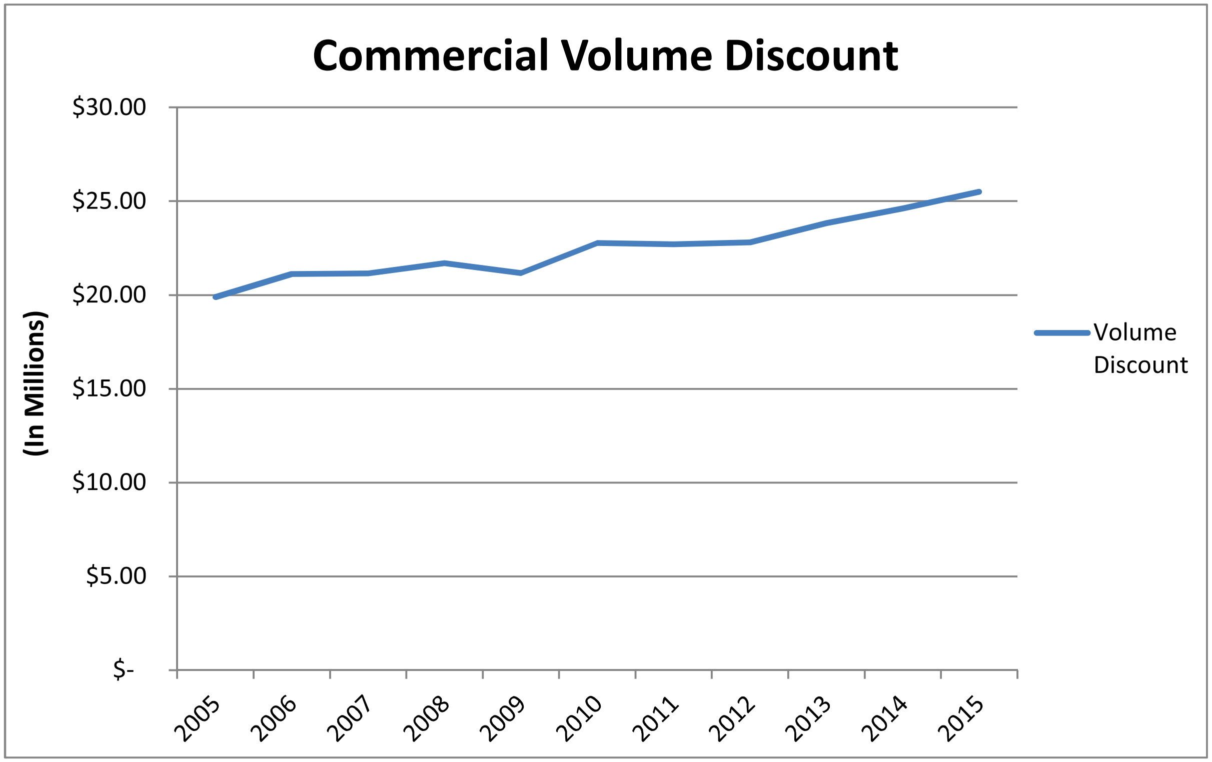
Toll Traffic-Total System							
Year	Passenger Car Cash	Passenger Car E-ZPass	Passenger Car Commuter	Commercial Cash	Commercial E-Zpass	Non Revenue	Total
2005	109.3	104.9	27.3	9.3	23.2	1.7	275.7
2006	102.6	110.5	27.3	7.0	22.0	1.8	271.2
2007	92.8	109.1	26.4	6.3	21.4	1.8	257.7
2008	85.9	109.7	26.3	5.5	21.0	1.7	250.3
2009	84.3	111.8	26.5	4.8	19.4	1.8	248.5
2010	81.5	114.8	26.4	4.8	20.0	1.8	249.4
2011	77.1	116.5	26.5	4.6	20.6	1.7	246.9
2012	75.1	119.5	26.7	4.3	21.0	1.5	248.1
2013	72.4	123.4	26.8	4.0	21.7	1.4	249.8
2014	70.7	126.5	27.0	3.9	22.7	1.5	252.3
2015	71.0	132.2	27.3	3.9	23.9	1.5	259.7

Toll Revenue-Total System							
Year	Passenger Car Cash	Passenger Car E-Zpass	Passenger Car Commuter	Commercial Cash	Commercial E-Zpass	Non Revenue	Total
2005	$ 153.6	$ 134.4	$ 23.1	$ 66.7	$ 153.3	$ -	$ 511.2
2006	$ 156.2	$ 151.3	$ 26.1	$ 63.6	$ 178.2	$ -	$ 554.4
2007	$ 145.2	$ 154.6	$ 24.9	$ 57.1	$ 179.6	$ -	$ 540.3
2008	$ 151.0	$ 171.9	$ 24.2	$ 54.8	$ 182.5	$ -	$ 562.7
2009	$ 160.1	$ 209.6	$ 31.1	$ 49.7	$ 182.3	$ -	$ 611.6
2010	$ 159.3	$ 223.7	$ 30.1	$ 52.6	$ 198.3	$ -	$ 641.2
2011	$ 148.3	$ 226.0	$ 29.6	$ 50.8	$ 202.0	$ -	$ 634.1
2012	$ 144.0	$ 232.3	$ 29.0	$ 48.6	$ 206.6	$ -	$ 637.7
2013	$ 140.0	$ 242.6	$ 29.4	$ 46.3	$ 214.5	$ -	$ 648.9
2014	$ 136.0	$ 247.9	$ 29.3	$ 46.2	$ 229.3	$ -	$ 664.1
2015	$ 137.6	$ 260.3	$ 29.9	$ 46.2	$ 243.2	$ -	$ 691.7





Volume Discount		
2005	$	19.89
2006	$	21.11
2007	$	21.15
2008	$	21.69
2009	$	21.18
2010	$	22.77
2011	$	22.70
2012	$	22.81
2013	$	23.84
2014	$	24.61
2015	$	25.50



Appendix B

Audited Financial Statements of the Authority for the Years Ended December 31, 2015 and 2014

[THIS PAGE INTENTIONALLY LEFT BLANK]

New York State Thruway Authority

(A Component Unit of the State of New York)

Financial Statements

December 31, 2015 and 2014

New York State Thruway Authority

(A Component Unit of the State of New York)

Financial Statements

December 31, 2015 and 2014

CONTENTS

	Page
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-13
Financial Statements	
Statements of Net Position	14
Statements of Revenues, Expenses, and Changes in Net Position	15
Statements of Cash Flows	16
Notes to Financial Statements	17-43
Required Supplementary Information	
Schedule of Funding Progress - Other Postemployment Benefits	44
Schedule of the Proportionate Share of the Net Pension Liability	45
Schedule of Pension Contributions	46

ACCOUNTING / TAX / ADVISORY

Independent Auditor's Report

Members of the Board
New York State Thruway Authority
Albany, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the New York State Thruway Authority (Authority), a component unit of the State of New York, which comprise the statements of net position as of December 31, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the Authority adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions,* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date,* as of January 1, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 13 and the schedules of funding progress, proportionate share of the net pension liability, and pension contributions on pages 44 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2016, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

SaxBST LLP

Albany, New York
March 21, 2016

The following discussion and analysis of the New York State Thruway Authority's (Authority) financial performance provides an overview of the Authority's activities for the calendar years ended December 31, 2015 and 2014. Please read it in conjunction with the Authority's financial statements that follow this section. This discussion and analysis is intended to serve as an introduction to the Authority's financial statements which are comprised of the basic financial statements and the notes to the financial statements.

2015 Financial Highlights

- Toll revenue for the year was $691.7 million, an increase of $27.6 million, or 4.2% compared to 2014.
- Total operating expenses for the New York State Thruway and the Canal Corporation, excluding depreciation and amortization, were $407.9 million, a decrease of $16.7 million, or 3.9% compared to 2014.
- Net position as of December 31, 2015 was approximately $1.81 billion, an increase of $408 million, or 29.1% compared to December 31, 2014.
- Total capital assets (net of depreciation) as of December 31, 2015 were approximately $6.89 billion, an increase of $719.9 million, or 11.7% compared to December 31, 2014.
- Construction of the New NY Bridge continued throughout 2015, and $763.8 million was invested in the project during the year. $2.27 billion was invested in the project through December 31, 2015.
- During 2015, the State of New York created the $1.29 billion Thruway Stabilization Program to fund the New NY Bridge and other Authority capital projects. $540.8 million was contributed to the New NY Bridge project via this program during 2015.

2014 Financial Highlights

- Toll revenue for the year was $664.1 million, an increase of $15.2 million, or 2.3% compared to 2013.
- Total operating expenses for the New York State Thruway and the Canal Corporation, excluding depreciation and amortization were $424.6 million, an increase of $5.4 million, or 1.3% compared to 2013.
- Net position as of December 31, 2014 was approximately $1.40 billion, a decrease of $172.3 million, or 11% compared to December 31, 2013.
- Total capital assets (net of depreciation) as of December 31, 2014 were approximately $6.17 billion, an increase of $589.7 million, or 10.6% compared to December 31, 2013.
- Construction of the New NY Bridge continued throughout 2014, and $650.2 million was invested in the project during the year.

Overview of the Financial Statements

This report consists of three parts: management's discussion and analysis, the basic financial statements, and the notes to the financial statements.

The financial statements provide summary information about the Authority's overall financial condition, including the Authority's net position and related changes. The notes provide explanation and additional disclosures about the financial statements.

Overview of the Financial Statements - Continued

The Authority is considered a special-purpose government engaged in business-type activities and follows financial reporting for enterprise funds. The Authority's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Revenues are recognized in the period in which they are earned, and expenses are recognized in the period in which they are incurred.

Financial Analysis of the Authority

Net Position

The Authority's net position at December 31, 2015 was approximately $1.81 billion, a 29.1% increase compared to December 31, 2014 (see Table A-1). In 2015, total assets increased 4.7% to $8.12 billion, and total liabilities decreased 0.6% to $6.36 billion. The Authority's net position at December 31, 2014 was approximately $1.40 billion, an 11% decrease compared to December 31, 2013. In 2014, total assets increased 3% to $7.75 billion, and total liabilities increased 7.1% to $6.40 billion.

Table A-1

Net Position

December 31, 2015, 2014, and 2013
(In millions of dollars)

	2015	2014 (Restated)	2013	Percentage Change 2015-2014
Unrestricted current assets	$ 387.2	$ 348.6	$ 316.4	11.1
Restricted assets	837.2	1,228.6	1,624.9	(31.9)
Capital assets	6,892.1	6,172.2	5,582.5	11.7
Total assets	8,116.5	7,749.4	7,523.8	4.7
Deferred outflows	47.3	47.1	23.5	0.4
Current liabilities	653.4	605.5	523.1	7.9
Noncurrent liabilities	5,702.3	5,791.3	5,452.2	(1.5)
Total liabilities	6,355.7	6,396.8	5,975.3	(0.6)
Deferred inflows	0.4	-	-	100.0
Net position				
Net investment in capital assets	1,737.5	1,244.7	1,496.3	39.6
Restricted for debt service	249.2	271.2	223.6	(8.1)
Restricted for capital	94.1	134.2	55.1	(29.9)
Unrestricted	(273.1)	(250.4)	(203.0)	9.1
Total net position	$ 1,807.7	$ 1,399.7	$ 1,572.0	29.1

Financial Analysis of the Authority - Continued

Net Position - Continued

Restricted assets decreased $391.4 million, or 31.9% compared to 2014. The decrease is primarily due to the use of restricted proceeds generated from the December 2013 issuance of General Revenue Junior Indebtedness Obligations, Series 2013A to fund the New NY Bridge project for the first half of 2015 and to fund semi-annual interest payments; as well as the use of restricted proceeds generated from the February 2014 issuance of General Revenue Bonds, Series J to fund a portion of the Authority's capital program, excluding the New NY Bridge, throughout 2015. More detailed information regarding restricted assets is presented in Note 4.

Capital assets increased $719.9 million, or 11.7% compared to 2014. This increase is due to the continuing investment in the New NY Bridge, as well as the Authority's ongoing investment to preserve existing infrastructure on both the Thruway and Canal Systems. More detailed information regarding capital assets is presented in Note 3.

Current liabilities increased $47.9 million, or 7.9% compared to 2014. This increase is due to an increase in the amount owed for work performed, but not paid for on the New NY Bridge and other capital projects as of December 31, 2015, compared to December 31, 2014; an increase in the amount owed to other government entities for tolls incurred on their roads by E-ZPass customers who maintain an account with the Authority; and an increase in the amount due for interest on outstanding general revenue bonds. These increases are partially offset by a decrease in the current amount of principal due on general revenue bonds.

Non-current liabilities decreased $89 million, or 1.5% compared to 2014. This decrease is primarily due to principal payments on General Revenue Bonds, Series F through J, as well as the amortization of premium on general revenue bonds and junior indebtedness obligations. This decrease was partially offset by the rising liability for unfunded postemployment health care benefits. More detailed information regarding non-current liabilities and postemployment health care benefits is presented in Notes 5 and 9, respectively.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the amount of outstanding indebtedness attributable to the acquisition, construction, rehabilitation, or improvement of those assets. Net investment in capital assets increased $492.8 million, or 39.6% compared to 2014. This increase is primarily due to the State of New York's significant investment in the New NY Bridge. In 2015, $540.8 million was contributed by the State of New York to fund the New NY Bridge via the Thruway Stabilization Program. Additional information regarding the Thruway Stabilization Program is presented in Note 10.

Restricted for debt service decreased $22 million, or 8.1% compared to 2014. This decrease corresponds with a $22 million decrease in the current amount of principal due on general revenue bonds at December 31, 2015 compared to December 31, 2014.

Restricted for capital decreased $40.1 million, or 29.9%. This decrease is primarily due to a transition from using debt proceeds and toll revenues to using Thruway Stabilization Program revenues to fund a majority of the Authority's multi-year capital program.

Financial Analysis of the Authority - Continued

Net Position - Continued

Unrestricted deficiency increased by $22.7 million, or 9.1% compared to 2014. This increase is due primarily to the increase in non-current liabilities related to postemployment health care benefits.

Changes in Net Position

Net position increased by $408 million in 2015 compared to 2014 (see Table A-2). The Authority's total operating revenues for 2015 were $728.6 million, an increase of $29.8 million, or 4.2% compared to 2014. Total operating expenses, including depreciation and amortization, were $802.5 million, an increase of $25.2 million, or 3.2% compared to 2014. Net position decreased by $172.3 million in 2014 compared to 2013. The Authority's total operating revenues for 2014 were $698.8 million, an increase of $16 million, or 2.3% compared to 2013. Total operating expenses, including depreciation and amortization, were $777.3 million, an increase of $26.3 million, or 3.5% compared to 2013.

Financial Analysis of the Authority - Continued

Changes in Net Position - Continued

Table A-2

Changes in Net Position

Years ended December 31, 2015, 2014, and 2013
(In millions of dollars)

	2015	2014	2013	Percentage Change 2015-2014
OPERATING REVENUE				
Tolls	$ 691.7	$ 664.1	$ 648.9	4.2
Concessions	14.6	13.6	13.3	7.4
Other	22.3	21.1	20.6	5.7
Total operating revenue	728.6	698.8	682.8	4.3
OPERATING EXPENSES				
Administrative	17.3	19.0	17.8	(8.9)
Engineering services	6.0	7.7	6.4	(22.1)
Maintenance	112.4	114.7	112.5	(2.0)
Finance and accounts	7.9	7.8	8.1	1.3
Operations	42.3	43.8	46.2	(3.4)
General charges	159.9	165.7	160.1	(3.5)
Canals	62.1	65.9	68.1	(5.8)
Depreciation and amortization	394.6	352.7	331.8	11.9
Total operating expenses	802.5	777.3	751.0	3.2
Operating loss	(73.9)	(78.5)	(68.2)	(5.9)
NON-OPERATING ITEMS				
Interest expense	(145.2)	(165.0)	(134.7)	(12.0)
Debt issuance costs	-	(19.1)	(7.4)	(100.0)
Non-operating revenue	27.9	36.0	37.6	(22.5)
Net non-operating items	(117.3)	(148.1)	(104.5)	(20.8)
Loss before capital contributions	(191.2)	(226.6)	(172.7)	(15.6)
Capital contributions	599.2	60.6	44.1	888.8
CHANGE IN NET POSITION	**408.0**	**(166.0)**	**(128.6)**	**345.8**
NET POSITION, ***beginning of year***	1,399.7	1,572.0	1,700.6	11.0
NET POSITION, ***end of year prior to restatement***	1,807.7	1,406.0	1,572.0	28.6
Effect of adoption of GASB 68 and 71	-	(6.3)	-	-
NET POSITION, ***end of year***	**$ 1,807.7**	**$ 1,399.7**	**$ 1,572.0**	**29.1**

Financial Analysis of the Authority - Continued

<u>Changes in Net Position</u> - Continued

Toll revenue increased $27.6 million, or 4.2% compared to 2014. This increase is primarily due to increased traffic, principally attributable to lower fuel prices throughout 2015. In addition, revenue was also positively impacted by a shorter duration of winter storm road closures in 2015 compared to 2014.

Administrative expenses decreased $1.7 million, or 8.9% compared to 2014. This decrease is primarily due to lower personal and professional service costs.

Engineering services decreased $1.7 million, or 22.1% compared to 2014. This decrease is primarily due to lower personal service costs.

Maintenance expenses decreased by $2.3 million, or 2% compared to 2014. This decrease is primarily due to lower fuel and personal service costs. The decrease was partially offset by increases in costs related to repairing damaged property and salt usage.

Operations expenses decreased by $1.5, million or 3.4% compared to 2014. This decrease is primarily due to reduced costs for toll collection.

General charges decreased by $5.8 million, or 3.5% compared to 2014. This decrease is primarily due to the implementation of GASB 68, *Accounting and Financial Reporting for Pensions,* and GASB 71, *Transition for Contributions Made Subsequent to the Measurement Date,* as well as lower estimated costs for claims filed against the Authority. The decreases were partially offset by an increase in the Authority's liability for retiree health insurance costs, a write-off of costs incurred to date to build a new headquarters building, and higher professional service costs. Additional information regarding pensions and retiree health insurance can be found in Notes 7 and 8, respectively.

Canal expenses decreased by $3.8 million, or 5.8% compared to 2014. This decrease is primarily due to lower costs associated with dredging, infrastructure inspections, repairs, and personal service.

Depreciation and amortization increased $41.9 million, or 11.9% compared to 2014. This increase is primarily due to adjusting the remaining useful life of the Tappan Zee Bridge to align with the date it is anticipated to be taken out of service (August 2017). This change was made effective November 30, 2015, in recognition of the significant progress made to date on the New NY Bridge, the improved degree of certainty regarding when the Tappan Zee Bridge will be taken out of service, and the recent authorization to issue bonds as a source of the remaining funds needed to substantially complete the New NY Bridge. As of November 30, 2015, the Tappan Zee Bridge had a net book value of $462.6 million. Prior to adjusting the remaining useful life, monthly depreciation expense for the Tappan Zee Bridge was $3.9 million. Following the adjustment, monthly depreciation expense for the Tappan Zee Bridge has increased to $22 million, a per month increase of $18.1 million. In addition to the remaining useful life adjustment for the Tappan Zee Bridge, the Authority's significant investment in bridge and highway improvement projects also contributed to the increase in depreciation expense. Bridge improvement projects include substructure and superstructure repairs, replacement of bridge joints and bridge decks, installation of bridge fencing and bridge painting. Highway improvement projects include pavement rehabilitation, primarily in the form of resurfacing and milling. The Authority's significant investment in these types of projects, which have relatively short useful lives (ten to fifteen years), resulted in an increase to depreciation expense.

Financial Analysis of the Authority - Continued

<u>Changes in Net Position</u> - Continued

Interest expense decreased $19.8 million, or 12% compared to 2014. The amount of interest expense capitalized or offset against interest earned on unspent debt proceeds in 2015 and 2014 was $40.1 million and $27.6 million, respectively. The increase in the amount of interest expense capitalized is primarily due to the Authority's continuing investment in the New NY Bridge. The increase in the amount of interest cost capitalized in 2015 compared to 2014 contributes to a decrease in interest expense. In addition, in December 2014 the Authority issued General Revenue Bonds, Series K to refund a portion of General Revenue Bonds, Series F, Series G, and Series I. General Revenue Bonds, Series K have a lower interest cost than General Revenue Bonds, Series F, Series G, and Series I resulting in lower interest expense.

Debt issuance costs decreased $19.1 million, or 100% compared to 2014. The Authority issued no debt in 2015. By comparison, in 2014 the Authority issued General Revenue Bonds, Series J and Series K with a total cost of issuance of $19.1 million.

Non-operating revenues decreased $8.1 million, or 22.5% compared to 2014. The decrease is primarily due to the expiration in 2015 of a $5 million annual federal grant used to offset Canal operating expenses, as well as a reduction of $2.5 million in an annual State of New York grant used to offset Thruway operating expenses.

Capital contributions increased $538.6 million, or 888.8% compared to 2014. As part of its 2015-2016 budget, the State of New York created the $1.29 billion Thruway Stabilization Program to fund the New NY Bridge, as well as other Thruway capital projects. Use of these funds began in 2015 and is expected to continue for several years. In 2015, the State of New York contributed $540.8 million for the construction of the New NY Bridge via this Program.

The Authority's net position as of December 31, 2014 was restated by $6.3 million to comply with GASB 68, *Accounting and Financial Reporting for Pensions,* and GASB 71, *Transition for Contributions Made Subsequent to the Measurement Date*. Additional information regarding this restatement can be found in Note 1e.

Capital Assets and Debt Administration

<u>Capital Assets</u>

As of December 31, 2015, the Authority had invested approximately $12.20 billion in capital assets, including roads, bridges, canal structures, buildings, land, and equipment. Net of accumulated depreciation, the Authority's capital assets totaled approximately $6.89 billion (see Table A-3) representing a net increase (including additions, disposals, and depreciation) of approximately $719.9 million, or 11.7% compared to December 31, 2014.

As of December 31, 2014, the Authority had invested approximately $11.11 billion in capital assets, including roads, bridges, canal structures, buildings, land, and equipment. Net of accumulated depreciation, the Authority's capital assets totaled approximately $6.17 billion (see Table A-3) representing a net increase (including additions, disposals, and depreciation) of approximately $589.7 million, or 10.6% compared to December 31, 2013.

Capital Assets and Debt Administration - Continued

Capital Assets - Continued

Table A-3

Capital Assets

December 31, 2015, 2014, and 2013
(In millions of dollars)

	2015	2014	2013	Percentage Change 2015-2014
Land and land improvements	$ 829.1	$ 828.2	$ 827.3	0.1
Construction work in progress	2,677.0	1,807.7	1,090.6	48.1
Thruway System	7,834.6	7,698.9	7,551.2	1.8
Canal System	604.3	533.7	482.5	13.2
Equipment	258.6	244.7	230.2	5.7
Less accumulated depreciation	(5,311.5)	(4,941.0)	(4,599.3)	7.5
Total net capital assets	$ 6,892.1	$ 6,172.2	$ 5,582.5	11.7

In 2015, construction work in progress increased $869.3 million, as the Authority continued construction of the New NY Bridge and invested $763.8 million in the project during the year. Significant projects in progress on the Thruway System as of December 31, 2015, include the New NY Bridge, deck replacement and resurfacing of the North Grand Island Bridge, I-95 pavement rehabilitation, bridge rehabilitations over Silver Creek and Walnut Creek, pavement resurfacing south of Nyack, bridge replacements at Mile Strip Road and Four Mile Level Road and several other pavement and bridge rehabilitations at various locations. Significant projects in progress on the Canal System as of December 31, 2015, include rehabilitation of the Utica Taintor Gate Dam, the Amsterdam pedestrian walkway, and the Moveable Dam at Lock E-11. Net additions to the Thruway System during 2015 were $135.7 million. The increase was primarily due to the completion of numerous pavement and bridge rehabilitation projects, pavement rehabilitation in the I-287 area, and the installation of five wind turbines south of Buffalo. Net additions to the Canal System during 2015 were $70.6 million. This increase was primarily due to the completion of rehabilitations of Moveable Dams at Locks E-8 and E-14, rehabilitations in the areas of Locks E-8 through E-15 which had been damaged to the point of impairment by Tropical Storms Irene and Lee in 2011, the replacement of guard gates at Crescent and Crocker Reef, and completion of a trail from Amherst to Lockport.

Capital Assets and Debt Administration - Continued

Capital Assets - Continued

In 2014, construction work in progress increased $717.1 million, as the Authority continued construction of the New NY Bridge and invested $650.2 million in the project during the year. Significant projects in progress on the Thruway System as of December 31, 2014, include the New NY Bridge, deck replacement and resurfacing of the North Grand Island Bridge, pavement rehabilitation in the I-287 area, bridge rehabilitations over Silver Creek and Walnut Creek, pavement rehabilitation on I-95, the installation of five wind turbines south of Buffalo, and several other pavement and bridge rehabilitations at various locations. Significant projects in progress on the Canal System as of December 31, 2014, include rehabilitation of the Utica Taintor Gate Dam and the Moveable Dam at Lock E-11. Net additions to the Thruway System during 2015 were $147.7 million. The increase was primarily due to the completion of numerous pavement and bridge rehabilitation projects, including pavement rehabilitations between Exits 17 and 18, Exits 47 and 48, and Exits 59 and 60, as well as the resurfacing of the South Grand Island Bridge. Net additions to the Canal System during 2015 were $51.2 million. This increase was primarily due to the completion of a rehabilitation of the Moveable Dam at Lock E-13, rehabilitations in the areas of Locks E-9, E-10, and E-11 which had been damaged to the point of impairment by Tropical Storms Irene and Lee in 2011, and completion of trailways from Pittsford to Fairport and Gryziec Park to Stanwix.

Debt Administration

Bond and note sales must be approved by the Authority's Board, members of which are appointed by the Governor with the advice and consent of the New York State Senate. These sales must comply with rules and regulations of the United States Treasury Department and the United States Securities and Exchange Commission. The terms and conditions of Authority bond and note sales must also be approved by the New York State Office of the State Comptroller.

General revenue bonds are issued pursuant to the Authority's General Revenue Bond Resolution, adopted August 3, 1992, as amended on January 5, 2007. General revenue bonds may be issued for the purposes of funding the Authority's Multi-Year Capital Plan, exclusive of the New NY Bridge. Junior indebtedness obligations are issued pursuant to the Authority's resolution authorizing junior indebtedness obligations, adopted November 7, 2013, as amended August 6, 2014. Junior indebtedness obligations are subordinate to the senior general revenue bonds, and are special obligations of the Authority secured by a pledge of certain funds and accounts established in the Junior Indebtedness Fund. Proceeds from junior indebtedness obligations issued and to be issued will be used solely to fund New NY Bridge project costs until the bridge is substantially complete.

Long-term debt includes general revenue bonds, junior indebtedness obligations, and a revolving loan of varying rates and maturities issued primarily to fund a portion of the Authority's Multi-Year Capital Plan and New NY Bridge project costs. At December 31, 2015, the Authority had approximately $5.35 billion in general revenue bonds, junior indebtedness obligations, and loans outstanding, a decrease of $155.3 million, or 2.8% compared to the amount of general revenue bonds, junior indebtedness obligations, and loans outstanding as of December 31, 2014 (see Table A-4).

Of the $3.58 billion in general revenue bonds outstanding, approximately $25.1 million are insured by Assured Guaranty Municipal (formerly Financial Security Assurance Inc.) and are rated AA by Standard and Poor's (S&P), and $796.9 million are insured by National Public Finance Guarantee (formerly MBIA Insurance Corporation, and Financial Guaranty Insurance Company) and are rated AA- by S&P. The remaining general revenue bonds are rated A2 by Moody's and A by S&P. Of the $1.74 billion in junior indebtedness obligations outstanding, approximately $45.7 million are insured by Assured Guaranty Municipal Corp and rated A2 by Moody's and AA- by S&P. The remaining junior indebtedness obligations are rated A3 by Moody's and A- by S&P.

Capital Assets and Debt Administration - Continued

Debt Administration - Continued

In 2013, the Authority entered into a loan agreement (TIFIA Loan) with the United States Department of Transportation, acting through the Federal Highway Administrator. The conditions of the TIFIA Loan preclude the use of general revenue bond proceeds for New NY Bridge project costs; as a result, the Authority created the Junior Resolution to provide for the issuance of junior indebtedness obligations to fund these costs. The TIFIA Loan was secured by a junior indebtedness obligation issued under the Junior Resolution. The proceeds of the TIFIA Loan are expected to be drawn no later than one year after substantial completion of the New NY Bridge, and are expected to be available to pay the initial issuance of junior indebtedness obligations.

In 2012, the Authority entered into an agreement with Citibank, N.A. for a revolving loan in an aggregate amount not to exceed $60 million. The loan matures in April 2017 and may be prepaid at any time by the Authority without penalty. As of December 31, 2015, the Authority has borrowed $32 million via the revolving loan to reconstruct portions of the Canal System damaged or destroyed by Hurricane Irene and Tropical Storm Lee. The revolving loan is secured in part by a pledge of revenues available in the General Reserve Fund, as well as federal (FEMA) grant funds.

At December 31, 2014, the Authority had approximately $5.50 billion in general revenue bonds, junior indebtedness obligations, and loans outstanding, an increase of $273.3 million, or 5.2% from December 31, 2013.

Table A-4

Outstanding Debt

Years ended December 31, 2015 and 2014
(In millions of dollars)

	Year Ended December 31, 2015			
	Beginning Balance	Additions	Reductions	Ending Balance
General Revenue Bonds	$ 3,690.9	$ -	$ (113.6)	$ 3,577.3
Junior Indebtedness Obligations	1,780.6	-	(41.7)	1,738.9
Revolving loan	32.0	-	-	32.0
Total bonds, notes and loans	$ 5,503.5	$ -	$ (155.3)	$ 5,348.2

	Year Ended December 31, 2014			
	Beginning Balance	Additions	Reductions	Ending Balance
General Revenue Bonds	$ 3,396.9	$ 1,597.4	$ (1,303.4)	$ 3,690.9
Junior Indebtedness Obligations	1,822.3	-	(41.7)	1,780.6
Revolving loan	11.0	21.0	-	32.0
Total bonds, notes and loans	$ 5,230.2	$ 1,618.4	$ (1,345.1)	$ 5,503.5

More detailed information about the Authority's debt is presented in Note 5.

Other Significant Matters

The New NY Bridge

In January 2013, the Authority entered into a $3.1 billion design-build agreement to construct the New NY Bridge to replace the existing Tappan Zee Bridge. The total estimated cost of the project is $3.9 billion. It is anticipated that the first span of the new bridge will go into service in 2017, and the project will be fully completed in 2018. The new bridge will have a 100-year design life and consist of eight general purpose lanes, as well as emergency access lanes. It will conform to current seismic, safety, and geometric requirements; have adequate shoulders to manage traffic incidents and emergencies; accommodate bicycle and pedestrian use; and be capable of accommodating future commuter rail. As of December 31, 2015, $2.27 billion has been spent on the project to date, of which $763.8 million was spent in 2015.

Additional information regarding the New NY Bridge is available at www.newnybridge.com.

Thruway Stabilization Program

In 2015, the State of New York created the $1.285 billion Thruway Stabilization Program to partially fund the New NY Bridge, as well as other Thruway capital projects. The Authority intends to use $750 million from this Program on the New NY Bridge and the remaining $535 million on other Thruway capital projects. As of December 31, 2015, $540.8 million has been contributed to the New NY Bridge project via this Program.

State of New York's Executive Budget Proposals for Fiscal Year 2016-2017

Governor Cuomo's proposed budget for the State of New York's fiscal year beginning April 1, 2016, includes the following proposals that may impact the Authority:

- A proposal to transfer the Canal Corporation to the New York State Power Authority (Power Authority) effective January 1, 2017. Included in this proposal is a transition period from April 1, 2016 through January 1, 2017, during which the Power Authority would be financially responsible for the costs of the Canal System and Canal Corporation.

- A proposal that effective April 1, 2016 the Thruway Authority would resume financial responsibility for State Police Troop T whose members are dedicated to patrolling the Thruway System; and the termination of State of New York funding that in 2015 provided the Thruway Authority with $21.5 million to offset certain operating costs.

- A proposal to provide an additional $700 million to the previously authorized $1.285 billion Thruway Stabilization Program.

These proposals are all subject to final approval and enactment of the State of New York's 2016/2017 Budget for its fiscal year beginning April 1, 2016.

Contacting the New York State Thruway Authority's Financial Management

This financial report is designed to provide our bondholders, customers, and other interested parties with a general overview of the Authority's finances and to demonstrate its accountability for the money it receives. If you have questions about this report, or need additional information, contact the New York State Thruway Authority's Department of Finance and Accounts, P.O. Box 189, Albany, New York 12201-0189 or visit our website at www.thruway.ny.gov.

New York State Thruway Authority

(A Component Unit of the State of New York)

Statements of Net Position
(in thousands of dollars)

	December 31, 2015	December 31, 2014 (Restated)
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents	$ 296,679	$ 255,706
Investments	17,125	22,454
Accrued interest receivable	-	4
Receivables, net	53,448	52,536
Material and other supplies	19,211	17,035
Prepaid items	779	863
Restricted assets	441,167	407,612
Total current assets	828,409	756,210
NON-CURRENT ASSETS		
Restricted assets	395,986	821,044
Capital assets, not being depreciated	3,506,075	2,635,924
Capital assets, net of accumulated depreciation	3,386,062	3,536,257
Total non-current assets	7,288,123	6,993,225
Total assets	8,116,532	7,749,435
DEFERRED OUTFLOWS OF RESOURCES		
Loss on bond refunding	14,116	16,627
Pension resources	33,215	30,536
Total deferred outflows of resources	47,331	47,163
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	317,477	262,160
Accrued wages and employee benefits	1,613	1,702
Unearned revenue	84,735	83,572
Accrued interest payable	119,668	103,420
Bonds, notes, and loan payable due within one year	124,921	147,573
Other long-term liabilities due within one year	5,020	7,121
Total current liabilities	653,434	605,548
NON-CURRENT LIABILITIES		
Bonds, notes, and loan payable	5,223,231	5,355,893
Other long-term liabilities	479,098	435,418
Total non-current liabilities	5,702,329	5,791,311
Total liabilities	6,355,763	6,396,859
DEFERRED INFLOWS OF RESOURCES		
Pension resources	359	-
NET POSITION		
Net investment in capital assets	1,737,546	1,244,700
Restricted for		
Debt service	249,189	271,174
Capital	94,148	134,177
Unrestricted (deficit)	(273,142)	(250,312)
Total net position	**$ 1,807,741**	**$ 1,399,739**

See accompanying Notes to Financial Statements.

New York State Thruway Authority

(A Component Unit of the State of New York)

Statements of Revenues, Expenses, and Changes in Net Position
(in thousands of dollars)

	Years Ended December 31,	
	2015	**2014**
OPERATING REVENUES		
Tolls	$ 691,693	$ 664,079
Concessions	14,603	13,586
Other	22,282	21,087
Total operating revenues	728,578	698,752
OPERATING EXPENSES		
Administrative	17,320	18,951
Engineering services	6,030	7,708
Maintenance engineering		
Thruway maintenance	82,523	82,140
Equipment maintenance	29,882	32,559
Finance and accounts	7,924	7,790
Operations		
Traffic and services	7,138	7,326
Toll collection	35,111	36,487
General charges	159,859	165,689
Canals	62,135	65,946
Depreciation and amortization	394,621	352,685
Total operating expenses	802,543	777,281
Operating loss	**(73,965)**	**(78,529)**
NON-OPERATING REVENUES AND EXPENSES		
Investment income	521	614
Interest expense	(145,230)	(165,051)
Debt issuance cost	-	(19,082)
Federal and other aid	27,473	35,431
Net non-operating items	(117,236)	(148,088)
Loss before capital contributions	**(191,201)**	**(226,617)**
CAPITAL CONTRIBUTIONS	599,203	60,618
CHANGE IN NET POSITION	**408,002**	**(165,999)**
NET POSITION, ***beginning of year***	1,399,739	1,572,015
NET POSITION, ***end of year prior to restatement***	1,807,741	1,406,016
Effect of adoption of GASB 68 and 71	-	(6,277)
NET POSITION, ***end of year***	**$ 1,807,741**	**$ 1,399,739**

See accompanying Notes to Financial Statements.

New York State Thruway Authority

(A Component Unit of the State of New York)

Statements of Cash Flows
(in thousands of dollars)

	Years Ended December 31, 2015	Years Ended December 31, 2014
CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Cash received from toll collections	$ 704,961	$ 684,671
Cash received from concession sales	14,290	13,605
Other operating cash receipts	19,624	25,278
Personal service payments	(156,449)	(168,003)
Fringe benefits payments	(102,071)	(105,987)
E-ZPass account management payments	(12,316)	(6,746)
Cash payments to vendors and contractors	(80,020)	(74,048)
	388,019	**368,770**
CASH FLOWS PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES		
Federal aid and other reimbursements	**9,264**	**8,678**
CASH FLOWS PROVIDED (USED) FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from issuance of debt	-	1,618,360
Federal aid and other capital contributions	60,510	34,526
Acquisition/construction of capital assets	(639,002)	(887,710)
Principal paid on debt	(97,040)	(1,289,068)
Interest and issuance costs paid on debt	(225,265)	(238,647)
Proceeds from sale of capital assets	584	261
Other	892	-
	(899,321)	**(762,278)**
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Purchase of investments	(858,646)	(1,587,116)
Proceeds from sale and maturities of investments	1,372,820	1,927,387
Interest and dividends on investments	1,889	2,621
	516,063	**342,892**
Net increase (decrease) in cash and cash equivalents	**14,025**	**(41,938)**
CASH AND CASH EQUIVALENTS, ***beginning of year***	481,817	523,755
CASH AND CASH EQUIVALENTS, ***end of year***	**$ 495,842**	**$ 481,817**

See accompanying Notes to Financial Statements.

	Years Ended December 31, 2015	2014
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating loss	$ (73,965)	$ (78,529)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation and amortization	394,621	352,685
Capitalized interest	88	143
Payments made by New York State	21,500	25,318
Net changes in assets, liabilities, deferred outflows and deferred inflows		
Receivables	(4,599)	5,363
Material and supplies	(2,175)	(1,423)
Other assets	84	757
Accounts payables and accrued expenses	61,143	51,786
Accrued wages and employee benefits	(7,521)	(5,906)
Deferred outflows	(2,679)	-
Deferred inflows	359	-
Unearned revenue	1,163	18,576
	$ 388,019	**$ 368,770**
RECONCILIATION TO STATEMENTS OF NET POSITION		
Cash and cash equivalents	$ 296,679	$ 255,706
Restricted cash and cash equivalents (Note 2)	199,163	226,111
	$ 495,842	**$ 481,817**
NON-CASH OPERATING ACTIVITIES		
Payments made to vendors by the State of New York	**$ 7,306**	**$ 21,066**
NON-CASH CAPITAL ACTIVITIES		
Payment made to vendors by the State of New York for the New NY Bridge project	**$ 387,447**	**$ -**

Note 1 - Organization and Summary of Significant Accounting Policies

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. An overview of the more significant accounting policies are described below:

a. Financial Reporting Entity

The New York State Thruway Authority (Authority) is a Public Benefit Corporation created by the New York State Legislature in 1950 to build, operate, and maintain the Thruway System. The New York State Canal Corporation (Canal Corporation), a subsidiary public corporation of the Authority, was created by the New York State Legislature in 1992 to accept jurisdiction and control over the New York State Canal System from New York State (State). The Boards of both the Authority and the Canal Corporation each consist of seven members, appointed by the Governor, with the consent of the New York State Senate.

The Authority is responsible for a 570-mile system of highways crossing New York State, the longest toll highway system in the United States. The Authority's 426-mile Thruway mainline connects New York City and Buffalo, the State's two largest cities. Other Thruway sections provide for connections with Connecticut, Massachusetts, Pennsylvania, New Jersey, and to highways that lead to the Midwest and Canada. In accordance with legislation passed by the State Legislature, the Cross-Westchester Expressway (CWE) was added to the Thruway in 1991, and the Authority is prohibited from imposing any tolls or other charges for the use of the CWE.

The Canal Corporation is responsible for a 524-mile Canal System consisting of the Erie, Champlain, Oswego, and Cayuga-Seneca canals. The 1992 legislation, which transferred responsibility for maintenance of the Canal System to the Canal Corporation, also authorized and directed the Authority to assist in the financing of certain transportation related projects and facilities under the category of "Other Authority Projects."

The accounts and activities of the Canal Corporation and "Other Authority Projects" are included in the financial statements of the Authority. Revenues of the Canal System are credited to the New York State Canal Development Fund (Fund), created by the 1992 legislation, and held by the State where they are available, subject to appropriation, only for purposes of the Canal System as directed by the Canal Recreationway Commission. The State may, from time to time, also authorize the Authority by statute to undertake additional financing activities to finance primarily non-Authority transportation projects in the State. The Authority is responsible for administering these special bond programs as discussed in Note 6.

The accompanying financial statements include the accounts and transactions of the New York State Thruway Authority, the New York State Canal Corporation, and the Canal Development Fund, henceforth referred to as the "Authority."

The Authority is a legally and fiscally separate and distinct organization solely responsible for its finances, and the credit of the State of New York is not pledged to the operation of the Authority. The Authority is empowered to issue revenue bonds backed solely from Authority revenues. However, under the criteria specified in GASB Statement No. 14, as amended by GASB Statement No. 61, the Authority is considered a component unit of the State of New York because the Governor appoints all members of the Authority's Governing Board.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

b. Basis of Accounting

The Authority's activities are accounted for similar to those often found in the private sector using the flow of economic resources measurement focus and the accrual basis of accounting. All assets, liabilities, deferred outflows of resources, deferred inflows of resources, net position, revenues, and expenses are accounted for through a single enterprise fund with revenue recorded when earned and expenses recorded at the time liabilities are incurred.

The principal revenue of the Authority is toll revenue received from customers. The Authority also recognizes as operating revenue the rental fees received from concessionaires from operating leases on concession property, special hauling fees charged to overweight or oversize vehicles, and certain revenue collected from the lease of property. Operating expenses include all costs required to operate, maintain, and administer the Thruway and Canal Systems. All revenue and expenses not meeting this definition are reported as non-operating items.

The New York State Office of the State Comptroller requires that the Authority report in accordance with U.S. GAAP as it is a component unit of the State. The Authority's bond resolution, however, requires that certain funds and accounts be established and maintained. The Authority consolidates these funds and accounts for the purpose of providing an enterprise fund presentation in its basic financial statements.

c. Cash, Cash Equivalents, and Investments

Cash includes amounts in demand deposits. Cash equivalents include all highly liquid investments with original maturities of three months or less when purchased. All cash deposits and repurchase agreements are fully collateralized or covered by federal deposit insurance.

Investments include financial instruments with original maturities of more than three months and are recorded at amortized cost, which approximates fair value. These investments are not included in cash and cash equivalents in the statements of cash flows.

d. Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

e. New Accounting Pronouncements

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions.* The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* and No. 50, *Pension Disclosures,* as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this statement.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

e. New Accounting Pronouncements - Continued

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*. This statement addresses an issue regarding the application of the transition provisions of Statement No. 68, *Accounting and Reporting for Pensions.* The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

The Authority adopted these accounting standards effective January 1, 2015. As a result, the Authority now reports its proportionate share of the net pension liability, along with related deferred outflows of resources, deferred inflows of resources, and pension expense, as determined by the State and Local Employees' Retirement System. The adoption of GASB No. 68 and No. 71 was applied retroactively. Accordingly, the Authority restated its net position as of December 31, 2014, by recording its net pension liability of $28,616,000 and restating prepaid expenses by $(8,197,000), deferred outflows by $30,536,000, and ending net position by $6,277,000.

f. Receivables

Receivables consist primarily of receivables from commercial transportation companies and Federal and State governments under various grant programs. All commercial accounts receivable are guaranteed by surety bonds and/or cash deposits. Receivables under grant programs are reported net of an allowance for uncollectible amounts. The allowance for doubtful receivables amounted to $5,503,000 and $11,499,000 at December 31, 2015 and 2014, respectively.

g. Materials and Supplies

Materials and supplies are principally valued at weighted average cost. The cost of such items is recognized as an expense when used.

h. Unearned Revenue

Unearned revenue consists of prepaid deposits made by private and commercial customers into E-ZPass accounts held by the Authority and annual permit revenues collected in advance.

i. Restricted Assets

Certain proceeds of the Thruway revenue bonds and notes are restricted by applicable bond covenants for construction or set aside as reserves to ensure repayment of the Authority's bonds. Certain other assets are accumulated and restricted in accordance with the bond resolutions for the purpose of paying interest and principal debt payments that are due on a semi-annual and annual basis, respectively, and for the purpose of maintaining reserve funds at required levels. Payments from restricted funds are governed by the bond resolutions and, as such, expenses which do not meet these standards are paid from unrestricted funds.

j. Toll Revenues

Toll revenues are stated net of volume and other discounts approximating $25.5 million and $24.6 million in 2015 and 2014, respectively.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

k. Pensions

The Authority is a participating employer in the New York State and Local Retirement System (ERS). Employees in permanent positions are required to enroll in ERS, and employees in part-time or seasonal positions have the option of enrolling in ERS. ERS is a cost sharing, multiple employer, public employee defined benefit retirement system. The impact on the Authority's financial position and results of operations due to its participation in ERS is more fully disclosed in Note 7.

l. Other Postemployment Benefits

The Authority recognizes in its financial statements the financial impact of other postemployment benefits, principally employer funded health care costs. The impact on the Authority's financial position and results of operations is more fully disclosed in Note 9.

m. Compensated Absences

Permanent employees of the Authority accrue vacation leave as part of their benefit package. Unused vacation days up to a maximum of 30 days are considered vested and paid upon retirement or termination. The liability for vested vacation days approximates $10,112,000 and $10,320,000 at December 31, 2015 and 2014, respectively, and is recorded as a long-term liability.

Permanent employees of the Authority also accrue sick leave as part of their benefit package. Upon retirement, unused sick days up to a maximum of 200 days are converted to a monthly credit that is used to offset the employee's share of postemployment benefit costs. The Authority's liability for postemployment benefits is discussed further in Note 9.

n. Bond and Note Premiums

Bond and note premiums are presented as components of bonds payable. The premiums are amortized over the life of the bonds and notes on a method that approximates the effective interest method. Net amortization related to bond and note premiums were approximately $57,374,000 and $51,515,000 for 2015 and 2014, respectively, and are included as an offset of interest expense.

o. Deferred Outflows and Deferred Inflows of Resources

The Authority reports deferred outflows of resources and deferred inflows of resources on its balance sheet. Pension related deferred outflows of resources and deferred inflows of resources may occur due to differences between expected and actual experience, changes in actuarial assumptions, the net difference between projected and actual investment earnings on pension plan investments, changes in proportion and difference between employer contributions and proportionate share of contributions and employer contributions made subsequent to the measurement date. Deferred outflows of resources resulting from differences between expected and actual experience and projected and actual investment earnings are $4,401,000 at December 31, 2015. Deferred inflows of resources resulting from changes in the Authority's proportionate share of the liability are $359,000 at December 31, 2015. Deferred outflows of resources resulting from contributions made subsequent to the measurement date but before year end are $28,815,000 and $30,536,000 at December 31, 2015 and 2014, respectively.

Deferred outflows representing the net unamortized loss on refundings for General Revenue Bonds Series F, H, J, and K amounted to $14,116,000 and $16,627,000 at December 31, 2015 and 2014, respectively.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

p. Net Position

Net position is classified as follows:

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation reduced by the net outstanding debt balances.
- *Restricted net position* has externally placed constraints on use.
- *Unrestricted net position* consists of assets and liabilities that do not meet the definition of "net investment in capital assets" or "restricted net position."

q. Capital Contributions

Capital contributions consist primarily of federal, state, and other grants that are provided to fund specific capital projects. These projects are generally within the Authority's Multi-Year Capital Plan but also include unanticipated projects funded by the U.S. Department of Homeland Security - Federal Emergency Management Agency.

r. Arbitrage

The Tax Reform Act of 1986 imposed additional restrictive regulations, reporting requirements, and an arbitrage rebate liability on issuers of tax-exempt debt. This Act requires the remittance to the IRS of 90% of the cumulative rebatable arbitrage within 60 days of the end of each five-year reporting period following the issuance of governmental bonds. The Authority's policy is to annually record a liability representing the estimated amount owed. The Authority actively manages its invested bond proceeds to minimize any arbitrage liability. The Authority had no cumulative arbitrage rebate liability for the years ended December 31, 2015 and 2014.

s. Income Taxes

The Authority is a public benefit corporation of the State of New York. As such, income earned in the exercise of its essential government functions is exempt from state and federal income taxes.

t. Non-Exchange Transactions

Section 357-a of the Public Authorities Laws of the State of New York provides that the State shall be responsible for $21.5 million and $24 million in annual costs for 2015 and 2014, respectively, for goods and services provided to the Authority and that the Authority and the State of New York Division of Budget shall enter into an agreement identifying such costs assumed by the State. Agreements for the years ended December 31, 2015 and 2014, were entered into identifying certain costs associated with E-ZPass account management and workers' compensation benefits up to yearly maximums of $21.5 million and $24 million, respectively.

The Authority has reported $21.5 million and $24 million in operating expenses in the general charges category for years ended December 31, 2015 and 2014, respectively, and $21.5 million and $24 million of non-operating revenue in the Federal and other aid category for years ended December 31, 2015 and 2014, respectively.

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

u. Subsequent Events

The Authority has evaluated subsequent events for potential recognition or disclosure through March 21, 2016, the date the financial statements were available to be issued.

Note 2 - Cash and Investments

The Authority's cash and investments as of December 31, 2015 and 2014, were as follows (in thousands):

	Carrying Value	
	2015	2014
Unrestricted		
Cash		
Demand deposits	$ 142,461	$ 91,442
Toll change funds	125	125
Total unrestricted cash	142,586	91,567
Cash equivalents		
U.S. government discount notes	22,584	21,598
U.S. government agency notes	-	11,998
Repurchase agreements	-	43,763
U.S. treasury securities	6,734	31,277
Commercial paper	124,775	55,503
Total unrestricted cash equivalents	154,093	164,139
Total unrestricted cash and cash equivalents	$ 296,679	$ 255,706
Restricted		
Cash		
Demand deposits	$ 167,125	$ 137,963
Other deposits	2,886	2,959
Total restricted cash	170,011	140,922
Cash equivalents		
U.S. government discount notes	1,742	1,240
Repurchase agreements	-	4,237
U.S. treasury securities	3,265	35,224
Commercial paper	24,145	44,488
Total restricted cash equivalents	29,152	85,189
Total restricted cash and cash equivalents	$ 199,163	$ 226,111

Note 2 - Cash and Investments - Continued

	Carrying Value 2015	Carrying Value 2014
Investments		
Unrestricted		
U.S. government discount notes	$ 9,487	$ 4,192
Commercial paper	5,999	7,307
U.S. treasury securities	-	9,998
Time deposits	1,639	957
Total unrestricted investments	17,125	22,454
Restricted		
U.S. government discount notes	211,001	170,348
U.S. government agency notes	157,068	369,940
Commercial paper	29,003	371,276
U.S. treasury securities	36,147	29,894
Total restricted investments	433,219	941,458
Total unrestricted and restricted investments	$ 450,344	$ 963,912

At December 31, 2015 and 2014, the fair value of the Authority's cash and investments approximated the carrying value (amortized cost).

The Authority requires collateral, in the form of federal government obligations or agency instruments guaranteed by the federal government, for all investments in repurchase agreements. The Authority also requires delivery to its trustee/custodian of all securities purchased and collateral for repurchase agreements, regardless of the seller institution. All Authority investment securities are classified as securities acquired by a financial institution for the Authority and held by the Authority's trustee/custodian in the Authority's name. Bank balances, which are comprised of demand and other deposits, approximated $307.1 million and $232.4 million as of December 31, 2015 and 2014, respectively, and are fully insured or collateralized. Amounts are collateralized with securities transferred to and held by the Authority's trustee/custodian in the Authority's name.

The Authority manages its investments pursuant to the respective bond resolutions, Public Authorities Law, and the Authority's Investment Policy approved annually by the Authority's Board. Permitted investments are defined as obligations in which the State Comptroller may invest pursuant to Section 98(a) of the State Finance Law, including obligations of the United States and its Federal agencies, collateralized time deposits, commercial paper, bankers' acceptances, and repurchase agreements.

The Authority's investment policy has established criteria that mitigate certain credit risks and interest rate risks. The policy has established investment concentration limits for each of the Authority's investment portfolios. The policy also requires that deposits and investments be held by a third-party custodian who may not otherwise be counter-party to the transactions, and that securities are held in the name of the Authority.

Note 2 - Cash and Investments - Continued

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority's policy to address this risk requires the custodian or depository bank to provide collateral in an amount equal to or greater than the amount on deposit, with a third-party custodian in the Authority's name.

The Authority owns approximately $79.5 million in U.S. Government and U.S. Government Agency investments at December 31, 2015 that mature in 2017. Interest rate risk is also addressed in the Authority's policy which requires the purchase of securities with the intention of holding them to maturity and does not limit the term of any investment. It is the Authority's practice to invest funds to the date of the anticipated need of the funds.

As of December 31, 2015, the Authority had the following concentrations of investments:

Investments	Credit Exposure Security	% of Total (Rating)
Agency Obligations		
Federal Home Loan Banks	Aaa/ AA+/na	29.0%
Federal Home Loan Mortgage Corporation	Aaa/ AA+/AAA	20.5%
Federal National Mortgage Association	Aaa/ AA+/AAA	13.9%
Commercial Paper		
Chevron Funding	A-1+/P-1/na	10.4%
Exxon Mobil	A-1+/P-1/na	13.1%
U.S. Government Securities		
Treasury Notes	Aaa/ AA+/AAA	1.5%
Treasury Bills	A-1+/P-1/F1+	5.7%

Note 3 - Capital Assets

The Authority's capital assets principally include the Thruway System, Canal System, and equipment. The Thruway System includes infrastructure assets consisting of bridges, highways, buildings, toll equipment, and intelligent transportation systems. The Canal System includes canal structures and buildings. Equipment includes vehicles, machinery, software systems, and E-ZPass tags.

Note 3 - Capital Assets - Continued

All capital assets are stated at cost. Capital assets are defined as assets with initial, individual costs exceeding capitalization thresholds of $5,000 to $50,000. Depreciation is computed on the straight-line method over the following estimated useful lives:

Category	Useful Life	Capitalization Threshold
Bridges	45 years	$ 50,000
Bridge improvements	15 years	50,000
Highways	30 years	50,000
Highway improvements	10 years	50,000
Buildings	30 years	50,000
Fiber optic system	17 years	50,000
Canal structures	50-100 years	50,000
Canal improvements	15-30 years	50,000
Equipment	2-12 years	5,000 - 50,000

The Authority periodically reviews and, when deemed necessary, adjusts the estimated useful lives of its capital assets. During 2015, the Authority changed the remaining useful life of the Tappan Zee Bridge to align with the date it is anticipated to be taken out of service (August 2017). This date is contingent on completion of the northern span of the New NY Bridge. The change resulted in approximately $18,100,000 of addition depreciation during 2015.

The following schedules summarize the capital assets of the Authority and related changes for the years ended December 31, 2015 and 2014 (in thousands):

	December 31, 2014 Balance	Additions	Reductions	December 31, 2015 Balance
Capital assets, not being depreciated				
Land and land improvements	$ 828,175	$ 1,060	$ (108)	$ 829,127
Construction in progress	1,807,749	1,087,495	(218,296)	2,676,948
Total capital assets, not being depreciated	2,635,924	1,088,555	(218,404)	3,506,075
Capital assets, being depreciated				
Thruway System	7,698,907	136,288	(556)	7,834,639
Canal System	533,716	74,800	(4,222)	604,294
Equipment	244,682	36,171	(22,223)	258,630
Total capital assets, being depreciated	8,477,305	247,259	(27,001)	8,697,563
Less accumulated depreciation for				
Thruway System	(4,701,981)	(352,512)	346	(5,054,147)
Canal System	(82,398)	(19,255)	4,222	(97,431)
Equipment	(156,669)	(22,797)	19,543	(159,923)
Total accumulated depreciation	(4,941,048)	(394,564)	24,111	(5,311,501)
Net value of capital assets, being depreciated	3,536,257	(147,305)	(2,890)	3,386,062
Capital assets, net	$ 6,172,181	$ 941,250	$ (221,294)	$ 6,892,137

Note 3 - Capital Assets - Continued

	December 31, 2013 Balance	Additions	Reductions	December 31, 2014 Balance
Capital assets, not being depreciated				
Land and land improvements	$ 827,339	$ 857	$ (21)	$ 828,175
Construction in progress	1,090,615	923,461	(206,327)	1,807,749
Total capital assets, not being depreciated	1,917,954	924,318	(206,348)	2,635,924
Capital assets, being depreciated				
Thruway System	7,551,177	152,028	(4,298)	7,698,907
Canal System	482,481	51,235	-	533,716
Equipment	230,185	21,608	(7,111)	244,682
Total capital assets, being depreciated	8,263,843	224,871	(11,409)	8,477,305
Less accumulated depreciation for				
Thruway System	(4,384,512)	(321,787)	4,318	(4,701,981)
Canal System	(72,998)	(9,400)	-	(82,398)
Equipment	(141,826)	(21,441)	6,598	(156,669)
Total accumulated depreciation	(4,599,336)	(352,628)	10,916	(4,941,048)
Net value of capital assets, being depreciated	3,664,507	(127,757)	(493)	3,536,257
Capital assets, net	$ 5,582,461	$ 796,561	$ (206,841)	$ 6,172,181

Depreciation expense related to capital assets was $394,564,000 and $352,628,000 for the years ended December 31, 2015 and 2014, respectively.

The Authority incurred $185.3 in total interest expense in 2015, of which $38.3 million was capitalized, and an additional $1.8 million was offset against interest earned on the proceeds from various debt issuances. The Authority incurred $192.6 in total interest expense in 2014, of which $24.7 million was capitalized, and an additional $2.9 million was offset against interest earned on the proceeds from various debt issuances.

Note 4 - Restricted Assets

Restricted assets are established pursuant to bond resolutions and other agreements and are classified as current or non-current based upon the underlying restrictions. Restricted assets are comprised of the following as of December 31 (in thousands):

	2015	2014
Asset		
Cash and cash equivalents	$ 199,163	$ 226,111
Investments	433,219	941,458
Accrued interest	967	1,197
Receivables, net	200,512	49,908
Other	3,292	9,982
Total	$ 837,153	$ 1,228,656

Note 4 - Restricted Assets - Continued

The related balances at December 31, 2015 and 2014 are as follows:

Senior Debt Service Fund: Established to receive funds from Authority revenues to make periodic payments of interest and principal. Amounts held in this restricted fund at December 31, 2015 and 2014, were $148,033,000 and $153,667,000, respectively.

Senior Debt Service Reserve Fund: Established to retain funds equal to the maximum amount of aggregate debt service for any twelve-month period on all outstanding General Revenue Bonds secured by the Senior Debt Service Reserve Fund, Series F, Series G, Series H, Series I, Series J, and Series K General Reserve Bonds. The amounts held in this restricted fund at December 31, 2015 and 2014, were $180,972,000 and $181,077,000, respectively.

Construction Fund: Established to hold moneys paid into it from the sale of bonds and notes to pay for costs of the “Facilities” and “Other Authority Projects” as defined in the bond resolutions. Any remaining money upon completion or abandonment of such projects shall be transferred to other funds in accordance with the terms outlined in the bond resolutions. The amounts held in this restricted fund at December 31, 2015 and 2014, were $37,233,000 and $225,020,000, respectively.

Reserve Maintenance Fund: Established to hold funds required to be deposited each year into the Reserve Maintenance Fund. Funds held in the Reserve Maintenance Fund can be disbursed for specific costs relating to the “Facilities,” as defined in the bond resolution and certain highway and railroad grade crossings. Amounts held in this restricted fund at December 31, 2015 and 2014, were $75,795,000 and $55,194,000, respectively.

Junior Indebtedness Fund: Established to hold moneys paid into it from the sale of Junior Indebtedness Obligations (bonds and notes) which are to be used to fund the Facilities Capital Improvement Fund for a portion of the cost of the Authority’s New NY Bridge Project as defined in the Junior Indebtedness Bond Resolution and to pay debt service including capitalized interest on the Series 2013A Junior Indebtedness Obligations through December 31, 2017. The amounts held in this restricted fund at December 31, 2015 and 2014, were $197,496,000 and $581,236,000, respectively.

Facilities Capital Improvement Fund: Established to hold funds determined to be necessary or appropriate by the Authority Board to fund project costs of facilities or to set up reserves to fund such costs. The Authority has elected to use this fund to hold certain revenues, debt proceeds, and other monies dedicated to the New NY Bridge. The amounts held in this restricted fund at December 31, 2015 and 2014, were $194,736,000 and $29,503,000, respectively.

Commercial Charge Surety Account: Established to receive cash surety deposits from Commercial Charge Account customers which are to be used only if the customer does not meet their obligations under the Commercial Charge Account Credit Agreement. The amounts held in the account at December 31, 2015 and 2014, were $2,886,000 and $2,960,000, respectively.

Note 5 - Long-Term Liabilities

The Authority's bond indebtedness and other long-term liabilities as of December 31, 2015 and 2014, are comprised of the following obligations (in thousands):

	Date of Issuance	December 31, 2014 Balance	Additions	Reductions	December 31, 2015 Balance	Due Within One Year
General Revenue Bonds						
2005 Series F	3/05	$ 36,810	$ -	$ (36,810)	$ -	$ -
2005 Series G	9/05	555	-	(555)	-	-
2007 Series H	10/07	834,300	-	(37,380)	796,920	39,075
2012 Series I	7/12	1,096,525	-	(19,795)	1,076,730	17,510
2014 Series J	2/14	677,460	-	(2,500)	674,960	11,550
2014 Series K	12/14	743,865	-	-	743,865	-
Unamortized bond premiums		301,391	-	(16,590)	284,801	14,986
General Revenue Bonds and unamortized premiums		3,690,906	-	(113,630)	3,577,276	83,121
Junior Indebtedness Obligations Series 2013 A	12/13	1,600,000	-	-	1,600,000	-
Unamortized bond premiums		180,560	-	(41,684)	138,876	41,800
Junior Indebtedness Obligations and unamortized premiums		1,780,560	-	(41,684)	1,738,876	41,800
Loan payable	4/12	32,000	-	-	32,000	-
Total bonds, loan, and unamortized premiums		$ 5,503,466	$ -	$ (155,314)	$ 5,348,152	$ 124,921
Other long-term liabilities						
Claims liability		$ 8,248	$ 350	$ (4,598)	$ 4,000	$ 4,000
Postemployment benefit obligation		393,248	86,361	(32,016)	447,593	-
Net pension liability		28,616	359	(7,582)	21,393	-
Compensated absences		10,320	-	(208)	10,112	-
Environmental remediation obligation		2,107	-	(1,087)	1,020	1,020
Total other long-term liabilities		$ 442,539	$ 87,070	$ (45,491)	$ 484,118	5,020

Note 5 - Long-Term Liabilities - Continued

	Date of Issuance	December 31, 2013 Balance	Additions	Reductions	December 31, 2014 Balance	Due Within One Year
General Revenue Bonds						
2005 Series F	3/05	$ 490,680	$ -	$ (453,870)	$ 36,810	$ 29,870
2005 Series G	9/05	735,605	-	(735,050)	555	555
2007 Series H	10/07	870,140	-	(35,840)	834,300	37,380
2012 Series I	7/12	1,122,560	-	(26,035)	1,096,525	19,795
2014 Series J	2/14	-	677,460	-	677,460	2,500
2014 Series K	12/14	-	743,865	-	743,865	-
Unamortized bond premiums		177,921	176,035	(52,565)	301,391	15,788
General Revenue Bonds and unamortized premiums		3,396,906	1,597,360	(1,303,360)	3,690,906	105,888
Junior Indebtedness Obligations						
Series 2013 A	12/13	1,600,000	-	-	1,600,000	-
Unamortized bond premiums		222,245	-	(41,685)	180,560	41,685
Junior Indebtedness Obligations and unamortized premiums		1,822,245	-	(41,685)	1,780,560	41,685
Loan payable	4/12	11,000	21,000	-	32,000	-
Total bonds, notes, loan, and unamortized premiums		$ 5,230,151	$ 1,618,360	$ (1,345,045)	$ 5,503,466	$ 147,573
Other long-term liabilities						
Claims liability		$ 3,250	$ 5,273	$ (275)	$ 8,248	$ 5,648
Postemployment benefit obligation		345,150	78,561	(30,463)	393,248	-
Net pension liability		-	28,616	-	28,616	-
Compensated absences		10,109	211	-	10,320	-
Environmental remediation obligation		2,516	302	(711)	2,107	1,473
Total other long-term liabilities		$ 361,025	$ 112,963	$ (31,449)	$ 442,539	$ 7,121

Note 5 - Long-Term Liabilities - Continued

The debt service requirements for the Authority's senior bonds as of December 31, 2015, are as follows (in thousands):

Due	Principal	Interest	Total
2016	$ 68,135	$ 158,219	$ 226,354
2017	70,990	155,181	226,171
2018	82,815	151,802	234,617
2019	91,155	147,862	239,017
2020	116,025	142,844	258,869
2021 - 2025	671,540	620,376	1,291,916
2026 - 2030	854,995	432,428	1,287,423
2031 - 2035	680,695	225,202	905,897
2036 - 2040	438,245	102,014	540,259
2041 - 2044	217,880	14,469	232,349
	$ 3,292,475	$ 2,150,397	$ 5,442,872

The debt service requirements for the Authority's junior obligations as of December 31, 2015, are as follows (in thousands):

Due	Principal	Interest	Total
2016	$ -	$ 79,517	$ 79,517
2017	-	79,517	79,517
2018	-	79,517	79,517
2019	1,600,000	66,264	1,666,264
	$ 1,600,000	$ 304,815	$ 1,904,815

General Revenue Bonds - Series F: During March 2005, the Authority issued $624,570,000 in General Revenue Bonds - Series F which provided funds to: (1) refund $444,205,000 in outstanding Series B, D, and E Bonds (for a net present value savings of $18,588,000); (2) refund $150,000,000 in outstanding General Revenue Bond Anticipation Notes - Series CP-1; (3) provide funds for the Authority's Capital Plan; (4) make a deposit to the Senior Debt Service Reserve Fund; and (5) pay bond issuance costs. These bonds were partially refunded by General Revenue Bonds Series J and Series K during 2014, and the remaining balance was paid off during 2015.

General Revenue Bonds - Series G: During September 2005, the Authority issued $738,925,000 in General Revenue Bonds - Series G which provided funds to: (1) retire $525,000,000 in General Revenue Bond Anticipation Notes - Series CP-2 and 2004A; (2) fund a portion of the Authority's Multi-Year Capital Plan; (3) make a deposit to the Senior Debt Service Reserve Fund; and (4) pay bond issuance costs. These bonds were partially refunded by General Revenue Bonds Series J and Series K during 2014, and the remaining balance was paid off during 2015.

General Revenue Bonds - Series H: During October 2007, the Authority issued $1,008,910,000 in General Revenue Bonds - Series H which provided funds to: (1) refund $450,045,000 in then outstanding Series E Bonds (for a net present value savings of $18,429,000); (2) fund a portion of the Authority's Multi-Year Capital Plan; (3) make a deposit to the Reserve Maintenance Fund; (4) make a deposit to the Senior Debt Service Reserve Fund; and (5) pay bond issuance costs.

Note 5 - Long-Term Liabilities - Continued

General Revenue Bonds - Series H - Continued

The Series H Bonds are comprised of both Serial Bonds and Term Bonds, with varying rates and maturities. The amounts outstanding at December 31, 2015, are as follows:

Type	Rates	Maturity	Amount (in thousands)
Serial Bonds	4.0% to 5.0%	2016 - 2030	$ 587,340
Term Bonds	5.00%	2032	52,765
Term Bonds	5.00%	2037	156,815
			$ 796,920

Principal payments under the Series H Serial Bonds began in January 2009. The Series H Term Bonds require sinking fund installments, beginning in the year 2031 through the year 2037, of amounts ranging from $25,740,000 to $34,495,000 annually. The Series H Bonds maturing on or after January 1, 2019, are callable at the option of the Authority, in whole or in part, beginning January 1, 2018, at par plus accrued interest.

General Revenue Bonds - Series I: During July 2012, the Authority issued $1,122,560,000 in General Revenue Bonds - Series I which provided funds to: (1) retire $868,045,000 in General Revenue Bond Anticipation Notes - Series 2011A; (2) fund a portion of the Authority's 2012 - 2015 Multi-Year Capital Plan; (3) make a deposit to the Senior Debt Service Reserve Fund; and (4) pay bond issuance costs.

The Series I Bonds are comprised of both Serial Bonds and Term Bonds with varying rates and maturities. The amounts outstanding at December 31, 2015, are as follows:

Type	Rates	Maturity	Amount (in thousands)
Serial Bonds	3.0% to 5.0%	2016 - 2032	$ 510,435
Term Bonds	4.13%	2037	64,570
Term Bonds	5.00%	2037	185,620
Term Bonds	4.13%	2042	70,000
Term Bonds	5.00%	2042	246,105
			$ 1,076,730

Principal payments under the Series I Serial Bonds began in 2014. The Series I Term Bonds require sinking fund installments in 2033 through 2042, in amounts ranging from $11,865,000 to $53,920,000 annually. The Series I Bonds maturing on or after January 1, 2023, are callable at the option of the Authority, in whole or in part, beginning January 1, 2022, at par plus accrued interest.

General Revenue Bonds - Series J: During February 2014, the Authority issued $677,460,000 in General Revenue Bonds - Series J which provided funds to: (1) fund a portion of the Authority's Multi-Year Capital Plan; (2) provide funds to refund a portion of the Authority's General Revenue Bonds, Series F and General Revenue Bonds, Series G (for a net present value savings of $19,184,000) (3) make a deposit to the Senior Debt Service Reserve Fund; and (4) pay bond issuance costs.

Note 5 - Long-Term Liabilities - Continued

General Revenue Bonds - Series J - Continued

The Series J Bonds are comprised of both Serial Bonds and Term Bonds with varying rates and maturities. The amounts outstanding at December 31, 2015, are as follows:

Type	Rates	Maturity	Amount (in thousands)
Serial Bonds	3.0% to 5.0%	2016 - 2036	$ 524,440
Term Bonds	5.00%	2041	87,235
Term Bonds	4.63%	2044	63,285
			$ 674,960

Principal payments under the Series J Serial Bonds began in 2015. The Series J Term Bonds require sinking fund installments in 2037 through 2044, in amounts ranging from $15,790,000 to $22,055,000 annually. The Series J Bonds maturing on or after January 1, 2025, are callable at the option of the Authority, in whole or in part, beginning January 1, 2024, at par plus accrued interest.

General Revenue Bonds - Series K: During December 2014, the Authority issued $743,865,000 in General Revenue Bonds - Series K which provided funds to: (1) refund a portion of the Authority's General Revenue Bonds, Series F and General Revenue Bonds, Series G and General Revenue Bonds Series I (for a net present value savings of $101,044,000) and (2) and pay bond issuance costs.

The Series K Bonds are comprised of Serial Bonds with varying rates and maturities. The amounts outstanding at December 31, 2015, are as follows:

Type	Rates	Maturity	Amount (in thousands)
Serial Bonds	3.0% to 5.0%	2019 - 2032	$ 743,865

Principal payments under the Series K Serial Bonds begin in 2019. The Series K Bonds maturing on or after January 1, 2026, are callable at the option of the Authority, in whole or in part, beginning January 1, 2025, at par plus accrued interest.

General Revenue Senior Bonds - Revenue Pledge and Security: The General Revenue Bonds (Series F through K) are all direct obligations of the Authority, secured by a pledge of tolls and other revenue as established under the Bond Resolution. In accordance with the Bond Resolution, a Senior Debt Service Reserve Fund was established to be funded with cash and/or surety in an amount equal to the maximum aggregate debt service for any 12-month period. At both December 31, 2015 and 2014, the Senior Debt Service Reserve Fund, which may be used should amounts in the Senior Debt Service Fund be insufficient to pay debt service payments, was fully funded.

General Revenue Junior Indebtedness Obligations (JIO) - Series 2013A: During December 2013, the Authority issued $1,600,000,000 of Series 2013A Junior Indebtedness Obligations to: 1) fund a portion of the cost of the Authority's New NY Bridge Project, a twin span replacement of the Tappan Zee Bridge, (2) provide funds to refinance the principal and interest on the Authority's General Revenue Bond Anticipation Notes, Series 2013B, (3) pay capitalized interest on the Series 2013A Junior Indebtedness Obligations through December 31, 2017, and (4) pay the costs of issuance.

Note 5 - Long-Term Liabilities - Continued

General Revenue Junior Indebtedness Obligations (JIO) - Series 2013A - Continued

Series 2013A JIO's are term bonds, payable in a single bullet maturity of May 1, 2019, with varying interest rates from 3% to 5% and are not subject to redemption prior to maturity. These obligations are subordinate to the Authority's General Revenue Bonds (Series F through Series K).

Loan Payable: During April 2012, the Authority entered into a variable rate Loan Agreement with Citibank, N.A., under which the Bank is providing a revolving line-of-credit, evidenced by a note, in an aggregate amount not to exceed $60,000,000. The note matures in April 2017 and may be pre-paid at any time by the Authority without penalty. The proceeds of the Note, as needed, are to be applied to finance capital projects for the Canal System arising from tropical storm damage caused in August and September 2011. The Authority's reimbursement obligations under the Note are secured in part by a pledge of revenues available in the General Reserve Fund, which pledge constitutes Subordinated Indebtedness under the Bond Resolution. In addition, grant monies expected to be received from the Federal Emergency Management Agency ("FEMA") for these emergency repairs are also pledged to repay the Note, and such FEMA funds are expected to provide a substantial portion of the proceeds to repay the Note. The interest rates on the loan varied between 0.71% to 0.82% during 2015 and 2014. The fee on outstanding principal amounts was 0.50% during 2015 and 2014.

Note 6 - Special Bond Programs

The Authority's special bond programs, and the related projects and activities, are entirely separate from the Authority's financing, operation, and maintenance of the Thruway and Canal Systems. As such, these special bond programs are not reflected in the accompanying financial statements. The special bond programs require varying debt service payments which are funded under contractual agreements with the State of New York. The obligation of the State to make such payments is subject to, and dependent upon, annual appropriations by the State Legislature. These bond programs; however, result in no cost to the Authority and provide for no lien on Authority revenues or assets.

The following are descriptions of the Authority's special bond programs:

Local Highway and Bridge Service Contract Special Bond Program - The Legislature of the State of New York empowered the Authority to issue Local Highway and Bridge Service Contract Bonds, also known as the Consolidated Local Street and Highway Improvement Program (often referred to as the CHIPS Program) to provide funds to reimburse municipalities and other project sponsors throughout the State for qualifying local highway, bridge, and multi-modal capital project expenditures under established State programs. The Authority did not issue Local Highway and Bridge Service Contract Bonds in 2015. The Authority receives funds from New York State for debt service on these bonds and related administrative costs. Bonds outstanding under this program were $440,075,000 and $596,500,000 at December 31, 2015 and 2014, respectively.

Highway and Bridge Trust Fund Bond Program - The Legislature of the State of New York empowered the Authority to issue Highway and Bridge Trust Fund Bonds to reimburse the State for expenditures made by the State's Department of Transportation in connection with the State's Multi-Year Highway and Bridge Capital Program. The Authority did not issue Highway and Bridge Trust Fund Bonds in 2015. The Authority receives funds from New York State for debt service on these bonds and related administrative costs. Bonds outstanding under this program were $3,172,080,000 and $5,480,995,000 at December 31, 2015 and 2014, respectively.

Note 6 - Special Bond Programs - Continued

State Personal Income Tax Revenue Bonds (Transportation) - The Legislature of the State of New York empowered the Authority to issue Personal Income Tax (PIT) Revenue Bonds to provide funds to municipalities and other project sponsors throughout the State for qualifying local highway, bridge, and multi-modal capital project expenditures under established State programs. The Authority did not issue PIT Revenue Bonds in 2015. The Authority receives funds from New York State for debt service on these bonds and related administrative costs. Bonds outstanding under this program were $2,472,475,000 and $2,650,470,000 at December 31, 2015 and 2014, respectively.

Note 7 - Retirement Benefits

a. Plan Description and Benefits Provided

The Authority participates in the New York State and Local Employees' Retirement System (ERS), which is a cost-sharing multiple employer, public employee retirement system. ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from ERS at www.osc.state.ny.us/retire.

ERS provides retirement, disability, and death benefits for eligible members, including an automatic cost of living adjustment. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors.

b. Contributions

Employees in ERS Tier I through IV are noncontributory except for employees with less than 10 years of service who contribute 3% of their salary, Tier V employees who contribute 3% of their salary, and Tier VI employees who contribute between 3% and 6% of their salary. The Comptroller annually certifies the rates, expressed as proportions of payroll of members, which are used in computing the contributions required to be made by employers. The Authority's contributions for the preceding ten years can be found in the schedule of pension contributions on page 46.

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

At December 31, 2015, the Thruway Authority and Canal Corporation reported liabilities of $18,375,000 and $3,018,000, respectively, resulting in a combined liability of $21,393,000 for the Authority's proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability was determined by an actuarial valuation as of April 1, 2014. The Authority's proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contribution for the fiscal year ended on the measurement date. At the March 31, 2015 measurement date, the Thruway Authority's and Canal Corporation's proportionate shares were .54% and .09%, respectively.

Note 7 - Retirement Benefits - Continued

c. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

For the year ended December 31, 2015, the Thruway Authority and Canal Corporation recognized pension expense of $16,581,000 and $2,690,000, respectively; resulting in total pension expense for the Authority of $19,271,000. At December 31, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources as follows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 685	$ -
Net differences between projected and actual investment earnings on pension plan investments	3,715	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	359
Authority contributions subsequent to the measurement date	28,815	-
Total	$ 33,215	$ 359

Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows (in thousands):

Year ending December 31,	
2016	$ 1,010
2017	1,010
2018	1,010
2019	1,011
Total	$ 4,041

d. Actuarial Assumptions

The actuarial assumptions used in the April 1, 2014 valuation, with updated procedures used to roll forward the total pension liability to March 31, 2015 were based on the results of an actuarial experience study for the period April 1, 2005 to March 31, 2010. These assumptions are:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.7 percent
Salary Scale ERS	4.9 percent, indexed by service
Investment rate of return, including inflation	7.5 percent compounded annually, net of expenses
Decrement	Developed from the Plan's 2010 experience study of the period April 1, 2005 through March 31, 2010
Mortality improvement	Society of Actuaries Scale MP-2014

Note 7 - Retirement Benefits - Continued

d. Actuarial Assumptions - Continued

The long-term expected rate of return on ERS's pension plan investments was determined in accordance with Actuarial Standard of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major class as well as historical investment data and plan performance.

e. Investment Asset Allocation

Best estimates of arithmetic real rates of return for each major asset class and ERS's target asset allocation as of the applicable valuation dates are summarized as follows:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	38.00%	7.3%
International equity	13.00%	8.6%
Private equity	10.00%	11.0%
Real estate	8.00%	8.3%
Domestic fixed income securities	2.00%	4.0%
Bonds and mortgages	18.00%	4.0%
Short-term	2.00%	2.3%
Other	9.00%	6.8%-8.6%
	100.00%	

f. Discount Rate

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

g. Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the Authority's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 % and the impact of using a discount rate that is 1% higher or lower than the current rate (in thousands).

	1% Decrease (6.5%)	Current Discount (7.5%)	1% Increase (8.5%)
Authority's proportionate share of the net pension liability (asset)	$ 142,595	$ 21,393	$ (80,932)

Note 7 - Retirement Benefits - Continued

h. Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the New York State and Local Employee's Retirement System as of March 31, 2015, were as follows (amounts in thousands):

Employers' total pension liability	$ 164,591,054
Plan net position	(161,213,259)
Employers' net pension liability	$ 3,377,795
Ratio of plan net position to the employers' total pension liability	97.9%

Note 8 - Deferred Compensation Plan

The Authority participates in the New York State Deferred Compensation Plan (Plan). The plan is a 457(b) retirement plan which is administered by New York State. The Authority does not have any authority to amend or abolish the Plan provisions, and the Authority does not make contributions to the Plan.

Note 9 - Other Postemployment Benefits

The Authority reports in its financial statements the financial impact of other postemployment benefits (OPEB), principally employer funded health care and death benefits which the Authority provides for retired employees. Substantially all employees may become eligible for these benefits if they reach normal retirement age while working for the Authority.

The following table summarizes the Authority's valuation of OPEB costs and obligations at December 31, 2015 and 2014 (in thousands):

	2015			2014
	Thruway Authority	Canal Corporation	Total	Total
Present value of future benefit payments	$ 1,379,929	$ 290,518	$ 1,670,447	$ 1,498,215
Unfunded accrued liability	1,031,917	208,725	1,240,642	1,111,198
Annual required contribution (30-year amortization)	72,457	15,703	88,160	80,140
Annual OPEB cost	70,980	15,381	86,361	78,561
Valuation payroll	121,712	21,809	143,521	148,847
Annual OPEB expense (as % of payroll)	58.3%	70.5%	60.2%	52.8%
Expected benefit payment	27,033	4,983	32,016	30,463

Actuarial valuations, the most recent of which was completed as of December 2015, involve estimates and assumptions about the probability of events far into the future and are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. These calculations are designed to reduce short-term volatility in actuarial accrued liabilities. Projected benefits are based on the types of benefits provided at the time of each valuation and on the cost sharing provisions then in effect.

Note 9 - Other Postemployment Benefits - Continued

The Authority participates, pursuant to the provisions of Section 163(4) of the New York State Civil Service Law, in the New York State Health Insurance Program (NYSHIP), an Agent Multiple-Employer plan. NYSHIP is administered through the Department of Civil Service, and the Authority pays the cost of administration.

NYSHIP does not currently issue a standalone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the plan. The Authority's specific obligation to pay OPEB costs is dependent on the employee's date of hire and labor agreement. Certain retiree costs, described below, are first applied against the value of the retiree's existing sick leave bank balance. A plan summary follows:

a. Plan Types

Medical - New York State Health Insurance Program which includes participation in various insurance plans and HMO's and which also includes drug coverage. Details may be found in the Summary Program Description of the New York State Health Insurance Program Booklet.

Medicare Part B Reimbursement - The Thruway Authority and Canal Corporation reimburse the retiree and his/her Medicare eligible spouse for the Medicare Part B premium.

b. Eligibility

To be eligible an employee must (1) retire as a member of the New York State Employees' Retirement System, or be at least 55 years old at time of termination; (2) be enrolled in the New York State Health Insurance Program (NYSHIP) on date of retirement; and (3) complete at least 5 years of service for the retiree and dependent to have coverage while the employee is living. Ten years of service are needed for continued dependent coverage upon death of the employee.

c. Benefit/Cost Sharing

The Authority pays 100% of the premium for coverage of the retired employee and 75% of the additional premium for the dependent coverage. The premium paid by the Authority is based on the Empire Plan, one of the options available to retirees under the NYSHIP. If a retiree elects for another plan offered under the NYSHIP, the retiree is responsible for costs that exceed the amount of the Empire Plan premium. Effective April 1, 2016, contribution requirements for certain retirees will be increased to 6% of premiums for individual coverage.

d. Survivor Benefit

$3,000 payable to retiree's designated beneficiary.

e. Funding Policy

The obligations of the plan members, employers, and other entities are established by action of the Authority pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members vary depending on the applicable agreement. The Authority currently contributes to the plan to satisfy obligations on a pay-as-you-go basis.

Note 9 - Other Postemployment Benefits - Continued

e. *Funding Policy* - Continued

The following summary schedule presents the Annual OPEB Cost and Net OPEB obligation for the years ended December 31, 2015, 2014, and 2013 (in thousands):

	2015	2014	2013
Normal cost	$ 39,061	$ 36,164	$ 34,673
Amortization of unfunded actuarial accrued liability	49,099	43,976	42,043
Annual required contribution (ARC)	88,160	80,140	76,716
Interest on net OPEB obligation	13,764	12,080	10,419
Adjustment to ARC	(15,563)	(13,659)	(11,781)
Annual OPEB cost	86,361	78,561	75,354
Contribution/expected benefit payment	(32,016)	(30,463)	(27,895)
Increase in net OPEB obligation	54,345	48,098	47,459
Net OPEB obligation, *beginning of year*	393,248	345,150	297,691
Net OPEB obligation, *end of year*	$ 447,593	$ 393,248	$ 345,150

The annual OPEB costs are recorded in the Authority's 2015 and 2014 statements of revenue, expenses, and changes in net position in the amount of $86,361,000 and $78,561,000, respectively. The Thruway Authority OPEB costs are recorded as a component of general charges, and the Canal Corporation OPEB costs are recorded as a component of Canals. The net OPEB obligation is recorded in the Authority's statements of net position as a component of other long-term liabilities in the amount of $447,593,000 and $393,248,000, at December 31, 2015 and 2014, respectively.

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 through 2015 are as follows (in thousands):

Year Ended	Annual OPEB Cost	Cost Contributed	Net OPEB Obligation
12/31/2013	$ 75,354	37.0%	$ 345,150
12/31/2014	78,561	38.8%	393,248
12/31/2015	86,361	37.1%	447,593

The following are the actuarial methods and assumptions used in calculating the obligations related to the Authority's postemployment benefit plan:

Funding interest rate	3.50%
2015 trend rate (Med/Rx)	4.70%
Ultimate Medical/Rx cost trend rate	3.90%
Year ultimate trend rate reached	2083
Annual payroll growth rate	2.50%
Actuarial cost method	Entry Age Normal
Remaining amortization period at December 31, 2015	30 years
Amortization method	30 year level percentage of payroll

Note 10 - Thruway Stabilization Program

The State of New York, as part of its 2015-2016 enacted budget, created a $1.285 billion Thruway Stabilization Program for the payment of costs related to the New NY Bridge and bridge-related transportation improvements, and for other costs of the Thruway Authority including, but not limited to, its core capital program. The Authority has elected to use $750 million of these funds to pay for New NY Bridge related costs and $535 million to pay for capital program costs other than the New NY Bridge. During 2015, $540.8 million of capital contributions resulting from this program were reported in the Authority's statement of revenues, expenses, and changes in net position. The contributed capital consisted of $387.4 million of payments made by the State of New York directly to contractors working on the New NY Bridge and an additional $153.4 million for monies owed by the State of New York to Authority contractors for work performed on the New NY Bridge that had not been paid for as of December 31, 2015.

Note 11 - Contingencies and Commitments

a. Claims and Litigation

The Authority is a party to various legal proceedings, including negligence suits, some of which involve death or serious injury. Many of these actions arise in the normal course of the Authority's operations. The Authority records accruals for claims liability to the extent that management concludes their occurrence is probable and the related damages are estimable. If the range of the liability is probable and estimable, the Authority accrues the amount most likely to be paid. If no single amount in the estimated range is more likely to be paid, the Authority accrues the lowest amount in the range.

Changes in the Authority's claims liability amounts in years 2013 through 2015 were as follows (in thousands):

		Current Year		
	Beginning of Year Liability	Claims and Changes in Payments Estimates	Claim Liability Payments	End of Year Liability
2013	$ 900	$ 2,350	$ -	$ 3,250
2014	3,250	5,273	(275)	8,248
2015	8,248	(947)	(3,301)	4,000

In addition, there are claims where liability is not probable, but is possible and estimable. The estimated loss on these claims approximated $12.7 million at December 31, 2015, none of which has been accrued.

Certain other claims cannot be estimated as they involve complex issues. Often these issues are subject to substantial uncertainties and, therefore, the probability of loss or an estimation of damages cannot be determined.

Note 11 - Contingencies and Commitments - Continued

b. Insurance

Loss of revenues is insured through a use and occupancy policy that covers any interruption in excess of 15 days. Property damage to bridges is insured through various policies from major insurance companies equal to the maximum probable loss from a single occurrence (with deductibles ranging from $2.5 million to $5.0 million). In addition, the Authority purchases insurance for workers' compensation benefits and various liability exposures.

The Authority is self-insured for property damage to substantially all buildings and vehicles. The Authority is also self-insured for third-party liability, including automobile liability. There are two funded reserves for these exposures, a $2.5 million insurance fund available to fund certain deductibles and a reserve for public liability claims, which currently totals $15.7 million.

Insurance for the Authority's service area facilities is provided by the concessionaires. The liability related to construction projects, tandem trailer operations, authorized garage operations, and similar risk is transferred through contractual indemnification and compliance with Authority insurance requirements.

c. Construction Commitments

At December 31, 2015, the amounts of remaining unexpended commitments for projects undertaken and the detail by type of contract are as follows:

Project	Commitments (in thousands)
Highway, bridge and facility, construction, and design	$ 1,558,500
Personal service and miscellaneous	133,400
Canal	48,500
Total	$ 1,740,400

d. Environmental Remediation

At December 31, 2015, the Authority recorded in its financial statements a cost estimate for environmental remediation at a number of sites on Thruway Authority and Canal Corporation property. These sites have been identified by the New York State Department of Environmental Conservation as locations where operational uses have contributed to various forms of environmental pollution. The estimated costs were developed by Authority engineers and remedial contractors based on the nature of remediation needed and comparable clean-up costs at similar sites and updated for payments made and changes to estimated costs as of December 31, 2015. Estimating environmental remediation obligations requires that a number of assumptions be made. Therefore, it is possible that project cost changes due to price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies, and other factors could result in revisions to these estimates.

Note 11 - Contingencies and Commitments - Continued

d. Environmental Remediation - Continued

The Authority has estimated its environmental remediation obligations, net of expected recoveries from other responsible parties. Changes in the Authority's environmental remediation liability amounts in the years 2013 to 2015 were as follows (in thousands):

	Beginning of Year Liability	Current Year: Estimate Changes	Current Year: Payments Made	End of Year Liability
2013	$ 2,619	$ 871	$ (974)	$ 2,516
2014	2,516	302	(711)	2,107
2015	2,107	(23)	(1,064)	1,020

e. Lease Revenue

The Authority has entered into various non-cancelable contracts with concessionaires to provide patron services on the Thruway System. These contracts provide the Authority with concession revenue, including minimum rentals and contingent revenues based on sales volume. The Authority also leases land, used for antennas and fiber optic cable, under various non-cancelable contracts. Concession contract terms generally range from 16 to 25 years, inclusive of renewal options. Radio tower contract terms generally range from 5 to 10 years, with renewal options up to 10 years, and fiber optic contract terms range from 17 to 20 years.

The following schedule summarizes the future minimum rental revenues to be earned as of December 31, 2015:

Year	Future Minimum Lease Revenue (in thousands)
2016	$ 14,300
2017	14,300
2018	12,300
2019	12,300
2020	3,100
Thereafter	13,500
Total	$ 69,800

Note 12 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72). GASB 72 defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information should be disclosed in the notes to the financial statements. The provisions of GASB 72 are effective for fiscal years beginning after June 15, 2015.

Note 12 - Accounting Standards Issued But Not Yet Implemented - Continued

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* GASB 75 establishes financial reporting standards for other postemployment benefits ("OPEB") plans for state and local governments. This standard replaces the requirements of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* as amended. The statement establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources, and expense/expenditures, as well as identifying the methods and assumptions required to project benefit payments, discount projected benefit payments, to their actuarial present value, and attribute that present value to periods of employee service. Additionally, GASB 75 addresses requirements for additional note disclosures and required supplementary information. These requirements are effective for fiscal years beginning after June 15, 2017.

Management has not estimated the extent of the potential impact, if any, of these statements on the Authority's financial statements.

New York State Thruway Authority

(A Component Unit of the State of New York)

Required Supplementary Information
Schedule of Funding Progress - Other Postemployment Benefits

(in millions of dollars)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Covered Payroll ((b-a)/c)
December 31, 2015	$ -	$ 1,294	$ 1,294	0.0%	$ 147	879.9%
December 31, 2013	-	1,111	1,111	0.0%	149	745.8%
December 31, 2011	-	1,021	1,021	0.0%	157	650.3%
December 31, 2009	-	982	982	0.0%	167	588.0%
December 31, 2007	-	985	985	0.0%	160	615.6%

See Independent Auditor's Report.

New York State Thruway Authority

(A Component Unit of the State of New York)

Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability

	2015
Authority's proportion of the net pension liability	0.633266%
Authority's proportionate share of the net pension liability	$ 21,393
Authority's covered-employee payroll	$ 173,658
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	12.32%
Plan fiduciary net position as a percentage of the total pension liability	97.95%

See Independent Auditor's Report.

New York State Thruway Authority

(A Component Unit of the State of New York)

Required Supplementary Information
Schedule of Pension Contributions
Years Ended December 31

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	$ 28,815	$ 30,537	$ 35,800	$ 34,627	$ 37,125	$ 22,132	$ 12,682	$ 14,685	$ 18,137	$ 20,660
Contributions in relation to the contractually required contribution	28,815	30,537	35,800	34,627	37,125	22,132	12,682	14,685	18,137	20,660
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Authority's covered-employee payroll	164,994	176,546	174,784	183,464	181,625	186,206	187,805	182,433	183,657	183,851
Contribution as a percentage of covered-employee payroll	17.46%	17.30%	20.48%	18.87%	20.44%	11.89%	6.75%	8.05%	9.88%	11.24%

See Independent Auditor's Report.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Appendix C

Summary of Certain Provisions of the Junior Indebtedness Resolution and the Senior Resolution

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE JUNIOR INDEBTEDNESS RESOLUTION AND THE SENIOR RESOLUTION

The following is a general summary of certain provisions of the Junior Indebtedness General Resolution and, where identified, certain provisions of the General Revenue Bond Resolution. This summary is not to be considered a full statement of the terms of the Junior Indebtedness General Resolution or the General Revenue Bond Resolution and, accordingly, is qualified by reference thereto and is subject to the full text thereof. Copies of the Junior Indebtedness General Resolution and the General Revenue Bond Resolution are available at the office of the Authority.

Definitions

Except as otherwise identified, the following are definitions in summary form of certain terms contained in the Junior Indebtedness General Resolution and used in this Official Statement:

"Accrued Debt Service" means, as of any date of calculation, the amount of Debt Service that has accrued with respect to any Series of Senior Bonds or any Series of Junior Indebtedness Obligations, as the case may be, calculating the Debt Service that has accrued with respect to such Series of Bonds or Junior Indebtedness Obligations as an amount equal to the sum of (1) the interest on such Series of Bonds or Junior Indebtedness Obligations that has accrued and is unpaid and that will have accrued by the end of the then current calendar month, including, to the extent not otherwise provided in a Supplemental Resolution, all net amounts due and payable by the Authority and all net amounts to accrue to the end of the then current calendar month pursuant to a Qualified Swap or a Qualified Reverse Swap (with respect to Senior Bonds only) or a Parity Reimbursement Obligation; and (2) that portion of the Principal Installments for such Series next due which would be accrued (if deemed to accrue in the manner set forth in the definition of "Debt Service" (as defined in the General Revenue Bond Resolution)) to the end of such calendar month; provided that the definition of Accrued Debt Service for any Series of Variable Interest Rate Senior Bonds shall be set forth in the applicable Supplemental Resolution.

"Act" means the New York State Thruway Authority Act, Title 9 of Article 2 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as it may be amended from time to time.

"Additional Project" shall mean any Other Authority Project designated as an Additional Project by the Authority and in respect of which there has been submitted to the Trustee the documents provided for in the General Revenue Bond Resolution and the Junior Indebtedness General Resolution and any New Interchange or New Extension (each as defined in the General Revenue Bond Resolution); and once designated as an Additional Project, any subsequent Facility Capital Improvements related thereto.

"Additional Project Revenues" means Revenues derived from Additional Projects. "Additional Project Revenues" shall not include the proceeds of any gifts, grants or other income to the Authority from the government of the United States or the State, any public instrumentality of the State or any other individual or entity, to the extent the Authority is precluded by law, the grant or other operative contract or instrument from applying such amounts to the general corporate purposes of the Authority.

"Aggregate Debt Service on Senior Bonds" means for any period and as of any date of calculation, the sum of the amounts of Debt Service (as defined in the General Revenue Bond Resolution) for such period with respect to all Senior Bonds then outstanding.

"Appreciated Value" means (i) as of any date of computation with respect to any Capital Appreciation and Current Interest Junior Indebtedness Obligation prior to the Interest Commencement Date set forth in the Supplemental Resolution or related Certificate of Determination providing for the issuance of such Capital Appreciation and Current Interest Junior Indebtedness Obligations, an amount equal to the principal amount of such Capital Appreciation and Current Interest Junior Indebtedness Obligation (the principal amount at its original issuance) plus the interest accrued on such Capital Appreciation and Current Interest Junior Indebtedness Obligation from the date of original issuance of such Junior Indebtedness Obligation to the Interest Payment Date next preceding the date of computation or the date of computation if such date is an Interest Payment Date, such interest to accrue at the rate per annum of the Capital Appreciation and Current Interest Junior Indebtedness Obligations set forth in the Supplemental Resolution or related Certificate of Determination providing for the issuance of such Capital Appreciation and Current Interest Junior Indebtedness Obligations, compounded semi-annually on each Interest Payment Date, and, if such date of computation shall not be an Interest Payment Date, a portion of the difference between the Appreciated Value as of the immediately preceding Interest Payment Date (or the date of original issuance if the date of computation is prior to the first Interest Payment Date succeeding the date of original issuance) and the Appreciated Value as of the immediately succeeding Interest Payment Date calculated based upon an assumption that Appreciated Value accrues during any period in equal daily amounts on the basis of a year of 360 days consisting of twelve (12) months of thirty (30) days each, and (ii) as of any date of computation on and after the Interest Commencement Date, the Appreciated Value on the Interest Commencement Date.

"Arbitrage and Use of Proceeds Certificate" means, with respect to any Junior Indebtedness Obligations, the interest on which is intended by the Authority to be excluded from gross income for federal income tax purposes, a certificate or certificates executed by an Authorized Officer in connection with the initial issuance and delivery of such Junior Indebtedness Obligations and containing representations, warranties and covenants of the Authority relating to the federal tax status of such Junior Indebtedness Obligations, as such certificate or certificates may be amended and supplemented from time to time.

"Assumed Balloon Maturity Debt Service" means if all or any portion of an Outstanding Series of Junior Indebtedness constitute Balloon Maturities, then, for purposes of determining debt service, each maturity that constitutes a Balloon Maturity shall, unless otherwise provided in a Supplemental Resolution or a related Certificate of Determination, be treated as if it were to be amortized over a term of not more than 35 years and with substantially level annual debt service funding payments commencing not later than the year following the maturity of the Balloon Maturity. The interest rate used for such computation shall be that rate quoted in The Bond Buyer 25 Revenue Bond Index for the last week of the month preceding the date of calculation as published by The Bond Buyer, or if such index is no longer published, another similar index designated by an Authorized Officer, taking into consideration whether such Junior Indebtedness Obligations bear interest which is or is not excluded from gross income for federal income tax purposes.

"Assumed First Junior Indebtedness Debt Service" means the debt service on the TIFIA Loan, as set forth in an exhibit to the Certificate of Determination executed in connection with the First Series of Junior Indebtedness Obligations issued or incurred by the Authority, as the same may be revised in accordance with the provisions of the TIFIA Loan Agreement, plus the interest that is not capitalized by the proceeds of the issue.

"Authority Board" means the board of the Authority duly appointed and acting pursuant to the Act.

"Authority Budget" means the budget of the Authority, as amended or supplemented, adopted or in effect for a particular Authority fiscal year pursuant to the Junior Indebtedness General Resolution and the General Revenue Bond Resolution.

"Authority Engineer's Certificate" means, in the sole discretion of the Authority, (i) an Independent Consultant's Certificate (delivered by an Independent Consultant that is a licensed professional engineer) or (ii) a certificate or an opinion signed by a licensed professional engineer employed by the Authority, having knowledge and expertise with respect to the subject matter of such certificate or opinion, and selected by the Authority to deliver such certificate or opinion.

"Authorized Newspaper" means The Bond Buyer or any newspaper customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York, designated by the Authority.

"Authorized Officer" means any member of the Authority Board, its Treasurer, any Assistant Treasurer, its Secretary, any Assistant Secretary, its Executive Director, its Chief Financial Officer and any other person authorized by a resolution or the by-laws of the Authority to perform the act or execute the document in question.

"Balloon Maturities" means, with respect to any Series of Junior Indebtedness Obligations, except the First Series of Junior Indebtedness Obligations, 50% or more of the principal of which matures on the same date or within a 12-month period which is no more than 10 years from its date of issuance, that portion (and only that portion) of such Series that matures on such date or within such 12-month period. For purposes of determining whether all or any portion of any Series of Junior Indebtedness Obligations constitutes Balloon Maturities, the principal amount maturing on any date shall be reduced by the amount of such Junior Indebtedness Obligations scheduled to be amortized by prepayment or redemption prior to their stated maturity date. Junior Indebtedness Obligations Anticipation Notes shall not be Balloon Maturities.

"Business Day" means a day of the year which is not a Saturday, Sunday or legal holiday in the State and not a day on which the Authority, State offices, the Trustee, Paying Agent or provider of a Credit Facility or Reserve Credit Facility are authorized or obligated to close.

"Capital Appreciation and Current Interest Junior Indebtedness Obligations" means any Junior Indebtedness Obligations as to which accruing interest is not paid prior to the Interest Commencement Date specified in the Supplemental Resolution or related Certificate of Determination providing for the issuance of such Junior Indebtedness Obligations and the Appreciated Value for such Junior Indebtedness Obligations is compounded semi-annually on each of the applicable semi-annual dates designated for compounding prior to the Interest Commencement Date for such Junior Indebtedness Obligations, all as so designated by Supplemental Resolution or related Certificate of Determination providing for the issuance of such Junior Indebtedness Obligations.

"Capital Appreciation Junior Indebtedness Obligations" means Junior Indebtedness Obligations of a Series the interest on which (1) is compounded and accumulated at the rates and on the dates set forth in the Supplemental Resolution or the Certificate of Determination authorizing the issuance of such Junior Indebtedness Obligations and (2) is payable upon the maturity or redemption of such Junior Indebtedness Obligations.

"Certificate of Determination" means a certificate of an Authorized Officer of the Authority fixing terms, conditions and other details of Junior Indebtedness Obligations in accordance with the delegation of power to do so under a Supplemental Resolution.

"Code" means the Internal Revenue Code of 1986, as amended. Each reference to a section of the Code shall be deemed to include the Regulations, including temporary and proposed Regulations, relating to such section which are applicable to the Junior Indebtedness General Resolution, including the Junior Indebtedness Obligations or the use of proceeds of Junior Indebtedness Obligations.

"Cost or Costs of Issuance" means the items of expense incurred in connection with the authorization, sale and issuance of Junior Indebtedness Obligations, which items of expense may include, but are not limited to, Authority expenses, State bond issuance charges, document printing and reproduction costs, filing and recording fees, costs of credit ratings, initial fees and charges of the Trustee, legal fees and charges, professional consultants' fees, underwriting fees, fees and charges for execution, transportation and safekeeping of Junior Indebtedness Obligations, premiums, fees and charges for Credit Facilities, Reserve Credit Facilities and other similar financial arrangements, costs and expenses of Junior Indebtedness Refunding Obligations and other costs, charges and fees, including those of the Authority, in connection with the foregoing.

"Counsel's Opinion" means an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the practice of law relating to municipal, state and public agency financing selected by the Authority.

"Credit Facility" means any letter of credit, line of credit, policy of bond insurance, surety bond, guarantee or similar instrument which is issued by a financial, insurance or other institution and which provides security or liquidity payment of principal of and interest on Junior Indebtedness Obligations issued as bonds, not including any Reserve Credit Facility.

"Current Interest Junior Indebtedness Obligations" means Junior Indebtedness Obligations of a Series the interest on which is payable on the Interest Payment Dates provided therefor in a Supplemental Resolution.

"Date of Completion" means (i) in the case of the construction of any vehicular bridge or road, the date on which such bridge or road is opened to vehicular traffic (as evidenced by an Authority Engineer's Certificate), and (ii) in any other case, the date on which the acquisition, construction, improvement, reconstruction or rehabilitation of a Facility is completed (as evidenced by an Authority Engineer's Certificate).

"Defeased Municipal Obligations" means pre-refunded municipal obligations rated in the same Rating Category by S&P, Moody's and Fitch as obligations of the federal government described in clauses (a) or (b) of "Government Obligations" and meeting the following requirements:

(a) the municipal obligations are (i) not subject to redemption prior to maturity or (ii) the Authority, the Trustee or the Paying Agent has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions; and

(b) the municipal obligations are fully secured by cash or Government Obligations which may be applied only to payment of the principal of and interest and premium, if any, on such municipal obligations.

"Depositary" means any bank or trust company or national banking association selected by the Authority, the Trustee (with the consent of the Authority), or the Paying Agent (with the consent of the Authority) as a depositary of moneys and securities held under the provisions of the Junior Indebtedness General Resolution and may include the Trustee or the Paying Agent.

"Facilities" means the Original Project and any Additional Project (but not including an Other Authority Project that does not constitute an Additional Project).

"Facility Capital Improvements" means, as applicable to the Original Project or any Additional Project, as may be determined by the Authority Board to be necessary or appropriate, any construction, reconstruction, rehabilitation, widening (including construction of any parallel spans or thoroughfares to any existing Facility bridge or tunnel) or relocation thereof, any extraordinary repairs, modifications or improvements thereto or with respect to any portion thereof, or any incidental expansion thereof or incidental extension thereto, or with respect to any portion thereof, including:

(i) incidental connecting tunnels, bridges, overpasses and underpasses, as well as existing interchanges (with regard to the Original Project, such existing interchanges shall expressly include, subject to Authority Board approval, any new interchange or interchanges providing access to Stewart International Airport and Interstate Route 84, from that portion of the Original Project constituting Interstate Route 87), new interchanges determined by the Authority Board to be necessary or appropriate for the proper operation of the applicable Facility in order to relieve congestion, to promote the efficient operation thereof, or to enhance the safe operation thereof; and

(ii) administration, storage and other buildings, toll facilities and equipment, entrance plazas, service areas and stations, barriers, machinery, equipment and other facilities relating to the construction, reconstruction, operation or maintenance of any Facility, acquisition of rights-of-way or other interests in real property necessary or appropriate for any of the activities described above in this definition.

"Fiduciary" means the Trustee, any Paying Agent, or any or all of them, as may be appropriate.

"First Series of Junior Indebtedness Obligations" shall mean the initial Series of Junior Indebtedness Obligations issued or incurred pursuant to the Junior Indebtedness General Resolution and the related Supplemental Resolution.

"Fitch" means Fitch Ratings, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

"General Reserve Fund" means the fund designated as the General Reserve Fund established in Section 502 of the General Revenue Bond Resolution.

"General Revenue Bond Resolution" means the resolution adopted by the Authority on August 3, 1992, as amended on January 5, 2007, entitled "General Revenue Bond Resolution", as supplemented.

"Government Obligations" means, except as otherwise provided in a Supplemental Resolution, (a) direct obligations of, or obligations the principal of and the interest on which are unconditionally guaranteed by, the United States of America and entitled to the full faith and credit thereof; (b) certificates, depositary receipts or other instruments which evidence a direct ownership interest in obligations described in clause (a) above or in any specific interest or principal payments due in respect thereof; provided, however, that the custodian of such obligations or specific interest or principal payments shall be a bank or trust company organized under the laws of the United States of America or of any state or territory thereof or of the District of Columbia, with a combined capital stock, surplus and undivided profits of at least $50,000,000 or the custodian is appointed by or on behalf of the United States of America; and provided, further, that except as may be otherwise required by law, such custodian shall be obligated to pay to the holders of such certificates, depositary receipts or other instruments the full amount received by such custodian in respect of such obligations or specific payments and shall not be permitted to make any deduction therefrom; (c) Defeased Municipal Obligations; and (d) bonds, debentures, notes or other obligations issued or guaranteed by any of the following: Federal National Mortgage Association, the Federal Financing Bank, the Federal Home Loan Mortgage Association, the Federal Housing Administration, the Farmers Home Administration, the Government National Mortgage Association, or any other agency controlled by or supervised by and acting as an instrumentality of the United States government.

"Holder" or "Holder of Junior Indebtedness Obligations", or any similar term, means any person who shall be the registered owner of any Outstanding Junior Indebtedness Obligations.

"Independent Consultant" means an independent licensed professional engineer or firm of independent licensed professional engineers of recognized national standing (who may be an engineer or firm of engineers retained by the Authority for other purposes) selected by the Authority; provided, however, that in connection with an Additional Project, the Authority may, in a Supplemental Resolution, if it determines that the field of engineering is not the most appropriate professional discipline (in terms of knowledge and expertise in connection with such Additional Project) to deliver any Independent Consultant's Certificates required by the terms of the Junior Indebtedness General Resolution, select members of another professional discipline, including but not limited to accounting, as appropriate, as an Independent Consultant in connection with such Additional Project; provided further that any members of such discipline thereafter selected by the Authority shall be independent and shall be of recognized national standing in such discipline.

"Independent Consultant's Certificate" means a certificate or an opinion signed and delivered by an Independent Consultant pursuant to the terms of the Junior Indebtedness General Resolution.

"Interest Payment Date" means, with respect to a Series of Junior Indebtedness Obligations, each date on which interest, if any, is payable pursuant to the Supplemental Resolution authorizing such Junior Indebtedness Obligations.

"Investment Obligations" means, to the extent the same are at the time legal for investment of funds of the Authority under the Act or under other applicable law:

(a) Government Obligations;

(b) certificates of deposit issued by, and time deposits in, and bankers' acceptances of, any bank (including any Paying Agent or Trustee), any branch of any bank, national banking association or federally chartered savings and loan association; provided that, with respect to any of the foregoing institutions, whose long-term unsecured indebtedness is rated less than "A" by Moody's, S&P or Fitch, such certificates of deposit or time deposits are (i) insured by the Federal Deposit Insurance Corporation for the full face amount thereof or (ii) to the extent not so insured, collateralized by direct obligations of the United States of America having a market value of not less than the face amount of such certificates and deposits;

(c) evidences of ownership of a proportionate interest in specified direct obligations of the United States of America, which obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, or when "stripped" by the United States Treasury, then by the custodian designated by the United States Treasury;

(d) obligations of state or local government municipal bond issuers which are rated in one of the two highest Rating Categories by S&P, Moody's or Fitch;

(e) obligations of state or local government municipal bond issuers, the principal of and interest on which, when due and payable, have been insured by an insurance policy or guaranteed by a letter of credit and which are rated in one of the two highest Rating Categories by S&P, Moody's or Fitch;

(f) interests in a money market mutual fund registered under the Investment Company Act of 1940, 15 U.S.C. §§ 80-1, et seq., as from time to time amended, the portfolio of which is limited to obligations described in clause (a), (d), or (e) above and repurchase agreements fully collateralized thereby provided that such fund has total assets of at least $100,000,000 and is rated in the highest Rating Category by S&P, Moody's or Fitch;

(g) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian;

(h) any repurchase agreement for Government Obligations by the Authority or any Trustee that is with a bank, trust company (including any Trustee) or securities dealer which is a member of the Securities Investors Protective Corporation, each of which is a primary reporting dealer in government securities as determined by the Federal Reserve Bank, or if "primary reporting dealers" cease to be determined by the Federal Reserve Bank, such other comparable standard as the Authority shall implement pursuant to a Supplemental Resolution; provided, however, that the Government Obligations must be transferred to the Authority or any Trustee or a third party agent by physical delivery or by an entry made on the records of the issuer or registrar of such obligations, and the collateral security must continually have a market value at least equal to the amount so invested and the collateral must be free of third party claims. Any investment in a repurchase agreement shall be considered to mature on the date the bank, trust company or recognized securities dealer providing the repurchase agreement is obligated to repurchase the Government Obligations;

(i) commercial paper rated in the highest Rating Category by S&P, Moody's or Fitch; and

(j) any other obligations from time to time permitted pursuant to the Act or other applicable law, provided, however, that if the funds invested in any such obligation are pledged for the payment of Junior Indebtedness Obligations under the Junior Indebtedness General Resolution and the Junior Indebtedness Obligations are then rated by Moody's, S&P or Fitch, such obligation shall be rated in one of the two highest Rating Categories of each such rating agency or, if such obligation is not then rated by either rating agency, an obligation of comparable credit quality of the same issuer is rated in one of the two highest Rating Categories of such rating agency.

Any investment in obligations described in (a), (c), (d), (e), (f), (g), (h) and (i) above may be made in the form of an entry made on the records of the issuer of the particular obligation.

"Junior Indebtedness Aggregate Debt Service" means for any period and of any date of calculation, the sum of the amounts of Junior Indebtedness Debt Service for such period with respect to all Series of Junior Indebtedness Obligations then outstanding.

"Junior Indebtedness Construction Account" means the account of the Junior Indebtedness Fund designated as the Junior Indebtedness Construction Account established in Section 401 of the Junior Indebtedness General Resolution.

"Junior Indebtedness Debt Service" means for any period, as of any date of calculation, and with respect to any Series of Junior Indebtedness Obligations, an amount equal to the sum of (i) interest accruing during such period on the Junior Indebtedness Obligations of such Series, including to the extent not otherwise provided in a Supplemental Resolution, all net amounts due and payable by the Authority and all net amounts to accrue to the end of such period pursuant to a Parity Reimbursement Obligation, and (ii) that portion of each Principal Installment for such Series which would accrue during such period if such Principal Installment were deemed to accrue daily in equal amounts from the next preceding Principal Installment payment date for such Series (or, if there shall be no such preceding Principal Installment payment date, from a date one year prior to the due date of the first Principal Installment of the Junior Indebtedness Obligations of such Series); provided, however, "Junior Indebtedness Debt Service" for (a) the First Junior Indebtedness Obligations shall be calculated on the basis of Assumed First Junior Indebtedness Debt Service and (b) a Balloon Maturity shall be calculated on the basis of Assumed Balloon Maturity Debt Service. Such interest and Principal Installments shall be calculated on the assumption that no Junior Indebtedness Obligations of such Series that are outstanding at the date of calculation will cease to be outstanding except by reason of the payment of each Principal Installment on the due date thereof; provided, however, that there shall be excluded from "Junior Indebtedness Debt Service" (1) interest on Junior Indebtedness Obligations to the extent that escrowed interest is available to pay such interest, (2) Principal Installments on Junior Indebtedness Obligations to the extent that escrowed principal is available to pay such Principal Installments, and (3) interest funded from the proceeds of Junior Indebtedness Obligations to the extent that such funded interest is held by the Trustee in the Junior Indebtedness Debt Service Payment Account for such purpose.

"Junior Indebtedness Debt Service Payment Account" means the account of the Junior Indebtedness Fund designated as the Junior Indebtedness Debt Service Payment Account established in Section 401 of the Junior Indebtedness General Resolution.

"Junior Indebtedness Debt Service Reserve Account" means the account of the Junior Indebtedness Fund designated as the Junior Indebtedness Debt Service Reserve Account established in Section 401 of the Junior Indebtedness General Resolution.

"Junior Indebtedness Debt Service Reserve Account Requirement" means, with respect to any particular subaccount of the Junior Indebtedness Debt Service Reserve Account, the amount, if any, established for such purpose in a Supplemental Resolution or Certificate of Determination relating to a Series of Junior Indebtedness Obligations.

"Junior Indebtedness Fund" means the fund established by Section 502(6) of the General Revenue Bond Resolution for the payment of Junior Indebtedness Obligations.

"Junior Indebtedness Net Revenue Requirement" means, with respect to any period of time, an amount equal to the greater of (i) the sum of (A) Aggregate Debt Service on Senior Bonds, (B) amounts required to make deposits to the Senior Debt Service Reserve Fund (as defined in the General Revenue Bond Resolution), if any, (C) amounts required to make Reserve Maintenance Payments (as defined in the General Revenue Bond Resolution), and (D) amounts required to be deposited in the Junior Indebtedness Fund pursuant to the General Revenue Bond Resolution and the Junior Indebtedness General Resolution and any Supplemental Resolution thereto or other resolution or agreement authorizing Junior Indebtedness Obligations, or (ii) for such period of time, 1.20 times the sum of (A) Aggregate Debt Service on Senior Bonds and (B) amounts required to be deposited in the Junior Indebtedness Debt Service Payment Account of the Junior Indebtedness Fund pursuant to the Junior Indebtedness General Resolution and any Supplemental Resolution thereto or other resolution authorizing Junior Indebtedness Obligations; provided, however, that (1) Aggregate Debt Service on Senior Bonds for purposes of calculating the Junior Indebtedness Net Revenue Requirement may be reduced by an amount equal to investment income on the Senior Debt Service Fund (as defined in the General Revenue Bond Resolution) and the Senior Debt Service Reserve Fund (to the extent such investment income is required to be retained in or transferred to the Senior Debt Service Fund, as appropriate, pursuant to a Supplemental Resolution); and (2) amounts required to be deposited in the Junior Indebtedness Fund for purposes of calculating the Junior Indebtedness Net Revenue Requirement may be reduced by an amount equal to investment income on deposit in the Junior Indebtedness Fund Debt Service Payment Account and the Junior Indebtedness Debt Service Reserve subaccounts (to the extent such investment income is required to be retained in or transferred to the Junior Indebtedness Debt Service Payment Account).

"Junior Indebtedness Obligations" means all bonds, notes or other evidence of indebtedness (i) issued or incurred by the Authority pursuant to the Junior Indebtedness General Resolution and any Supplemental Resolution and in accordance with Section 509 of the General Revenue Bond Resolution, and (ii) payable from and secured by (A) a junior lien on Revenues, and (B) amounts on deposit in the Junior Indebtedness Fund; provided, however, that such term shall not include any Junior Indebtedness Obligations Anticipation Notes.

"Junior Indebtedness Obligations Anticipation Notes" means the obligations issued or incurred by the Authority pursuant to the Junior Indebtedness General Resolution and any related Supplemental Resolution.

"Junior Indebtedness Proceeds Account" means the account of the Junior Indebtedness Fund designated as the Junior Indebtedness Proceeds Account established in Section 401 of the Junior Indebtedness General Resolution.

"Junior Indebtedness Refunding Obligations" means any Junior Indebtedness Obligations issued to refund or refinance indebtedness of the Authority, whether issued in one or more Series of Junior Indebtedness Obligations, authenticated and delivered pursuant to Article II of the Junior Indebtedness General Resolution, on original issuance pursuant to the Junior Indebtedness General Resolution, and any Junior Indebtedness Obligations thereafter authenticated and delivered in lieu of or in substitution for such Junior Indebtedness Obligations pursuant to Junior Indebtedness General Resolution.

"Maximum Annual Debt Service" means, as of any date of calculation, an amount equal to the greatest amount of Aggregate Debt Service for the current or any future 12-month period. For purposes of this definition, interest with respect to any Variable Interest Rate Bonds shall be calculated using the Maximum Interest Rate with respect to such Bonds.

"Maximum Annual Junior Indebtedness Debt Service" means, as of any date of calculation, an amount equal to the greatest amount of Junior Indebtedness Aggregate Debt Service for the current or any future 12-month period.

"Maximum Annual Senior and Junior Indebtedness Debt Service" means as of any date of calculation, an amount equal to the greatest amount of the sum of (i) Aggregate Debt Service on Senior Bonds, and (ii) Junior Indebtedness Aggregate Debt Service.

"Maximum Interest Rate" means, with respect to any particular Variable Interest Rate Bonds, a numerical rate of interest, which shall be set forth in the Supplemental Resolution authorizing such Bonds, that shall be the maximum rate of interest such Bonds may at any time bear; provided, however, that (a) should the Authority obtain insurance or other coverage which provides that any increase in the variable interest rate on any Variable Interest Rate Bonds above a threshold rate will be reimbursed or paid by the insurer or provider of such other coverage, such threshold rate will be deemed to be the Maximum Interest Rate and (b) with respect to fixed interest rate [Senior] Bonds deemed to be Variable Interest Rate Bonds because of a Qualified Reverse Swap entered in connection therewith, the Maximum Interest Rate shall be (i) the fixed interest rate of such [Senior] Bonds for so long as the aggregate Outstanding principal amount of all such fixed interest rate [Senior] Bonds deemed to be Variable Interest Rate Bonds is less than or equal to 5% of the aggregate principal amount of all [Senior] Bonds Outstanding, and (ii) otherwise shall be the maximum interest rate of such Qualified Reverse Swap. With respect to the immediately preceding clause (a), the insurer or provider of such other coverage providing such insurance policy or other coverage shall be an insurer or bank whose insurance policies or other coverage are rated in the highest Rating Category by S&P and Moody's. *[This is a General Revenue Bond Resolution definition]*

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporations shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

"Net Revenues" for any period means the amount of the excess of the Revenues over the Operating Expenses during such period; provided, however, that in calculating such amount there shall be excluded from "Revenues" any amounts that (i) are subject to appropriation by the Congress of the United States, the Legislature of the State or any other legislative body of a governmental entity or (ii) are not reasonably expected by the Authority to recur annually in predictable amounts until the scheduled retirement at maturity or pursuant to Sinking Fund Installments of all Senior Bonds and Junior Indebtedness Obligations Outstanding or then proposed to be Outstanding.

"New Extension" means an additional tolled roadway or an extension to or expansion of any Facility constituting a tolled roadway (including in either case tunnels and bridges), in each case which fully satisfies the requirements of the General Revenue Bond Resolution and upon such satisfaction is designated by the Authority as an Additional Project; provided that such Additional Project shall be (i) within the jurisdiction and control of the Authority and (ii) undertaken for transportation or transportation-related purposes (including related necessary or appropriate economic development activities). *[This is a General Revenue Bond Resolution definition]*

"New Interchange" means an interchange on any Facility constituting a tolled roadway which fully satisfies the requirements of the General Revenue Bond Resolution and upon such satisfaction is designated by the Authority as an Additional Project; provided that such Additional Project shall be (i) within the jurisdiction and control of the Authority and (ii) undertaken for transportation or transportation-related purposes (including related necessary or appropriate economic development activities). *[This is a General Revenue Bond Resolution definition]*

"NNYB" or "New NY Bridge" means the portion of the Original Project constituting the Governor Malcolm Wilson Tappan Zee Bridge in the Hudson section, as provided in Section 356(2) of the Act, constituting the replacement of said Facility with a new multi-span bridge crossing the Hudson River between Tarrytown and Nyack, New York, and all toll plazas and support facilities for such bridge in Westchester or Rockland Counties.

"Operating Expenses" means the expenses incurred for operation, maintenance and repair, ordinary replacement and ordinary reconstruction of any Facility or any part thereof and shall include, without limiting the generality of the foregoing, administrative expenses, premiums and reserves for insurance and self-insurance, fees or premiums for a Credit Facility, Reserve Credit Facility, Qualified Swap or Qualified Reverse Swap, legal and engineering expenses, payments into pension, retirement, health and hospitalization funds, and any other expenses associated with the rehabilitation and reconstruction of a municipal highway, under which passes any portion of the Original Project, and required to be paid by the Authority by Subdivision 4 of Section 359 of the Act, as in effect on August 25, 1992, all to the extent properly and directly attributable to the operation of the Original Project, and rental payments in connection with operating leases entered in the ordinary course of business, all to the extent properly and directly attributable to any Facility, and the expenses and compensation of the Fiduciaries required to be paid under the Junior Indebtedness General Resolution; but does not include (i) any costs or expenses for new construction or for major reconstruction or (ii) any provision for interest, depreciation, amortization or similar charges.

"Original Project" means all New York State Thruway sections and connections constituting roads or bridges, authorized by the Act as in effect on, and open to traffic on the original date of adoption of the General Revenue Bond Resolution, except the portion of I-84 in the State, together with any Facility Capital Improvements related thereto.

"Other Authority Project" means one or more facilities and other real and personal property, or any interest therein, which the Authority may now or hereafter be authorized to acquire, design, construct, maintain, operate, finance, improve, reconstruct, rehabilitate or otherwise undertake for transportation or transportation-related purposes (including related necessary or appropriate economic development activities). Each Other Authority Project shall be within the jurisdiction and control of the Authority and shall be designated as an Other Authority Project by a Supplemental Resolution adopted pursuant to the Junior Indebtedness General Resolution, and if not so designated shall not become an Other Authority Project. Notwithstanding the foregoing, the following projects, to the extent authorized by law, shall in any event be deemed Other Authority Projects regardless of whether the Authority has jurisdiction and control of such projects and whether designated by a Supplemental Resolution: (1) the Inner Harbor project and the Intermodal Transportation Center in Syracuse; (2) the Horizons Waterfront project in Buffalo; (3) the Stewart International Airport Access project in Orange County and intended to provide direct access to Stewart International Airport from Interstate Route 84 in the vicinity of the airport; (4) the New York State Canal system; (5) the Thruway Exit 26 project in Schenectady County; and (6) the Tappan Zee Bridge Ferry Service project between Rockland County and Manhattan.

"Other Authority Project Cost" shall have the meaning set forth for such term in the definition of "Project Cost."

"Outstanding," when used with reference to Junior Indebtedness Obligations, means, as of any date, all Junior Indebtedness Obligations theretofore or thereupon being authenticated and delivered under the Junior Indebtedness General Resolution except:

(i) Any Junior Indebtedness Obligation canceled or delivered for cancellation at or prior to such date;

(ii) Any Junior Indebtedness Obligation (or portion thereof) deemed to have been paid in accordance with the terms of the Junior Indebtedness General Resolution; or

(iii) Any Junior Indebtedness Obligation in lieu of or in substitution for which other Junior Indebtedness Obligations shall have been authenticated and delivered pursuant to the Junior Indebtedness General Resolution;

provided, however, that, unless required pursuant to a Supplemental Resolution, a Parity Reimbursement Obligation shall not, by itself, increase the Outstanding principal amount of Junior Indebtedness Obligations.

"Principal" or "principal" means (1) with respect to any Capital Appreciation Junior Indebtedness Obligation, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest), provided, however, when used in connection with (a) the authorization and issuance of Junior Indebtedness Obligations and (b) the order of priority of payments of Junior Indebtedness Obligations after an Event of Default, "Principal" or "principal" means the Original Principal Amount of a Capital Appreciation Junior Indebtedness Obligation (the difference between the Accreted Amount and the Original Principal Amount being deemed interest), and provided further, however, that when used in connection with determining whether the Junior Indebtedness Obligation holders of the requisite principal amount of Outstanding Junior Indebtedness Obligations have given any required consent, notice, waiver, request, demand, authorization, direction or notice, "Principal" or "principal" means the Accreted Amount, (2) with respect to any Capital Appreciation and Current Interest Junior Indebtedness Obligation, the Appreciated Value thereof, and (3) with respect to any Current Interest Junior Indebtedness Obligation, the principal amount of such Junior Indebtedness Obligation payable at maturity.

"Principal Installment" means, as of any date of calculation and with respect to any Series, (a) the Principal amount of Outstanding Junior Indebtedness Obligations of such Series, due on the dates and in the amounts, in each case as specified in the Supplemental Resolution authorizing such Series, reduced by the Principal amount of such Junior Indebtedness Obligations which would be retired by reason of the payment when due and application in accordance with the Junior Indebtedness General Resolution of Sinking Fund Installments payable before such future date, plus the unsatisfied balance of any Sinking Fund Installment due on such certain future date, together with the aggregate amount of the premiums, if any, applicable on such future date upon the redemption of such Junior Indebtedness Obligations by application of such Sinking Fund Installments in a principal amount equal to such unsatisfied balance, and (b) with respect to any amounts due under any Parity Reimbursement Obligation, the Principal amount of such amounts due under any Parity Reimbursement Obligation.

"Principal Payment Date" means, with respect to a Series of Junior Indebtedness Obligations, each date on which principal or a Sinking Fund Installment, if any, is payable pursuant to the Supplemental Resolution authorizing such Junior Indebtedness Obligations.

"Project Cost" with respect to any Facility, shall mean (i) the costs incurred or to be incurred by the Authority in connection with or incidental to the acquisition, design, construction, improvement, reconstruction or rehabilitation of such Facility, including legal, administrative, engineering, planning, design, studies, insurance costs and financing costs of such Facility (except to the extent such costs are funded from the proceeds of any Junior Indebtedness Obligations of the Authority, the payment of which is included as a Project Cost under clause (iii) below); (ii) amounts, if any, required by the Junior Indebtedness General Resolution to be paid into (A) any account or subaccount of the Junior Indebtedness Fund, (B) the Junior Indebtedness Obligations Account of the Rebate Fund established pursuant to paragraph (6) of Section 401 of the Junior Indebtedness General Resolution, or (C) any other Fund or account established by the General Revenue Bond Resolution pursuant to the direction of an Authorized Officer in a Certificate of Determination; (iii) payments when due (whether at the maturity of principal or the due date of interest or upon redemption) on Junior Indebtedness Obligations Anticipation Notes; (iv) costs of equipment and supplies and initial working capital and reserves required by the Authority for the commencement of operation of such Facility; (v) costs of acquisition by the Authority of real or personal property or any interest therein, including land required for relocation and relocation costs and land required for environmental mitigation; (vi) any other costs properly attributable to the acquisition, design, construction, improvement, reconstruction or rehabilitation of such Facility, including costs of any Facility Capital Improvements; and (vii) interest on Junior Indebtedness Obligations during the estimated period of construction and for a reasonable period thereafter. As distinguished from Project Costs, any such costs incurred in connection with an Other Authority Project that has not been designated an Additional Project shall be referred to as "Other Authority Project Costs".

"Purchase Agreement or Placement Agreement" means the agreement between the Authority and the underwriters or purchasers named therein for the public offering or private placement, as the case may be, of Junior Indebtedness Obligations.

"Qualified Reverse Swap" means, to the extent from time to time permitted by law, with respect to [Senior] Bonds, any financial arrangement (i) that is entered into by the Authority in connection with [Senior] Bonds bearing interest at a fixed rate of interest in the expectation of lowering the Authority's costs of incurring such indebtedness, (ii) that is entered into by the Authority for a term of more than five years, (iii) the net effect of which, together with the interest rate borne by such [Senior] Bonds, is a variable rate of interest to the Authority during the term of such arrangement, and (iv) which has been designated in writing to the Trustee by an Authorized Officer as a Qualified Reverse Swap with respect to such Bonds. *[This is a General Revenue Bond Resolution definition]*

"Qualified Swap" means, to the extent from time to time permitted pursuant to law, with respect to [Senior] Bonds, any financial arrangement (i) that is entered into by the Authority with an entity that is a Qualified Swap Provider at the time the arrangement is entered into; (ii) which provides that the Authority shall pay to such entity an amount based on the interest accruing at a fixed rate on an amount equal either to the principal amount of such [Senior] Bonds of such Series or a notional principal amount relating to such Series, and that such entity shall pay to the Authority an amount based on the interest accruing on such actual or notional principal amount at a variable rate of interest computed according to a formula set forth in such arrangement (which need not be the same as the actual rate of interest borne by such [Senior] Bonds) or that one shall pay to the other any net amount due under such arrangement or such other similar arrangement, the net effect of such arrangement and the interest rate borne by such [Senior] Bonds is at all times a fixed interest rate to the Authority; (iii) which provides for a commencement date and a termination date identical to the term or remaining term of such [Senior] Bonds, taking into account any conversion of Bonds from a variable interest rate to a fixed interest rate as a termination date; and (iv) which has been designated in writing to the Trustee by an Authorized Officer as a Qualified Swap with respect to such [Senior] Bonds. *[This is a General Revenue Bond Resolution definition]*

"Qualified Swap Provider" means, with respect to a Series of [Senior] Bonds, an entity whose senior long term obligations, other senior long term obligations or claims paying ability or whose payment obligations under a Qualified Swap are guaranteed by an entity whose senior long term debt obligations, other senior unsecured long term obligations or claims paying ability are rated either (i) at least as high as "A3" by Moody's, and "A-" by S&P, or the equivalent thereof by any successor thereto for so long as such rating agency is then maintaining a rating on the [Senior] Bonds Outstanding, but in no event lower than any Rating Category designated by each such rating agency for the Bonds Outstanding subject to such Qualified Swap, or (ii) any such lower Rating Categories which each such rating agency then maintaining a rating on the [Senior] Bonds Outstanding indicates in writing to the Authority and the Trustee will not, by itself, result in a reduction or withdrawal of its rating on the [Senior] Bonds Outstanding subject to such Qualified Swap that is in effect prior to entering into such Qualified Swap. *[This is a General Revenue Bond Resolution definition]*

"Rating Categories" means one of the generic rating categories of either Moody's, S&P or Fitch without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

"Rebate Amount" means, with respect to each Series of Junior Indebtedness Obligations, the amount equal to the rebatable arbitrage and any income attributable to the rebatable arbitrage as required by the Code.

"Rebate Fund" means the Fund designated as the Rebate Fund established in the General Revenue Bond Resolution.

"Record Date" means with respect to any Interest Payment Date, unless the applicable Supplemental Resolution authorizing a particular Series of Junior Indebtedness Obligations or a Certificate of Determination relating thereto provides otherwise with respect to Junior Indebtedness Obligations of such Series, the fifteenth (15th) day of the calendar month next preceding such Interest Payment Date.

"Redemption Date" means the date upon which Junior Indebtedness Obligations are to be called for redemption pursuant to the Junior Indebtedness General Resolution.

"Redemption Price" means, with respect to any Junior Indebtedness Obligations, the Principal amount thereof plus the applicable premium, if any, payable upon the redemption thereof.

"Regulations" means the Income Tax Regulations promulgated by the Department of the Treasury from time to time.

"Reserve Credit Facility" means (a) any irrevocable, unconditional letter of credit issued by a bank or savings and loan association whose long-term uncollateralized debt obligations are rated in one of the two highest Rating Categories by each nationally recognized rating agency then rating any Junior Indebtedness, or if no Junior Indebtedness is then rated, by any nationally recognized rating agency, and (b) any insurance policy providing substantially equivalent liquidity as an irrevocable, unconditional letter of credit, and which is issued by a municipal bond or other insurance company, obligations insured by which are rated in one of the two highest Rating Categories by each nationally recognized rating agency then rating any Junior Indebtedness, or if no Junior Indebtedness is then rated, by a nationally recognized rating agency, and which is used, to the extent permitted under applicable law, including the Act, to fund all or a portion of any Junior Indebtedness Debt Service Reserve Account Requirement.

"Reserve Maintenance Payments" means an amount described as such for a particular Authority fiscal year in the Authority Budget, which for each fiscal year of the Authority shall be an amount no less than the greater of (i) $30,000,000 or (ii) the amount specified in an Independent Consultant's Certificate for such Authority fiscal year (the amount so specified in each Authority Budget being the "Minimum Amount"); provided further that Reserve Maintenance Payments may not exceed an amount or amounts from time to time established by the Authority pursuant to a Supplemental Resolution (the "Maximum Amount"); provided further that any such Maximum Amount shall not be less than the Minimum Amount. For purposes of the tests set forth in the Junior Indebtedness General Resolution for an Other Authority Project or for a New Interchange or a New Extension to become an Authority Project, for any period beyond the term of an Authority Budget, "Reserve Maintenance Payments" shall be based upon estimates provided in an Independent Consultant's Certificate. *[This is a General Revenue Bond Resolution definition]*

"Revenues" means (i) all tolls, revenues, fees, charges, rent and other income and receipts derived from the operation, jurisdiction and control of the Facilities, (ii) the proceeds of any use and occupancy insurance relating to the Facilities and of any other insurance which insures against loss of Revenues, and (iii) investment income received on any moneys or securities held under the General Revenue Bond Resolution other than investment income on amounts held in the Rebate Fund, the Junior Indebtedness Fund or any other Fund to the extent the investment income from such Fund or any account thereof is not transferred to the Revenue Fund pursuant to the General Revenue Bond Resolution. "Revenues" shall not include the proceeds of any gifts, grants or other income to the Authority from the government of the United States or the State, any public instrumentality of the State or any other individual or entity, to the extent the Authority is precluded by law, the grant or other operative contract or instrument from applying such amounts to Operating Expenses, Debt Service (as such term is defined in the General Revenue Bond Resolution) and Junior Indebtedness Debt Service.

"S&P" means Standard & Poor's Ratings Services, a division of McGraw-Hill Financial, Inc., its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Authority.

"Senior Bonds" means all bonds, notes and other evidences of indebtedness or obligations (other than any [Senior] Bond Anticipation Notes) issued or incurred by the Authority pursuant to the General Revenue Bond Resolution that are secured by and payable from the Senior Debt Service Fund established in Section 502 of the General Revenue Bond Resolution and for which the pledge and lien created by the General Revenue Bond Resolution are senior in all respects to any pledge or lien now or hereafter created for Junior Indebtedness Obligations.

"Senior Debt Service Reserve Fund Requirement" means, as of any date of calculation, an amount equal to the maximum amount of Aggregate Debt Service for any 12-month period (exclusive of accrued interest, if any) on all Outstanding [Senior] Bonds secured by the Senior Debt Service Reserve Fund; provided that (i) with respect to Variable Interest Rate Bonds, interest on such [Senior] Bonds shall be calculated at the Estimated Average Interest Rate until conversion to a fixed rate of interest at which time such requirement shall be recalculated in accordance with actual Debt Service thereafter due and payable for any ensuing 12-month period with respect to such [Senior] Bonds and (ii) for the purposes of determining the amount required to be on deposit and thereafter maintained in the Senior Debt Service Reserve Fund with respect to any Series of [Senior] Bonds the interest on which is excludable from gross income for federal income tax purposes, to the extent required to maintain the federal tax status of interest on such [Senior] Bonds, the Senior Debt Service Reserve Fund Requirement shall at no time exceed the sum of the Senior Debt Service Reserve Fund Requirement immediately prior to the issuance of such Series and an amount equal to ten per centum (10%) of the proceeds (as such term is used in Section 148(d) of the Code) from the sale of such Series. *[This is a General Revenue Bond Resolution definition]*

"Series" means, as applicable, (i) all of the Junior Indebtedness Obligations issued as notes or bonds of the Authority that are authenticated and delivered on original issuance and denominated as part of the same series, and thereafter delivered in lieu of or in substitution of such Junior Indebtedness Obligations regardless of variations in maturity, interest rate, Sinking Fund Installments or other provisions, or (ii) any evidence of indebtedness incurred by the Authority constituting Junior Indebtedness Obligations that is not evidenced in the manner set forth in clause (i) of this definition.

"Sinking Fund Installment" means, with respect to any Series of Junior Indebtedness Obligations or Senior Bonds, as of any date of calculation and with respect to any Junior Indebtedness Obligations or Senior Bonds of such Series, the amount of money required by the applicable Supplemental Resolution pursuant to which such Junior Indebtedness Obligations or Senior Bonds were issued, to be paid in all events by the Authority on a single future date for the retirement of any Outstanding Junior Indebtedness Obligations or Senior Bonds of said Series which mature after said future date, but does not include any amount payable by the Authority by reason only of the maturity of such Junior Indebtedness Obligation or Senior Bond.

"State" means the State of New York.

"Subordinated Indebtedness" means all bonds, notes or any other evidence of indebtedness issued or incurred by the Authority in accordance with the General Revenue Bond Resolution and payable out of amounts available in the General Reserve Fund.

"Supplemental Resolution" shall mean any resolution supplemental to or amendatory of the Junior Indebtedness General Resolution, adopted by the Authority and becoming effective in accordance with the Junior Indebtedness General Resolution.

"Term Bonds" means with respect to [Senior] Bonds of a Series, the [Senior] Bonds so designated in an applicable Supplemental Resolution or the applicable Certificate of Determination and payable from Sinking Fund Installments. *[This is a General Revenue Bond Resolution definition]*

"Test Period" means a period of time consisting of the greater of (i) the next succeeding five Authority fiscal years and (ii) the period extending from the next succeeding Authority fiscal year through the second Authority fiscal year following the estimated Date of Completion of any Facility not then completed.

"TIFIA Lender" means the United States Department of Transportation, an agency of the United States of America, acting by and through the Federal Highway Administrator.

"TIFIA Loan" means the loan made by the TIFIA Lender Under the TIFIA Loan Agreement pursuant to the Transportation Infrastructure Financing and Innovation Act to the Authority, to pay a portion of the Eligible Project Costs (as such term is defined in the TIFIA Loan Agreement) of the NNYB.

"TIFIA Loan Agreement" means the TIFIA Loan Agreement, dated as provided therein, by and between the Authority and the TIFIA Lender.

"Trustee" means a trustee appointed by the Authority pursuant to the Junior Indebtedness General Resolution, its successor and assigns, and any other corporation or association which may at any time be substituted in its place as provided in the Junior Indebtedness General Resolution.

"Variable Interest Rate Bonds" means [Senior] Bonds which bear a variable interest rate but does not include any [Senior] Bond which, during the remainder of the term thereof to maturity, bears interest at a fixed rate; provided, however, that [Senior] Bonds bearing a variable rate of interest shall not be deemed Variable Interest Rate Bonds if (a) the Authority has entered into a Qualified Swap with respect to such [Senior] Bonds (but only for so long as such Qualified Swap meets all requirements of a "Qualified Swap") or (b) each of the following conditions is met: (i) such [Senior] Bonds are issued concurrently in equal principal amounts with other [Senior] Bonds bearing a variable rate of interest, (ii) such [Senior] Bonds and such other [Senior] Bonds are required to remain Outstanding in equal principal amounts at all times, and (iii) the net effect of such equal principal amounts and variable interest rates is at all times a fixed interest rate to the Authority; provided further that, except for purposes of establishing the amount of the Senior Debt Service Reserve Fund Requirement, (1) [Senior] Bonds bearing a fixed rate of interest shall be deemed Variable Interest Rate Bonds to the extent that the Authority has entered into a Qualified Reverse Swap and (2) the derivative rate of such arrangement shall be deemed to be the variable interest rate of such [Senior] Bonds. *[This is a General Revenue Bond Resolution definition]*

Junior Indebtedness General Resolution to Constitute Contract

In consideration of the purchase and acceptance of any and all Junior Indebtedness Obligations authorized to be issued under the Junior Indebtedness General Resolution by those who shall hold the same from time to time, the Junior Indebtedness General Resolution shall be deemed to be and shall constitute a contract between the Authority and the holders from time to time of Junior Indebtedness Obligations; and the pledge made in the Junior Indebtedness General Resolution and the covenants and agreements set forth therein to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the holders of any and all Junior Indebtedness Obligations, all of which, regardless of the time or times of their issue, shall be of equal rank without preference, priority or distinction of any Junior Indebtedness Obligations over any other thereof, except as expressly provided in or permitted by the Junior Indebtedness General Resolution, by a Supplemental Resolution or by a related Certificate of Determination.

The Junior Pledge Effected by the Junior Indebtedness General Resolution

Junior Indebtedness Obligations are special obligations of the Authority and subject to the terms, conditions and limitations established in the General Revenue Bond Resolution and the Junior Indebtedness General Resolution.

There are pledged for the payment of the principal, and Redemption Price of, Sinking Fund Installments, if any, and interest on, Junior Indebtedness Obligations, in accordance with their terms, the provisions of the General Revenue Bond Resolution and the terms of the Junior Indebtedness General Resolution, subject only to the provisions of the General Revenue Bond Resolution and the provisions of the Junior Indebtedness General Resolution permitting the application thereof for the purposes and on the terms and conditions set forth therein, (i) the proceeds of the sale of Junior Indebtedness Obligations, (ii) the Revenues, and (iii) all amounts on deposit in the Junior Indebtedness Fund (including the investments, if any, thereof) other than amounts on deposit in any subaccount of the Junior Indebtedness Debt Service Reserve Account, which shall only secure the Series of Junior Indebtedness Obligations for which it was established. The pledge and lien created by the Junior Indebtedness General Resolution for Junior Indebtedness Obligations shall be subordinate in all respects to any pledge or lien now or hereafter created for Senior Bonds and shall be senior in all respects to any pledge or lien now or hereafter created for Subordinated Indebtedness.

All moneys at any time deposited in the Junior Indebtedness Fund, or any account thereof, shall be held in trust by the Trustee solely for the benefit of the Holders of Junior Indebtedness Obligations, other than amounts on deposit in any subaccount of the Junior Indebtedness Debt Service Reserve Account, which shall only secure the Series of Junior Indebtedness Obligations for which it was established.

Authorization of Junior Indebtedness Obligations

Junior Indebtedness Obligations entitled to the benefit, protection and security of the Junior Indebtedness General Resolution are authorized to be issued or incurred without limit, except as otherwise provided in the Junior Indebtedness General Resolution or as limited by law. The Junior Indebtedness General Resolution creates a continuing pledge and lien to secure the full and final payment of the principal and Redemption Price of, interest on, and Sinking Fund Installments for, all Junior Indebtedness Obligations, which continuing pledge and lien shall be subordinate in all respects to any pledge or lien now or hereafter created for Senior Bonds on the Revenues. Junior Indebtedness Obligations shall be special obligations of the Authority and subject to the terms, conditions and limitations established in the General Revenue Bond Resolution and the Junior Indebtedness General Resolution.

Purposes for Issuing or Incurring Junior Indebtedness Obligations

The purposes for which Junior Indebtedness Obligations may be issued or incurred by the Authority are to (i) pay Project Costs, Additional Project Costs and Other Authority Project Costs, (ii) refund or refinance any Senior Bonds (including any bond anticipation notes related thereto), Junior Indebtedness Obligations or Subordinated Indebtedness of the Authority, (iii) make a deposit to a subaccount of the Junior Indebtedness Debt Service Reserve Account in order to additional secure a particular series of JIOs, (iv) pay Costs of Issuance relating to the issuance or incurrence of Junior Indebtedness Obligations and (v) pay or provide for the payment of Project Costs of improvement, reconstruction or rehabilitation of the NNYB for the purpose of preventing a loss of Net Revenues derived from the NNYB, provided, that such loss of Net Revenues would be the result of an emergency declared by the State, the federal governmental or a federal authority or agency and that proceeds of Additional Junior Indebtedness Obligations would not be used for such purpose to the extent that insurance proceeds relating to such occurrence were then available.

Notwithstanding the foregoing and except as permitted in the proviso to this paragraph, prior to the completion of the construction and equipping of the NNYB, Junior Indebtedness Obligations shall not be issued or incurred to pay for any Project Costs not related to the NNYB or to refund or refinance any Senior Bonds (including any bond anticipation notes related thereto); provided, however, that prior to the execution of the TIFIA Loan Agreement by the Authority and the TIFIA Lender, Junior Indebtedness Obligations may be issued by the Authority to refund or refinance any Senior Bonds and/or related bond anticipation notes, the proceeds of which were issued to pay Project Costs for the NNYB.

General Provisions for Issuance or Incurrence of Junior Indebtedness Obligations

The issuance or incurrence of a specific aggregate principal amount of Junior Indebtedness Obligations shall be authorized by a Supplemental Resolution or Supplemental Resolutions adopted at the time of or subsequent to the adoption of the Junior Indebtedness General Resolution and shall be subject to the express limitations of the Junior Indebtedness General Resolution. Junior Indebtedness Obligations issued as bonds or notes of the Authority shall be executed in accordance with the Junior Indebtedness General Resolution and delivered to the Trustee, shall be authenticated by the Trustee from time to time in such amounts as directed by the Authority, and be delivered to or upon the order of the Authority upon receipt to the Trustee, among other things, of a Counsel's Opinion to the effect that (i) the Authority has the right and power under the Act to adopt the General Revenue Bond Resolution, the Junior Indebtedness General Resolution and the Supplemental Resolution authorizing the specific aggregate amount of Junior Indebtedness Obligations being issued or incurred, and the General Revenue Bond Resolution, the Junior Indebtedness General Resolution and such Supplemental Resolution have each been duly and lawfully adopted by the Authority, are each in full force and effect and are each valid and binding upon the Authority and enforceable in accordance with their respective terms, and no other authorization for the General Revenue Bond Resolution, the Junior Indebtedness General Resolution and such Supplemental Resolution is required; (ii) the Junior Indebtedness General Resolution and such Supplemental Resolution create the valid pledge of the proceeds of sale of the Junior Indebtedness Obligations, of the Revenues, and of amounts deposited in the Junior Indebtedness Fund and the accounts established therein, and the investment income derived therefrom which it purports to create pursuant to the Junior Indebtedness General Resolution, subject to the provisions of the Junior Indebtedness General Resolution permitting the withdrawal, payment, setting apart or appropriation thereof for the purposes and on the terms and conditions set forth in the Junior Indebtedness General Resolution and such Supplemental Resolution; and (iii) upon the execution and delivery thereof and upon authentication by the Trustee, such Junior Indebtedness Obligations will be valid and binding special obligations of the Authority, subject to the prior pledge and lien of the Holders of Senior Bonds on the Revenues and payable as provided in, and enforceable in accordance with their terms and the terms of, the Junior Indebtedness General Resolution and such Supplemental Resolution and entitled to their benefits and the benefits of the Act, and such Junior Indebtedness Obligations have been duly and validly authorized and issued in accordance with law, including the Act, as amended to the date of such Counsel's Opinion, and in accordance with the Junior Indebtedness General Resolution and such Supplemental Resolution; provided, however, that such Counsel's Opinion may be qualified to the extent that the enforceability thereof may be limited by bankruptcy, insolvency and similar laws affecting rights and remedies of creditors.

Issuance or Incurrence of Additional Junior Indebtedness Obligations

(A) Except for (i) the First Series of Junior Indebtedness Obligations (in an aggregate principal amount up to the principal amount of the TIFIA Loan), and (ii) Junior Indebtedness Refunding Obligations meeting the refunding tests contained in the Junior Indebtedness General Resolution, and (iii) Junior Indebtedness Obligations issued or incurred to pay or provide for the payment of Project Costs of improvement, reconstruction or rehabilitation of the NNYB for the purpose of preventing a loss of Net Revenues derived from the NNYB, provided that such loss of Net Revenues would be the result of an emergency declared by the State, the federal governmental or a federal authority or agency and that proceeds of Additional Junior Indebtedness Obligations would not be used for such purpose to the extent that insurance proceeds relating to such occurrence were then available, Junior Indebtedness Obligations of one or more Series authorized and delivered upon original issuance for the purpose of paying Project Costs and Other Authority Project Costs shall be authenticated and delivered by the Trustee only upon receipt by it (in addition to the other documents and moneys required by the Junior Indebtedness General Resolution) of:

1. A certificate of an Authorized Officer setting forth (a) the Net Revenues for any period of 12 consecutive calendar months out of the 18 calendar months next preceding the authentication and delivery of the Junior Indebtedness Obligation to be issued or incurred, provided that if any adjustment of rates shall have been placed in effect during such 12-month period, such Net Revenues shall reflect the Revenues which an Independent Consultant's Certificate estimates in the certificate delivered pursuant to paragraph 3 below would have resulted had such rate adjustment been in effect for the entire 12-month period, and (b) the Junior Indebtedness Net Revenue Requirement for such 12-month period, which certificate shall demonstrate that such Net Revenues equal or exceed such Junior Indebtedness Net Revenue Requirement;

2. A certificate of an Authorized Officer familiar with such matters and an Independent Consultant's Certificate, in each case stating whether, to the best of such party's knowledge, any federal, State or other agency is then projecting or planning the

construction, improvement or acquisition of any highway or other facility which, in the opinion of such person or firm, may be materially competitive with any part of the Facilities, and the estimated date of completion of such highway or other facility;

3. An Independent Consultant's Certificate setting forth, for the then current Authority fiscal year and each of the Authority fiscal years in the Test Period, estimates of Revenues giving effect to (a) the placing in service of any Facility not yet placed in service and on the assumption that any competitive highway or other facility referred to in its certificate delivered pursuant to paragraph 2 above will be completed on the date therein estimated and will thereafter be in operation during the period covered by such estimates, (b) any adjustment of rates which shall have been placed in effect subsequent to the beginning of the current Authority fiscal year, as if such toll, fee or charge adjustment had been in effect from the beginning of such Authority fiscal year until the effective date of any subsequent adjustment presumed necessary, and (c) any adjustment of rates which, in the opinion of the Independent Consultant, would be practicable and necessary to comply with the provisions of the toll, fee and charge covenant in the Junior Indebtedness General Resolution, as if such adjustment were to be in effect from its effective date to the effective date of any other such adjustment;

4. An Independent Consultant's Certificate setting forth (a) for the years and taking into account the assumptions specified for the Independent Consultant's Certificate pursuant to paragraph 3 above, estimates of the Operating Expenses giving effect to the placing in service of any Facility taken into account in such paragraph 3, (b) the estimated total Project Cost, and (c) the estimated date of placing in service of any Facility taken into account in such paragraph 3; and

5. A certificate of an Authorized Officer setting forth (a) the estimated Net Revenues (based on the certificates delivered pursuant to paragraphs 3 and 4 above) for the current Authority fiscal year and each of the years in the Test Period giving effect to the placing in service of any Facility not yet placed in service, and (b) the opinion that such estimated Net Revenues for the current Authority fiscal year and each of the Authority fiscal years in the Test Period equal or exceed the estimated Junior Indebtedness Net Revenue Requirement (based on the certificate delivered pursuant to paragraph 1 above, assuming the Maximum Interest Rate on any Variable Interest Rate Bonds (as such terms are defined in the General Revenue Bond Resolution) for each such year and that estimated Net Revenues in the last full Authority fiscal year of the Test Period equal or exceed Maximum Annual Senior and Junior Indebtedness Debt Service immediately after the authentication and delivery of the Junior Indebtedness Obligations being issued or incurred.

(B) Any Series of Junior Indebtedness Obligations to be issued or incurred for the purpose of financing or refinancing Other Authority Project Costs shall be issued or incurred only if, in addition to satisfying the conditions of paragraph (A) above, Maximum Annual Senior and Junior Indebtedness Debt Service issued for the purpose of financing or refinancing Other Authority Project Costs (after the issuance of such Series of Additional Junior Indebtedness Obligations) shall be less than 20% of the amount of Net Revenues calculated pursuant to clause (a) of paragraph (A)(1) above; provided that there shall not be counted in the calculation of such Maximum Annual Senior and Junior Indebtedness Debt Service any Senior Bonds or Junior Indebtedness Obligations initially issued to finance or refinance an Other Authority Project (1) if such Senior Bonds and Junior Indebtedness Obligations are no longer Outstanding, (2) if such Other Authority Project has since been designated an "Additional Project" in accordance with the General Revenue Bond Resolution and the Junior Indebtedness General Resolution, or (3) to the extent that the proceeds of such Senior Bonds and Junior Indebtedness Obligations were used to finance Project Costs rather than Other Authority Project Costs, in accordance with the terms of the General Revenue Bond Resolution;

(C) Any Series of Junior Indebtedness Obligations to be issued for the purpose described in clause (iii) paragraph (A) above shall be authenticated and delivered by the Trustee only upon receipt by it (in addition to the other documents and moneys required by the Junior Indebtedness General Resolution) of an Independent Consultant's Certificate setting forth (i) in reasonable detail the improvement, reconstruction or rehabilitation to the NNYB for which such payment is to be made, (ii) the estimated Project Cost of such improvement, reconstruction or rehabilitation, (iii) the amounts reasonably expected to be available therefor from insurance proceeds, and (iv) that such improvement, reconstruction or rehabilitation is necessary to prevent a loss of Net Revenues derived therefrom, that such loss would be the result of an emergency declared by the State, the federal governmental or a federal authority or agency and that insurance proceeds relating to such occurrence are not then available in amounts sufficient to improve, reconstruct or rehabilitate the NNYB to prevent such loss of Net Revenues.

Junior Indebtedness Refunding Obligations

One or more Series of Junior Indebtedness Refunding Obligations may be issued or incurred to refund or refinance any Senior Bonds (including any bond anticipation notes related thereto), Junior Indebtedness Obligations or Subordinated Indebtedness of the Authority (including any portion of a maturity thereof) that was originally issued to finance or refinance Project Costs or Other Authority Project Costs.. The Authority Board by resolution of its members may issue Junior Indebtedness Refunding Obligations in an aggregate principal amount sufficient, together with other moneys available therefor, to accomplish such refunding and to make such deposits required by the Junior Indebtedness General Resolution and of the Supplemental Resolution authorizing such Junior Indebtedness Refunding Obligations.

Junior Indebtedness Refunding Obligations issued as bonds or notes of the Authority shall be authenticated by the Trustee only upon the satisfaction of any applicable requirements set forth in subparagraph (A) under the heading "Issuance or Incurrence of Additional Junior Indebtedness Obligations" above and upon the receipt by the Trustee of, among other items, a certificate of an Authorized Officer (a) setting forth the Junior Indebtedness Aggregate Debt Service for the then current and each future Authority fiscal year to and including the Authority fiscal year in which the latest maturity of any Junior Indebtedness Obligations of any Series then outstanding matures (i) with respect to all Junior Indebtedness Obligations outstanding immediately prior to the date of authentication and delivery of such Junior Indebtedness Refunding Obligations, and (ii) with respect to all Junior Indebtedness Obligations to be outstanding immediately thereafter, and (b) demonstrating that the Junior Indebtedness Aggregate Debt Service set forth for each Authority fiscal year pursuant to (ii) above is no greater than that set forth for such Authority fiscal year pursuant to (i) above; provided, however, that if the Authority is unable to provide a certificate of an Authorized Officer meeting the requirements of this paragraph, Junior Indebtedness Refunding Obligations to be issued as bonds or notes of the Authority may nevertheless be authenticated by the Trustee upon the receipt by the Trustee of a certificate of an Authorized Officer meeting all of the requirements set forth under the heading "Issuance or Incurrence of Additional Junior Indebtedness Obligations" above.

Provisions Regarding Junior Indebtedness Obligations Secured by a Credit Facility

The Authority may include such provisions in a Supplemental Resolution or related Certificate of Determination authorizing the issuance of Junior Indebtedness Obligations secured by a Credit Facility as the Authority deems appropriate.

In addition, such Supplemental Resolution or applicable Certificate of Determination may establish such provisions as are necessary (i) to comply with the provisions of each such Credit Facility, (ii) to provide relevant information to the issuer of the Credit Facility, (iii) to provide a mechanism for paying Principal Installments and interest on such Junior Indebtedness Obligations under the Credit Facility, and (iv) to make provision for any events of default or for additional or improved security required by the issuer of a Credit Facility.

In connection therewith the Authority may enter into such agreements with the issuer of such Credit Facility providing for, inter alia: (i) the payment of fees and expenses to such issuer for the issuance of such Credit Facility; (ii) the terms and conditions of such Credit Facility and the Junior Indebtedness Obligations affected thereby; and (iii) the security, if any, to be provided for the issuance of such Credit Facility.

The Authority may secure such Credit Facility by an agreement providing for the purchase of the Junior Indebtedness Obligations secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as specified by the Authority in the applicable Supplemental Resolution. The Authority may also in an agreement with the issuer of such Credit Facility agree to directly reimburse such issuer for amounts paid under the terms of such Credit Facility, together with interest thereon (the "Parity Reimbursement Obligation"); provided, however, that no Parity Reimbursement Obligation shall be created, for purposes of the Junior Indebtedness General Resolution, until amounts are paid under such Credit Facility. Any such Parity Reimbursement Obligation shall be deemed to be a part of the Junior Indebtedness Obligations to which the Credit Facility which gave rise to such Parity Reimbursement Obligation relates.

Junior Indebtedness Obligations Anticipation Notes

Whenever the Authority shall have, by Supplemental Resolution, authorized the issuance of a specified aggregate principal amount of Junior Indebtedness Obligations, the Authority may by resolution authorize the issuance of Junior Indebtedness Obligation Anticipation Notes in anticipation of the issuance of such authorized Junior Indebtedness Obligations, in a principal amount not exceeding the aggregate principal amount of such Junior Indebtedness Obligations so authorized. The principal of and premium, if any, and interest on such Junior Indebtedness Obligation Anticipation Notes and any renewals of such Junior Indebtedness Obligation Anticipation Notes shall be secured only by and be expressly made payable (i) from the proceeds of any renewals of such Junior Indebtedness Obligation Anticipation Notes issued to repay such Junior Indebtedness Obligation Anticipation Notes, (ii) from the proceeds of the sale of the Series of Junior Indebtedness Obligations in anticipation of which such Junior Indebtedness Obligation Anticipation Notes are issued, (iii) from any amounts provided by the State and/or the federal government expressly for payment of such Junior Indebtedness Obligation Anticipation Notes, or (iv) from the proceeds of such Junior Indebtedness Obligation Anticipation Notes deposited in the Junior Indebtedness Fund. Such proceeds and other amounts set forth in clauses (i), (ii), (iii) and (iv) may be pledged for the payment of the principal of and premium, if any, and interest on such Junior Indebtedness Obligation Anticipation Notes and any such pledge shall have priority over any other pledge created by the Junior Indebtedness General Resolution. Notwithstanding the foregoing, the Authority may, in the Supplemental Resolution adopted with respect to such Junior Indebtedness Obligation Anticipation Notes, reserve the right to pay such Junior Indebtedness Obligation Anticipation Notes from such other sources identified therein, but the Authority shall not pledge such additional sources to secure such Junior Indebtedness Obligation Anticipation Notes. Such Junior Indebtedness Obligation Anticipation Notes shall be retired or provision shall be made for their retirement not later than the date of authentication and delivery of the Junior Indebtedness Obligations in anticipation of which they are issued.

Funds and Revenues

The General Revenue Bond Resolution establishes the following Funds, to be held as set forth below:

1. Revenue Fund, to be held by the Authority;

2. Operating Fund, to be held by the Authority;

3. Senior Debt Service Fund, to be held by the Trustee;

4. Senior Debt Service Reserve Fund, to be held by the Trustee;

5. Reserve Maintenance Fund, to be held by the Authority;

6. Junior Indebtedness Fund, to be held as determined in the applicable Supplemental Resolution, indenture or other agreement;

7. Facilities Capital Improvement Fund, to be held by the Authority;

8. Other Authority Projects Operating Fund, to be held by the Authority;

9. General Reserve Fund, to be held by the Authority;

10. Rebate Fund, to be held by the Authority; and

11. Construction Fund, to be held by the Authority.

Revenue Fund

The Authority shall pay into the Revenue Fund all Revenues as received, and on or before the last Business Day of each month, the Authority shall, out of the moneys in the Revenue Fund, pay into the Operating Fund all amounts required for reasonable and necessary Operating Expenses and reserves for Operating Expenses and working capital. The Authority shall, out of the moneys remaining in the Revenue Fund after the deposit to the Operating Fund on or before the last Business Day of each month allocate, transfer and apply the balance in the Revenue Fund as of the last day of the preceding month, to the extent sufficient therefor, as follows, but as to each transfer mentioned, only within the limitation indicated below and only after maximum payment within such limitation to the purposes and into the Funds in the following tabulation:

1. To the Trustee for deposit in the Senior Debt Service Fund, if and to the extent required so that the balance in the Senior Debt Service Fund shall be at least equal to Accrued Debt Service for all Bonds Outstanding as of the last day of such month, after taking into account any other amounts available for payment of Debt Service, including any amounts representing investment earnings retained in the Senior Debt Service Fund or transferred from the Senior Debt Service Reserve Fund;

2. To the Trustee for deposit in the Senior Debt Service Reserve Fund, if and to the extent required so that the balance in said Fund shall equal the Senior Debt Service Reserve Requirement for all Bonds secured by such Fund and Outstanding on said date;

3. To the Reserve Maintenance Fund, amounts such that (a) on or before the first day of the seventh month of the Authority's fiscal year there shall have been deposited an amount equal to or greater

than one-half of the amount, and (b) on or before the last day of the Authority's fiscal year there shall have been deposited an amount equal to or greater than the full amount, in each case provided in the Authority Budget for the applicable fiscal year for Reserve Maintenance Payments, plus accrued deficits, if any, with respect to prior required allocations to such Fund;

4. To the Junior Indebtedness Fund, if and to the extent required so that the balance in said Fund shall equal the amounts required to be deposited therein by the Supplemental Resolution or other indenture or agreement authorizing the issuance of Junior Indebtedness outstanding on said date;

5. To the Facilities Capital Improvement Fund, in the amounts and at the times determined to be necessary or appropriate by the Authority Board, to fund Project Costs or to set up reserves to fund such costs;

6. To the Other Authority Projects Operating Fund, in the amounts and at the times determined to be necessary or appropriate by the Authority Board, to fund operating expenses relating to Other Authority Projects or to set up reserves to fund such expenses; and

7. To the General Reserve Fund, to the extent of any remaining balance of such moneys withdrawn from the Revenue Fund.

Operating Fund

Amounts in the Operating Fund shall be paid out from time to time by the Authority for reasonable and necessary Operating Expenses, free and clear of the lien and pledge created by the General Revenue Bond Resolution.

The Authority shall at all times retain in the Operating Fund reasonable and necessary amounts for working capital and reserves for Operating Expenses including expenses which do not recur annually; provided that the total amount of such working capital and reserves set aside during any year shall not exceed 25% of the amount shown for Operating Expenses for such year in the applicable Authority Budget.

Whenever the Operating Fund exceeds the amount reasonable and necessary for Operating Expenses including reserves and working capital, the Authority shall apply the excess to the purposes and in the Funds established under the General Revenue Bond Resolution in the same manner as payments from the Revenue Fund.

Investment income on amounts in the Operating Fund shall be deposited into the Revenue Fund.

Senior Debt Service Fund

The Trustee shall on or before each Interest Payment Date or Redemption Date, as the case may be, withdraw from the Senior Debt Service Fund and pay:

(A) The interest due on all Outstanding Bonds on such Interest Payment Date;

(B) The Principal Installments due on all Outstanding Bonds on such Interest Payment Date;

(C) The Sinking Fund Installments, if any, due on all Outstanding Bonds on such Interest Payment Date; and

(D) The Redemption Price due on all Outstanding Bonds on any Redemption Date in accordance with General Revenue Bond Resolution.

The amounts paid out shall be irrevocably pledged to and applied to such payments.

In the event that on any Interest Payment Date, the amount in the Senior Debt Service Fund shall be less than the amounts, respectively, required for payment of interest on the Outstanding Bonds, for the payment of the principal of Outstanding Bonds or for the payment of Sinking Fund Installments of the Outstanding Bonds of any Series due and payable on such Interest Payment Date, the Authority, in the following order of priority, shall withdraw from the unencumbered moneys in the General Reserve Fund, the unencumbered moneys in the Other Authority Projects Operating Fund, the unencumbered moneys in the Facilities Capital Improvement Fund, the unencumbered moneys in the Reserve Maintenance Fund, and, solely to the extent necessary to make any payments with respect to Bonds secured by the Senior Debt Service Reserve Fund, amounts in the Senior Debt Service Reserve Fund, and deposit to the Senior Debt Service Fund such amounts as will increase the amount in the Senior Debt Service Fund to an amount sufficient to make payment of interest on, and principal and Sinking Fund Installments of the Outstanding Bonds of such Series; provided, however, that with respect to any Series of Bonds not secured by amounts in the Senior Debt Service Reserve Fund pursuant to the related Supplemental Resolution, payments relating to any such Bonds shall be made pro rata with all other Bonds from amounts available from unencumbered moneys in the General Reserve Fund, the Other Authority Projects Operating Fund, the Facilities Capital Improvement Fund and the Reserve Maintenance Fund, but shall not be funded from any amounts in the Senior Debt Service Reserve Fund.

Investment income on amounts in the Senior Debt Service Fund, to the extent permitted in a Supplemental Resolution, shall be retained in such Fund or, upon the direction of an Authorized Officer, shall be transferred to the Rebate Fund, the Construction Fund or the Revenue Fund.

Senior Debt Service Reserve Fund

In addition to the moneys allocated from the Revenue Fund, the Trustee shall deposit into the Senior Debt Service Reserve Fund such portion of the proceeds of the sale of Bonds of any Series, if any, as shall be prescribed in the Supplemental Resolution or the Certificate of Determination for such Series, and any other moneys and investments which may be made available to the Trustee for the purposes of the Senior Debt Service Reserve Fund from any other source or sources in order to increase the amounts on deposit in the Senior Debt Service Reserve Fund to the Senior Debt Service Reserve Fund Requirement.

If necessary, moneys and Investment Obligations held for the credit of the Senior Debt Service Reserve Fund shall be withdrawn by the Trustee, deposited to the credit of the Senior Debt Service Fund and applied to the payment of interest, Principal Installments and Sinking Fund Installments of Bonds secured by the Senior Debt Service Reserve Fund at the times and in the amounts required to permit the Trustee to make timely payment of debt service due and payable on the Bonds.

Except as otherwise provided under this heading, investment income on amounts in the Senior Debt Service Reserve Fund shall be retained therein. If at any time moneys and Investment Obligations on deposit to the credit of the Senior Debt Service Reserve Fund exceed the Senior Debt Service Reserve Fund Requirement, the Trustee shall, to the extent permitted in a Supplemental Resolution, upon the direction of an Authorized Officer, withdraw therefrom and deposit such excess amount into the Senior Debt Service Fund, the Revenue Fund, the Rebate Fund or the Construction Fund.

In lieu of moneys or Investment Obligations, the Authority may, to the extent permitted by law, deposit or cause to be deposited to or substituted for deposit to the Senior Debt Service Reserve Fund a Reserve Credit Facility for the benefit of the Holders of the Bonds secured by the Senior Debt Service Reserve Fund for all or any part of the Senior Debt Service Reserve Fund Requirement. Each Reserve Credit Facility deposited to the Senior Debt Service Reserve Fund shall be payable (upon the giving of such notice as may be required thereby) on any date on which moneys are required to be withdrawn from the Senior Debt Service Reserve Fund and such withdrawal cannot be made without drawing upon such Reserve Credit Facility. In computing the amount on deposit in the Senior Debt Service Reserve Fund, a Reserve Credit Facility shall be valued at the amount available to be drawn or payable thereunder on the date of computation.

In the event of the refunding of any Bonds, the Authority may withdraw from the Senior Debt Service Reserve Fund all or any portion of the amounts accumulated therein with respect to the Bonds being refunded and deposit such amounts with the Trustee to be held for the payment of the principal or Redemption Price, if applicable, and interest on the Bonds being refunded; provided that such withdrawal shall not be made unless (i) upon such refunding, the Bonds being refunded shall be deemed to have been paid within the meaning and with the effect provided in the General Revenue Bond Resolution, and (ii) the amount remaining in the Senior Debt Service Reserve Fund, after giving effect to any Reserve Credit Facility deposited in such Fund pursuant to the General Revenue Bond Resolution, shall not be less than the Senior Debt Service Reserve Fund Requirement, and provided, further, that, at the time of such withdrawal, there shall exist no deficiency in the Senior Debt Service Fund.

The Authority may determine by Supplemental Resolution that a Series of Bonds shall not be secured by the Senior Debt Service Reserve Fund, in which case no amounts shall be required from the proceeds of such Series of Bonds for deposit in the Senior Debt Service Reserve Fund and no amounts shall be payable from the Senior Debt Service Reserve Fund to pay amounts due or payable with respect to such Bonds.

Reserve Maintenance Fund

Moneys held for the credit of the Reserve Maintenance Fund shall be disbursed only for the purpose of paying a cost relating to a Facility of:

(a) maintenance or repairs not recurring annually, and renewals and replacements,

(b) repairs or replacements resulting from an emergency or caused by some unusual or extraordinary occurrence, to the extent that the moneys in other available Funds, together with insurance proceeds, if any, available therefor are insufficient to meet such emergency,

(c) items of equipment, and

(d) engineering expenses incurred under the provisions of the General Revenue Bond Resolution.

The Authority shall from time to time transfer any moneys from the Reserve Maintenance Fund to the credit of the Revenue Fund upon the receipt of a certificate of an Authorized Officer directing such transfer and certifying that the amount so to be transferred is no longer required for the purposes of the Reserve Maintenance Fund.

Investment income on amounts in the Reserve Maintenance Fund shall be deposited into the Revenue Fund.

In connection with the establishment of Authority Budgets for each fiscal year of the Authority, the Authority shall cause the Independent Consultant, at least once every three Authority fiscal years, to make an estimate or to evaluate the Authority's estimate of Reserve Maintenance Payments and to deliver a certificate or certificates setting forth the amount or amounts it has approved as an estimate of Reserve Maintenance Payments for each fiscal year of the Authority covered by such certificate. Any Independent Consultant's Certificate delivered in connection with the establishment of Reserve Maintenance Payments shall take into account any other moneys available for such purposes in determining the amount of such Reserve Maintenance Payments.

Junior Indebtedness Fund

The Junior Indebtedness Fund is established in Section 502(6) of the General Revenue Bond Resolution and secures Junior Indebtedness Obligations issued or incurred pursuant to the Junior Indebtedness General Resolution and any applicable Supplemental Resolution. The principal, and Redemption Price of, Sinking Fund Installments, if any, and interest on, Junior Indebtedness Obligations are payable out of, and secured by a pledge of (i) the proceeds of the sale of Junior Indebtedness Obligations, (ii) the Revenues, and (iii) all amounts on deposit in the Junior Indebtedness Fund from time to time (including the investments, if any, thereof) other than amounts on deposit in any subaccount of the Junior Indebtedness Debt Service Reserve Account, which shall only secure the Series of Junior Indebtedness Obligations for which it was established. The pledge and lien created by the Junior Indebtedness General Resolution for Junior Indebtedness Obligations shall be subordinate in all respects to any pledge or lien now or hereafter created for Senior Bonds and shall be senior in all respects to any pledge or lien now or hereafter created for Subordinated Indebtedness.

The Junior Indebtedness General Resolution establishes the following accounts in the Junior Indebtedness Fund with respect to the issuance or incurrence of Junior Indebtedness Obligations, to be held as set forth below:

1. Junior Indebtedness Proceeds Account, to be held by the Trustee;

2. Junior Indebtedness Construction Account, to be held by the Authority;

3. Junior Indebtedness Debt Service Payment Account, to be held by the Trustee; and

4. Junior Indebtedness Debt Service Reserve Account, to be held by the Trustee.

In addition, the Junior Indebtedness General Resolution establishes the Junior Indebtedness Account of the Facilities Capital Improvement Fund, to be held by the Authority; and the Junior Indebtedness Account of the Rebate Fund, to be held by the Trustee.

*Junior Indebtedness Proceeds Account*The Trustee shall deposit the proceeds of the sale of Junior Indebtedness Obligations, simultaneously with the issuance and delivery of Junior Indebtedness Obligations, in the related subaccount of the Junior Indebtedness Proceeds Account pending further written instructions from an Authorized Officer of the Authority. Any investment income earned on amounts in any subaccount of the Junior Indebtedness Proceeds Account shall be credited to such subaccount.

Junior Indebtedness Debt Service Payment Account

The Trustee shall on or before each Interest Payment Date, Principal Payment Date or Redemption Date, as the case may be, pay from the Junior Indebtedness Debt Service Payment Account:

(A) The interest due on all Outstanding Junior Indebtedness Obligations on such Interest Payment Date;

(B) The Principal Installments due on all Outstanding Junior Indebtedness Obligations on such Principal Payment Date;

(C) The Sinking Fund Installments, if any, due on all Outstanding Junior Indebtedness Obligations on such Principal Payment Date; and

(D) The Redemption Price due on all Outstanding Junior Indebtedness Obligations on any Redemption Date

The amounts paid out shall be irrevocably pledged to and applied to such payments.

In the event that on any Interest Payment Date and/or Principal Payment Date, as the case may be, the amount in the Junior Indebtedness Debt Service Payment Account shall be less than the amounts, respectively, required for payment of interest on the Outstanding Junior Indebtedness Obligations, for the payment of the principal of Outstanding Junior Indebtedness Obligations or for the payment of Sinking Fund Installments of the Outstanding Junior Indebtedness Obligations of any Series due and payable on such Interest Payment Date or Principal Payment Date, the Authority, in the following order of priority, shall withdraw from the unencumbered moneys in the General Reserve Fund, the unencumbered moneys in the Other Authority Projects Operating Fund, and the unencumbered moneys in the Facilities Capital Improvement Fund, and, solely to the extent necessary to make any payments with respect to Junior Indebtedness Obligations secured by a subaccount of the Junior Indebtedness Debt Service Reserve Account, amounts in such subaccount of Junior Indebtedness Debt Service Reserve Account, and deposit to such subaccount of Junior Indebtedness Debt Service Reserve Account such amounts as will increase the amount in such subaccount to an amount sufficient to make payment of interest on, and principal and Sinking Fund Installments of, the Outstanding Junior Indebtedness Obligations of such Series; provided, however, that with respect to any Series of Junior Indebtedness Obligations not secured by amounts in a subaccount of the Junior Indebtedness Debt Service Reserve Account pursuant to the related Supplemental Resolution, payments relating to any such Junior Indebtedness Obligations shall be made pro rata with all other Junior Indebtedness Obligations from amounts available from unencumbered moneys in the General Reserve Fund, the Other Authority Projects Operating Fund and the Facilities Capital Improvement Fund, but shall not be funded from any amounts in any subaccount of the Junior Indebtedness Debt Service Reserve Account.

In the event of the refunding of any Junior Indebtedness Obligations that are separately secured by a subaccount of the Junior Indebtedness Debt Service Reserve Account, the Trustee shall, upon the direction of the Authority, withdraw from such subaccount all or any portion of the amounts accumulated therein with respect to such Junior Indebtedness Obligations being refunded and deposit such amounts with itself as Trustee to be held for the payment of the principal or Redemption Price, if applicable, of and interest on such Junior Indebtedness Obligations being refunded; provided that such withdrawal shall not be made unless upon such refunding, the Junior Indebtedness Obligations being refunded shall be deemed to have been paid within the meaning and with the effect provided in the Junior Indebtedness General Resolution.

Investment income on amounts in the Junior Indebtedness Debt Service Payment Account, to the extent permitted in a Supplemental Resolution, shall be retained in such Account or, upon the direction of an Authorized Officer, shall be transferred to the Junior Indebtedness Obligations Account of the Rebate Fund.

Junior Indebtedness Debt Service Reserve Account

(1) Junior Indebtedness Obligations of a particular Series may be additionally secured by amounts deposited to a subaccount of the Junior Indebtedness Debt Service Reserve Account so designated for such purpose in the applicable Supplemental Resolution authorizing a Series of Junior Indebtedness Obligations or the related Certificate of Determination. Except as otherwise provided in such applicable Supplemental Resolution or such Certificate of Determination, each subaccount of the Junior Indebtedness Debt Service Reserve Account shall separately and solely secure the Series of Junior Indebtedness Obligations for which it was established. Funding of the applicable subaccount of the Junior Indebtedness Debt Service Reserve Account shall be from the proceeds of such Series or from available moneys of the Authority so designated and in an amount equal to the Junior Indebtedness Debt Service Reserve Account Requirement established for such Series in the applicable Supplemental Resolution or such Certificate of Determination. Moneys held for the credit of the Junior Indebtedness Debt Service Reserve Account may be invested in Investment Obligations; provided, however, that any investment of such moneys shall have a maturity of no greater than five years.

(2) In the event that on any Interest Payment Date or Principal Payment Date moneys in the Junior Indebtedness Debt Service Payment Account shall be insufficient to pay the interest, principal and Sinking Fund Installments then due on all Junior Indebtedness Obligations after utilizing all unencumbered moneys in the General Reserve Fund, the Other Authority Projects Operating Fund and the Facilities Capital Improvement Fund and on deposit in the Junior Indebtedness Debt Service Payment Account, moneys held for the credit of any subaccount of the Junior Indebtedness Debt Service Reserve Account shall be withdrawn by the Trustee and applied solely to the payment of interest, principal and Sinking Fund Installments then due and unpaid on the Series of Junior Indebtedness Obligations for which such subaccount additionally secures.

(3) Moneys and investments held for the credit of any subaccount of the Junior Indebtedness Debt Service Reserve Account in excess of the Junior Indebtedness Debt Service Reserve Account Requirement therefor, shall be withdrawn by the Trustee and, upon direction of the Authority, be deposited in the Junior Indebtedness Obligations Account of the Rebate Fund, if applicable, or the Junior Indebtedness Debt Service Payment Account, or be applied to the redemption of Junior Indebtedness Obligations in accordance with such direction.

(4) Upon any withdrawal of moneys held for the credit of any subaccount of the Junior Indebtedness Debt Service Reserve Account, the Authority shall, commencing in the month immediately following any such withdrawal, deliver to the Trustee one twenty-fourth (1/24) of the amount so withdrawn until the entire amount so withdrawn has been replenished and the amount in such subaccount of the Junior Indebtedness Debt Service Reserve Account has been restored to its Junior Indebtedness Debt Service Reserve Account Requirement; provided, however, that the replenishment of any withdrawal from a subaccount of the Junior Indebtedness Debt Service Reserve Account shall only be made from unencumbered moneys in the General Reserve Fund, the Other Authority Projects Operating Fund and the Facilities Capital Improvement Fund.

Facilities Capital Improvement Fund

The Authority may, from time to time, disburse or transfer amounts in the Facilities Capital Improvement Fund for the purposes of providing for transfers to the Construction Fund, for Project Costs or, upon the determination of the Authority Board and after satisfying any deficiencies in the Senior Debt Service Fund, the Senior Debt Service Reserve Fund, the Reserve Maintenance Fund or the Junior Indebtedness Fund, transfer such amounts to any other Fund or account held under the General Revenue Bond Resolution.

Other Authority Projects Operating Fund

The Authority may, from time to time, disburse or transfer amounts in the Other Authority Projects Operating Fund, free and clear of the lien and pledge created by the General Revenue Bond Resolution, for the purpose of providing for operating costs of Other Authority Projects, or, upon the determination of the Authority Board, transfer such amounts to the General Reserve Fund.

General Reserve Fund

Amounts in the General Reserve Fund are to be transferred, in the following order, to the Senior Debt Service Fund, the Senior Debt Service Reserve Fund, the Reserve Maintenance Fund, the Junior Indebtedness Fund, the Facilities Capital Improvement Fund and the Other Authority Projects Operating Fund to make up deficiencies in or to set aside reserves for such Funds.

Subject to any lien or pledge securing Subordinated Indebtedness that has been determined by the Authority Board to be superior to such purposes, amounts in the General Reserve Fund not immediately required for the purposes specified in the preceding paragraph shall, pursuant to resolution of the Authority Board, be applied in the following order: (i) to the purchase, redemption or payment at maturity of Senior Bonds or Junior Indebtedness Obligations, (ii) to pay the capital costs of Other Authority Projects or (iii) paid to the Authority, free and clear of the lien and pledge created by the General Revenue Bond Resolution, for any lawful corporate purpose of the Authority, including but not limited to payment of amounts due with respect to Subordinated Indebtedness.

Upon any purchase or redemption, with moneys in the General Reserve Fund, of Senior Bonds of any Series and maturity for which Sinking Fund Installments have been established, there shall be credited toward each such Sinking Fund Installment thereafter to become due (other than that next due), unless otherwise directed by the Authority, an amount bearing the same ratio to such Sinking Fund Installment as the total principal amount of such Senior Bonds so purchased or redeemed bears to the total amount of all remaining Sinking Fund Installments for the Senior Bonds of the same Series and maturity to be credited.

Rebate Fund

Moneys on deposit in the Rebate Fund shall be applied by the Authority to make payments to the Department of the Treasury of the United States of America at such times and in such amounts as the Authority shall determine to be required by the Code to be rebated to the Department of the Treasury of the United States of America in accordance with the provisions of the Arbitrage and Use of Proceeds Certificate, if any, delivered in connection with each Series of Senior Bonds and Junior Indebtedness Obligations. Moneys which the Authority determines to be in excess of the amount required to be so rebated shall be deposited to the Revenue Fund.

Covenants of the Authority

Payment of Junior Indebtedness Obligations. The Authority shall duly and punctually pay or cause to be paid from the Junior Indebtedness Debt Service Payment Account the principal, Sinking Fund Installments, if any, Redemption Price of, and interest on all Junior Indebtedness Obligations, on the dates, at the places and in the manner set forth in the Junior Indebtedness Obligations according to their true intent and meaning thereof.

Extension of Payment of Junior Indebtedness Obligations The Authority shall not directly or indirectly extend or assent to the extension of the maturity of any Junior Indebtedness Obligations or the time of payment of any claims for interest by the purchase or funding of Junior Indebtedness Obligations or claims for interest or by any other arrangement and, in case the maturity of any of Junior Indebtedness Obligations or the time for payment of any claims for interest shall be extended, such Junior Indebtedness Obligations or claims for interest shall not be entitled, in case of any applicable default under the General Revenue Bond Resolution or any default under the Junior Indebtedness General Resolution, to the benefit of the Junior Indebtedness General Resolution or to any payment out of the Junior Indebtedness Fund held by the Trustee, except subject to the prior payment of the principal of all Junior Indebtedness Obligations issued and Outstanding the maturity of which has not been extended and of such portion of the accrued interest on Junior Indebtedness Obligations as shall not be represented by such claims for interest. Nothing in the Junior Indebtedness General Resolution shall be deemed to limit the right of the Authority to issue Junior Indebtedness Refunding Obligations as permitted by the Junior Indebtedness General Resolution and by the Act and such issuance shall not be deemed to constitute an extension of the maturity of the Junior Indebtedness Obligations refunded.

Power to Issue Junior Indebtedness Obligations and Pledge the Junior Indebtedness Fund and Revenues. The Authority is duly authorized under the Act, all applicable laws and the General Revenue Bond Resolution to create and issue Junior Indebtedness Obligations, to adopt the Junior Indebtedness General Resolution, to secure Junior Indebtedness Obligations with a junior lien on Revenues and to pledge the Junior Indebtedness Fund and the proceeds of Junior Indebtedness Obligations in the manner and to the extent provided in the Junior Indebtedness General Resolution. The moneys deposited to the Junior Indebtedness Fund and, except to the extent otherwise provided in the General Revenue Bond Resolution, the Revenues, so pledged are and shall be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the Junior Indebtedness General Resolution, and all corporate action on the part of the Authority to that end has been duly and validly taken. Junior Indebtedness Obligations and the provisions of the Junior Indebtedness General Resolution are and will be the valid and legally enforceable obligations of the Authority in accordance with their terms and the terms of the Junior Indebtedness General Resolution. The Authority further covenants that it shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Junior Indebtedness Fund pledged under the Junior Indebtedness General Resolution and all of the rights of the Holders of Junior Indebtedness Obligations under the Junior Indebtedness General Resolution against all claims and demands of all persons whomsoever.

Tax Covenants. (1) To the extent that interest on Junior Indebtedness Obligations is intended to be excluded from gross income for federal income tax purposes, the Authority shall at all times do and perform all acts and things necessary or desirable in order to assure that interest paid on such Junior Indebtedness Obligations shall not be included in the gross income of the Holders thereof for federal income tax purposes. The Authority covenants not to permit at any time any of the proceeds of tax-exempt Junior Indebtedness Obligations or any other funds of the Authority to be used directly or indirectly to acquire any investment property, the acquisition of which would cause any Junior Indebtedness Obligation to be an “arbitrage bond” as defined in Section 148 of the Code. The Authority further covenants to not permit at any time any proceeds of any Junior Indebtedness Obligations or any other funds of the Authority to be used, directly or indirectly, in a manner which would result in the classification of any Junior Indebtedness Obligation as a "private activity bond" within the meaning of Section 141 of the Code. Notwithstanding the foregoing, the Authority reserves the right to elect to issue or incur Junior Indebtedness Obligations, the interest on which is not exempt from federal income taxation, if such election is made prior to the issuance of such Junior Indebtedness Obligations, and, in such event, the covenants contained in this paragraph shall not apply to such Junior Indebtedness Obligations.

To the extent that interest on Junior Indebtedness Obligations is intended to be excluded from gross income for federal income tax purposes, the Authority covenants that if and to the extent required by the Code or an Arbitrage and Use of Proceeds Certificate, it shall periodically, at such times and in such manner as may be required to comply with the Code, determine the Rebate Amount with respect to such Junior Indebtedness Obligations and transfer such Rebate Amount from the Junior Indebtedness Fund, Junior Indebtedness Obligations Account of the Facilities Capital Improvement Fund, the Other Authority Projects Operating Fund, or the General Reserve Fund to the Junior Indebtedness Obligations Account of the Rebate Fund, and pay out of such Account the amount, if any, required by the Code to be rebated to the Department of the Treasury of the United States of America.

Non-Impairment. In accordance with the provisions of Section 373 of the Act, the Authority includes in the Junior Indebtedness General Resolution, to the fullest extent enforceable under applicable federal and State law, the pledge of the State to, and agreement with, the holders of the bonds and notes of the Authority, including Junior Indebtedness Obligations, that the State will not limit or alter the rights vested in the Authority by the Act to fulfill the terms of any agreements made with the holders thereof or in any way impair the rights and remedies of such holders until all bonds and notes of the Authority, including Junior Indebtedness Obligations, together with interest thereon, and all costs and expenses in connection with any action or proceedings by or on behalf of such holders, are fully met and discharged.

The Authority includes in the Junior Indebtedness General Resolution, to the fullest extent enforceable under applicable federal and State law, the further pledge of the State to and agreement with the holders of the bonds and notes of the Authority, including Junior Indebtedness Obligations that are secured by a pledge of the tolls or other revenues or any part thereof from any bridge constructed by the Authority across the Hudson River south of Bear Mountain Bridge or from any part of the Thruway which includes such bridge, that no bridge or tunnel constituting a connection for vehicular traffic over, under or across the Hudson River between the present location of the Bear Mountain Bridge and the boundary line between the State of New York and the State of New Jersey at the west side of the Hudson River will be constructed or maintained so long as the obligations of such bonds and notes of the Authority, including Junior Indebtedness Obligations, for principal and interest shall not have been paid or otherwise discharged.

Further Assurance. At any time and all times the Authority shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary or desirable for the better assuring, conveying, granting, assigning and confirming all and singular rights, Revenues, the Junior Indebtedness Fund, moneys and securities pledged or assigned by the Junior Indebtedness General Resolution, or intended so to be, or which the Authority may hereafter become bound to pledge or assign.

Power to Construct and Operate Original Project and Additional Projects and to Collect Tolls, Fees and Charges. The Authority has good right and lawful authority to take jurisdiction over, construct, reconstruct, improve, maintain and operate the Original Project (including the NNYB) and any Additional Project or Other Authority Project and to fix and collect tolls, fees, rentals and other charges as provided in the Junior Indebtedness General Resolution and in the General Revenue Bond Resolution.

Creation of Liens; Sale and Lease of Property. The Authority shall not hereafter issue any evidences of indebtedness, other than Senior Bonds or Junior Indebtedness Obligations, secured by a respective equal or prior pledge of all or any part of the Revenues or other moneys, securities or funds held or set aside by the Authority or by the Fiduciaries under the General Revenue Bond Resolution or under the Junior Indebtedness General Resolution, and shall not create or cause to be created any respective equal or prior lien or charge on the Revenues, or such other moneys, securities or funds except as provided in the General Revenue Bond Resolution or the Junior Indebtedness General Resolution; provided, however, that nothing contained in the Junior Indebtedness General Resolution shall prevent the Authority from issuing (i) evidences of indebtedness payable out of, or secured by a pledge of, Revenues to be derived on and after such date as the pledge of the Revenues provided in the Junior Indebtedness General Resolution shall be discharged and satisfied as provided in the Junior Indebtedness General Resolution, or (ii) Subordinated Indebtedness.

No part of the Facilities shall be sold, mortgaged, leased or otherwise disposed of or encumbered, provided that the Authority (i) may sell or exchange at any time and from time to time any property or facilities constituting part of the Facilities and not useful, in its opinion, in the operation thereof, but any proceeds of any such sale or exchange, not used to replace such property so sold or exchanged, shall, subject to the rights of other parties, including the State, be deposited to the Revenue Fund to be applied in the manner provided in the Junior Indebtedness General Resolution or (ii) at any time or from time to time, in any manner deemed appropriate by the Authority Board, may dispose of any portion of the Facilities with respect to which it is forbidden by law to impose tolls or other charges and which, in its opinion, is not useful in the operation of the Facilities, but any proceeds of any such disposition, shall, subject to the rights of other parties, including the State, be deposited to the Revenue Fund to be applied in the manner provided in the Junior Indebtedness General Resolution.

Notwithstanding the provisions of the preceding paragraph, the Authority may lease or make contracts or grant licenses for the operation of, or grant easements or other rights with respect to, any part of the Facilities, provided that any such lease, contract, license, easement or right does not, in the opinion of the Authority, impede or restrict the operation or maintenance by the Authority of the Facilities.

Operation and Maintenance of the Facilities. The Authority has and will have good right and lawful power to construct, reconstruct, improve, maintain, operate and repair the Facilities and to fix and collect concessions, charges, fees, fares, receipts, rents, and tolls for its use, all as provided in the Act.

The Authority shall at all times operate or cause to be operated the Facilities properly and in a sound and economical manner and shall maintain, preserve, reconstruct and keep the same or cause the same to be so maintained, preserved, reconstructed and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition, and shall from time to time make, or cause to be made, all necessary and proper repairs, replacements and renewals so that at all times the operation of the Facilities may be properly and advantageously conducted.

Tolls, Fees and Charges. The Authority covenants that:

(a) it shall at all times, fix, charge and collect such tolls, fees and charges for the use of the Facilities as are required in order that, in each Authority fiscal year, Net Revenues shall at least equal the Junior Indebtedness Net Revenue Requirement for such year; and

(b) On or before the sixtieth day preceding the first day of each Authority fiscal year, the Authority shall review its financial condition in order to estimate and determine whether Net Revenues for such Authority fiscal year and for the following Authority fiscal year will be sufficient to comply with the Junior Indebtedness Net Revenue Requirement; provided that, for purposes of determining the portion of the Junior Indebtedness Net Revenue Requirement relating to Variable Interest Rate Bonds (as defined in the General Revenue Bond Resolution) for any prospective period of time, such amounts shall be calculated for each Series or subseries of Senior Bonds bearing interest at the same rate by multiplying the principal amount of such Variable Interest Rate Bonds to be Outstanding during such prospective period by the product of the average rate of interest borne by such Variable Interest Rate Bonds during the immediately preceding 12-month period by 1.25%, provided further, that for any partial year such amounts shall be prorated by multiplying the foregoing product by the actual number of days of interest accrual to be determined, and by dividing that product by 365 or 366 days, as appropriate for the particular year. If the Authority determines that Net Revenues may be inadequate, it shall cause a study to be made by an Independent Consultant that shall recommend a schedule of tolls, fees and charges which will provide sufficient Net Revenues in the following Authority fiscal year to comply with the revenue covenant described above and which will provide additional Net Revenues to eliminate any deficiency in Funds and accounts held under the General Revenue Bond Resolution or the Junior Indebtedness General Resolution at the earliest practicable time, and the Authority will place in effect as soon as practicable either (i) the recommended schedule of tolls, fees and charges, or (ii) a different schedule of tolls, fees and charges developed by the Authority which will provide sufficient Net Revenues in the following Authority fiscal year to comply with the Junior Indebtedness Net Revenue Requirement and which will provide additional Net Revenues in such following Authority fiscal year to eliminate any deficiency at the earliest practicable time, which conclusion is concurred in by an Independent Consultant's Certificate delivered to the Authority and the Trustee.

The tolls, fees and charges to be established pursuant to the Junior Indebtedness General Resolution and the General Revenue Bond Resolution on the Original Project or on any Additional Project constituting a tolled road, bridge or tunnel, in the sole discretion of the Authority, shall be based on any reasonable vehicle classification, use or occupancy, and further, may consist either alone or in combination of (i) point-to-point tolls based on mileage rates, (ii) fixed or single-trip tolls or commutation rates for passage through a barrier station or bridge, including each Grand Island Bridge and a bridge for crossing the Hudson River via the Hudson section, (iii) a surcharge for crossing the Hudson River via the Berkshire section or, if determined to be necessary or appropriate by the Authority Board, a surcharge for any other location, (iv) congestion pricing, and (v) an annual, seasonal or periodic fee for a permit for the limited use of or access to all or any part of the Original Project or an Additional Project constituting a tolled road, bridge or tunnel.

The Authority covenants that tolls, fees or charges for the use of a Facility constituting a tolled road or bridge will be classified in a reasonable way to cover all traffic within any class regardless of the status or character of any person, firm or corporation participating in the traffic, and that no reduced rate of toll, fee or charge will be allowed within any such class except that provision may be made for the use of commutation or other tickets or privileges based upon frequency, volume, occupancy, congestion pricing or to facilitate implementation of electronic or other new toll collection technologies, or relating to incentives for use of newly tolled facilities which incentives last not longer than three years from the date of introduction of such incentives.

The Authority further covenants that no free vehicular passage will be permitted over any portion of the Original Project that is subject to tolls at the time of adoption of the General Revenue Bond Resolution or any portion of an Additional Project constituting a tolled road or bridge except, to the extent determined necessary and appropriate from time to time in the sole discretion of the Authority, (i) to members, officers and employees of the Authority and the New York State Police, in each case to the extent assigned to any Facility actually in the performance of their duties or in the course of traveling to or from the place of the performance of such duties or as contractually provided, (ii) by means of passes or otherwise, to such vehicles owned by individuals, corporations or partnerships with which the Authority has entered into leases, concession contracts or service and maintenance contracts, as in its discretion may be deemed necessary for the operation of concessions and facilities upon the Facilities, for the maintenance of such concessions or facilities and for the prompt and economical furnishing of emergency services to patrons of the Facilities or any concession or facility thereof, (iii) in a manner and in amounts such that as a result thereof, based upon projections furnished in a report to the Authority and the Trustee by an Independent Consultant, the Authority projects that there will be no material decrease in Revenues, except to the extent offset by a corresponding decrease in Operating Expenses and/or the operating expenses of any Other Authority Projects; provided that for purposes of its report, the Independent Consultant shall take into account implemented or approved toll adjustments and other contemporaneous or prospective changes in the operations of the Original Project and any portion of any Additional Project constituting a tolled road or bridge that shall have been approved by the Authority or any Other Authority Projects, and (iv) otherwise in de minimis amounts.

Insurance. The Authority covenants that it shall maintain with responsible insurers all insurance required and reasonably obtainable, in the judgment of the Authority, to provide against loss of or damage to the Facilities and loss of revenues, to the extent necessary to protect the interests of the Authority and the Holders of Junior Indebtedness Obligations.

Accounts and Reports. The Authority shall keep or cause to be kept proper books of record and account in which complete and correct entries shall be made of all its transactions relating to all Funds established by the General Revenue Bond Resolution and the Junior Indebtedness General Resolution which shall at all reasonable times be subject to the inspection of the Holders of an aggregate of not less than five per cent (5%) in the principal amount of Junior Indebtedness Obligations then Outstanding or their representatives duly authorized in writing.

The Authority shall annually, within 120 days after the close of each calendar year, file with the Trustee a copy of an annual report for such year, accompanied by a certificate of an Authorized Officer, including statements in reasonable detail of: financial condition as of the end of such year and income and expenses for such year, all to the extent relating to the Facilities; a statement of all classifications of income for such year; and (i) a summary statement with respect to each account and subaccount established under the Junior Indebtedness General Resolution, and (ii) a summary statement with respect to each Fund and account established under the General Revenue Bond Resolution.

Authority Budgets. The Authority shall prepare an Authority Budget on an annual basis, or on such other periodic basis as the Authority Board shall determine, but in no event on a less frequent basis than biennially, which shall include amounts for all anticipated Operating Expenses and reserves therefor, Reserve Maintenance Payments (as defined in the General Revenue Bond Resolution) and provision for anticipated deposits into each Fund under the General Revenue Bond Resolution and the Junior Indebtedness Fund under the Junior Indebtedness General Resolution for the period of such budget. Such Authority Budget may set forth such additional material as the Authority may determine. On or before the first day of each fiscal year or for such applicable period for the Authority Budget as aforesaid, the Authority shall finally adopt the Authority Budget for such period and shall mail such Authority Budget to the Trustee for Senior Bonds and the Trustee for Junior Indebtedness Obligations. The Authority may at any time adopt an amended Authority Budget for the remainder of the then current fiscal year or other applicable period.

Inspection of Facilities; Duties of Independent Consultants. The Authority shall make, or cause the Independent Consultant to make, an inspection of the Facilities at least once every three Authority fiscal years, and, on or before the first day of the first Authority fiscal year in such period to report as to proper maintenance, repair and operation together with an estimate of the moneys necessary for such purposes during each such Authority fiscal year. In any event, the Authority shall cause an Independent

Consultant to deliver an Independent Consultant's Certificate either concurring in and approving or making such determinations, as appropriate.

Limitation on Certain Acquisitions. Except for amounts released from the lien of the General Revenue Bond Resolution pursuant to the provisions relating to the General Reserve Fund, the Authority covenants that no Revenues, proceeds of Senior Bonds, or proceeds of Junior Indebtedness shall be applied to the purchase or acquisition of any existing facility not, in the opinion of the Authority Board, necessary for the proper operation of an existing Facility or an existing Other Authority Project, except to the extent necessary to pay, in due course or through refunding, any outstanding bonds, notes or other evidences of indebtedness (which bonds, notes or evidences of indebtedness have a lien on revenues of such facility to be acquired) of a public corporation transferring such facility.

Additional Projects. The Authority may designate an Other Authority Project to be an Additional Project if and only if there has been submitted to the Trustee with respect to such Other Authority Project at or prior to the date of such designation:

(1) A certificate of an Authorized Officer to the effect that the Other Authority Project has been in operation (whether or not by the Authority) for a period of at least twelve (12) months prior to the date of such designation, and that for the 12-month period ending on the last day of a month no more than 90 days preceding the date of designation as an Additional Project the revenues derived from the operation of such Project exceeded the operating expenses for such Other Authority Project;

(2) A Counsel's Opinion to the effect that the Authority has good right and lawful authority to acquire, design, construct, maintain, operate, finance, improve, reconstruct, rehabilitate or otherwise undertake such Other Authority Project and to establish, levy, maintain and collect, during the term of the Senior Bonds and Junior Indebtedness Obligations, tolls, rentals, rates, fees or other charges in connection therewith, which establishment, levy, maintenance or collection shall not then require or be subject to (a) in the case of any Additional Project constituting a tolled road, bridge or tunnel, any governmental approval not applicable to the Original Project, or (b) in the case of any Additional Project not constituting a tolled road, bridge or tunnel, any direct governmental approval;

(3) A Counsel's Opinion stating whether or not the Authority is required by law to have a license, order or other authority from any federal, State or other governmental agency or regulatory body having lawful jurisdiction in connection with such Facility and, if so required, that such license, order or other authority has been obtained;

(4) A certificate of an Authorized Officer setting forth (A) the Revenues and Operating Expenses of the Authority for the 12-month period set forth in subsection (1), including revenues and operating expenses relating to the Other Authority Project being designated an Additional Project; provided that if (a) any previously designated Additional Project had not been an Additional Project for any part of the 12-month period, such Additional Project Revenues and Operating Expenses shall be respectively increased by the revenues and operating expenses of such Additional Project for such 12-month period calculated as if the respective definitions of "Additional Project", "Revenues" and "Operating Expenses" had been applicable thereto for the entire 12-month period, and (b) if on the date of such designation by the Authority the tolls, fees or charges for any Facility shall be less than it was during any part of the period covered by such certificate, the Revenues for such part of such period, shall be decreased as if such tolls, fees or charges had been in effect for all of such period, and (B) that for such 12-month period the Net Revenues as calculated pursuant to clause (A) of this subparagraph (4), are at least equal to the Junior Indebtedness Net Revenue Requirement;

(5) An Independent Consultant's Certificate setting forth (A) the estimated Net Revenues for all Facilities, together with estimated Reserve Maintenance Payments (as defined in the General Revenue Bond Resolution), excluding the proposed Additional Project, for each of the Authority fiscal years in the Test Period, and (B) the estimated Net Revenues for all Facilities, together with estimated Reserve Maintenance Payments, including the proposed Additional Project, for each of the Authority fiscal years in the Test Period;

(6) A certificate of an Authorized Officer to the effect that the amount of the estimated Net Revenues less Reserve Maintenance Payments determined pursuant to subsection (5)(B) above in each of the Authority fiscal years in the Test Period is not less than 100% of the estimated Net Revenues less estimated Reserve Maintenance Payments for each of the same years in subsection (5)(A) above; and

(7) A copy of the Supplemental Resolution designating such Other Authority Project as an Additional Project certified by an Authorized Officer.

Covenants with Credit Facility Providers

The Authority may make such covenants as it may in its sole discretion determine to be appropriate with any provider of a Credit Facility or Reserve Credit Facility that shall agree to provide a Credit Facility or Reserve Credit Facility for Junior Indebtedness Obligations of any one or more Series that shall enhance the security or the value of such Junior Indebtedness Obligations and thereby reduce the principal and interest requirements on such Junior Indebtedness Obligations. Such covenants may be set forth in or provided for by the applicable Supplemental Resolution and shall be binding on the Authority, the Trustee, the Paying Agents, and all the owners of Junior Indebtedness Obligations the same as if such covenants were set forth in full in the Junior Indebtedness General Resolution.

Investment of Funds

Amounts in the Funds and accounts established by the General Revenue Bond Resolution may be invested only in Investment Obligations. Investment Obligations on deposit in the Funds and accounts held under the General Revenue Bond Resolution shall have maturity dates, or shall be subject to redemption or tender at the option of the Authority or the Trustee on the respective dates specified by an Authorized Officer, as appropriate, which dates shall be on or prior to the respective dates on which the moneys invested therein are payable for the purposes of such Funds and accounts.

Trustee

The Trustee may at any time resign and be discharged of its duties and obligations created by the Junior Indebtedness General Resolution by giving not less than sixty (60) days' written notice to the Authority, specifying the date when such resignation shall take effect; provided, however, that any resignation or removal of the Trustee shall in no event take effect until a successor shall have been appointed and accepted the duties of Trustee.

The Authority may at any time remove the Trustee initially appointed or any successor thereto by written notice of such removal mailed by first class mail to the Trustee except that the Trustee may not be removed during the pendency of an Event of Default; provided, however, that any resignation or removal of the Trustee shall in no event take effect until a successor shall have been appointed and accepted the duties of Trustee.

Any Trustee appointed in succession to the original Trustee shall be a bank or trust company organized under the laws of the State of New York or a national banking association and having Capital

Funds of at least $100,000,000, if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Junior Indebtedness General Resolution.

Supplemental Resolutions

The Authority may adopt, for, among other things, any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution which, upon adoption thereof and filing with the Trustee shall be fully effective in accordance with its terms:

1. To add to the covenants and agreements of the Authority contained in the General Revenue Bond Resolution or the Junior Indebtedness General Resolution other covenants and agreements to be observed by the Authority which are not contrary to or inconsistent with the General Revenue Bond Resolution or the Junior Indebtedness General Resolution as theretofore in effect;

2. To add to the limitations or restrictions in the General Revenue Bond Resolution or the Junior Indebtedness General Resolution other limitations or restrictions to be observed by the Authority which are not contrary to or inconsistent with the General Revenue Bond Resolution or the Junior Indebtedness General Resolution as theretofore in effect;

3. To surrender any right, power or privilege reserved to or conferred upon the Authority by the Junior Indebtedness General Resolution, provided that the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Authority contained in the Junior Indebtedness General Resolution;

4. To modify any of the provisions of the General Revenue Bond Resolution or the Junior Indebtedness General Resolution in any respect whatever, provided that (i) such modification shall be, and be expressed to be, effective only after all Junior Indebtedness Obligations Outstanding at the date of the adoption of such Supplemental Resolution shall cease to be Outstanding and (ii) such Supplemental Resolution shall be specifically referred to in the text of all Junior Indebtedness Obligations issued or incurred after the date of the adoption of such Supplemental Resolution and of Junior Indebtedness Obligations issued in exchange therefor or in place thereof;

5. To modify, amend, insert or delete such provisions of the General Revenue Bond Resolution or the Junior Indebtedness General Resolution as, in Counsel's Opinion, shall be necessary or desirable to ensure the continued federal tax exemption of the interest on any Outstanding Junior Indebtedness Obligations, so long as the Authority determines that such Supplemental Resolution does not materially adversely affect the right, security and interest of the Holders of Outstanding Junior Indebtedness Obligations or Senior Bonds;

6. Except as may be limited by the provisions of a Supplemental Resolution authorizing the issuance or incurrence of Junior Indebtedness Obligations, to modify, amend or supplement the Junior Indebtedness General Resolution in any manner in order to provide for a Credit Facility or a Reserve Credit Facility for any Junior Indebtedness Obligations, so long as the Authority determines that such Supplemental Resolution does not materially adversely affect the right, security and interest of the Holders of Outstanding Junior Indebtedness Obligations;

7. To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Junior Indebtedness General Resolution, so long as the Authority determines that such Supplemental Resolution does not materially adversely affect the right, security and interest of the Holders of Outstanding Junior Indebtedness Obligations or Senior Bonds;

8. To authorize Junior Indebtedness Obligations and, in connection therewith, specify and determine the matters and things referred to in the Junior Indebtedness General Resolution and also any other matters and things relative to such Junior Indebtedness Obligations which are not contrary to or inconsistent with the Junior Indebtedness General Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first authentication and delivery of such Junior Indebtedness Obligations;

9. To provide for additional investments that may be delivered in lieu of Government Obligations in order to cause Junior Indebtedness Obligations then or thereafter being initially issued or incurred to be deemed paid by the Junior Indebtedness General Resolution;

10. to the extent authorized by law and to the extent the Authority shall have received a Counsel's Opinion that it will not adversely affect the exclusion of interest from the income of holders of Junior Indebtedness Obligations for federal income tax purposes for any Junior Indebtedness Obligations issued on a tax-exempt basis, to provide for the delivery of Junior Indebtedness Obligations that are not in registered form.

In addition, the Authority may adopt a Supplemental Resolution amending any provision of the Junior Indebtedness General Resolution, effective upon filing with the Authority of a written determination of the Trustee and a Counsel's Opinion that such amendment will not materially adversely affect the rights of any Holder of Junior Indebtedness Obligations or the Holders of Senior Bonds.

Powers of Amendment

Any modification or amendment of the Junior Indebtedness General Resolution and of the rights and obligations of the Authority and of the Holders of Junior Indebtedness Obligations thereunder, in any particular, may be made by a Supplemental Resolution, with the written consent given as provided in the Junior Indebtedness General Resolution, (a) by the Holders of at least a majority in principal amount of Junior Indebtedness Obligations Outstanding at the time such consent is given, and (b) in case less than all Junior Indebtedness Obligations then Outstanding are affected by the modification or amendment, by the Holders of at least a majority in principal amount of Junior Indebtedness Obligations so affected and Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the maturity of the principal of any Outstanding Junior Indebtedness Obligation or of any installment of interest thereon or a reduction in the principal amount thereof or in the rate of interest thereon without the consent of the Holders of such Junior Indebtedness Obligations, or shall reduce the percentages or otherwise affect the classes of Junior Indebtedness Obligations the consent of the Holders of which is required to effect any such modification or amendment, or shall change or modify any of the rights or obligations of the Trustee without its written assent thereto.

Events of Default

The occurrence of one or more of the following events shall constitute an "Event of Default":

1. payment of principal of, Sinking Fund Installments or interest on Junior Indebtedness Obligations shall not be made when the same shall have become due; or

2. failure by the Authority to observe any of the covenants, agreements or conditions on its part contained in the General Revenue Bond Resolution relating to Junior Indebtedness or the Junior Indebtedness General Resolution or in Junior Indebtedness Obligations, and failure to remedy the same for a period of thirty (30) days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Authority by the Trustee or to the Authority and the Trustee

by the Holders of not less than a majority in aggregate principal amount of Junior Indebtedness Obligations at the time Outstanding; provided that, if such default cannot be corrected within such thirty (30) day period, it shall not constitute an Event of Default if corrective action is instituted by the Authority within such period and is diligently pursued until the default is corrected; or

3. if the Authority (i) admits in writing its inability to pay its debts generally as they become due, (ii) commences voluntary proceedings in bankruptcy or seeking a composition of indebtedness, (iii) makes an assignment for the benefit of its creditors, (iv) consents to the appointment of a receiver of the whole or any substantial part of the Facilities, (v) consents to the assumption by any court of competent jurisdiction under any law for the relief of debtors of custody or control of the Authority or of the whole or any substantial part of the Facilities, or (vi) for so long as the TIFIA Loan shall remain outstanding, a "Bankruptcy Related Event" (as defined in the TIFIA Loan Agreement) shall have occurred; or

4. any default by the Authority under the General Revenue Bond Resolution that shall result in the declaration by the Trustee for the Senior Bonds that all Senior Bonds are due and payable, which declaration shall not have been annulled with the consent of the Holders of not less than a majority in aggregate principal amount of the Senior Bonds then outstanding, all in accordance with the provisions of the General Revenue Bond Resolution; or

5. any default under a lending or loan agreement that is incurred by the Authority as a Junior Indebtedness Obligation, including, without limitation, the TIFIA Loan Agreement.

Remedies

Upon the occurrence and continuance of any Event of Default, the Trustee may, and upon written request of the Holders of not less than a majority in aggregate principal amount of such Junior Indebtedness Obligations then Outstanding, shall:

(a) by mandamus or other suit, action or proceeding at law or in equity enforce all rights of the Holders of Junior Indebtedness Obligations under the Junior Indebtedness General Resolution;

(b) bring suit upon such Junior Indebtedness Obligations;

(c) by action or suit in equity, require the Authority to account as if it were the trustee of an express trust for the Holders of such Junior Indebtedness Obligations;

(d) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Holders of such Junior Indebtedness Obligations;

(e) if all outstanding Senior Bonds shall have been declared by the trustee for the Senior Bonds to be immediately due and payable in accordance with the General Revenue Bond Resolution, notwithstanding any provision of the Junior Indebtedness General Resolution to the contrary, declare all outstanding Junior Indebtedness Obligations to be immediately due and payable..

The Supreme Court of the State shall have jurisdiction of any suit, action or proceeding by the Trustee on behalf of the Holders of Junior Indebtedness Obligations, and venue of any such suit, action or proceeding shall be laid in the County of Albany.

4. No remedy by the terms of the Junior Indebtedness General Resolution conferred upon or reserved to the Trustee or the Holders of Junior Indebtedness Obligations is intended to be exclusive of any other remedy but each and every such remedy shall be cumulative and shall be in addition to every

other remedy given under the Junior Indebtedness General Resolution or existing at law or in equity or by statute on or after the date of adoption of the Junior Indebtedness General Resolution, except that Holders of Junior Indebtedness Obligations shall not have the statutory rights afforded by Section 368 of the Act as in effect on August 3, 1992 respecting the appointment of a trustee subsequent to a payment default on the Bonds.

5. No Holder of any of Junior Indebtedness Obligations shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of any trust under the Junior Indebtedness General Resolution, or any other remedy under the Junior Indebtedness General Resolution or under Junior Indebtedness Obligations, unless such Holder previously shall have given to the Trustee written notice of an Event of Default as provided above and unless also the Holders of not less than a majority in aggregate principal amount of Junior Indebtedness Obligations then Outstanding shall have made written request of the Trustee so to do, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted in Junior Indebtedness General Resolution, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the trusts of the Junior Indebtedness General Resolution, or to enforce any right under the Junior Indebtedness General Resolution or under Junior Indebtedness Obligations, except in the manner provided in the Junior Indebtedness General Resolution, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Junior Indebtedness General Resolution and for the equal benefit of all Holders of Outstanding Junior Indebtedness Obligations. Nothing in the Junior Indebtedness General Resolution or in Junior Indebtedness Obligations contained shall affect or impair the right of action, which is also absolute and unconditional, of any Holder of any Junior Indebtedness Obligation to enforce payment of the principal of and premium, if any, and interest on such Junior Indebtedness Obligation at the date of maturity of each of the foregoing and at the places therein expressed.

6. All rights of action under the Junior Indebtedness General Resolution or under any Junior Indebtedness Obligations which are enforceable by the Trustee may be enforced by it without the possession of any Junior Indebtedness Obligations, or the production thereof on the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name, as trustee, for the equal and ratable benefit of the Holders of Junior Indebtedness Obligations, subject to the provisions of the Junior Indebtedness General Resolution.

7. No delay or omission of the Trustee or of any Holder of Junior Indebtedness Obligations to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by Article IX of the Junior Indebtedness General Resolution to the Trustee and to the Holders of Junior Indebtedness Obligations, respectively, may be exercised from time to time as often as may be deemed expedient.

No Acceleration of Payments After Default

Notwithstanding any provision of the Junior Indebtedness General Resolution to the contrary, upon the occurrence and continuance of any Event of Default, the holders of Junior Indebtedness Obligations shall have no authority to declare, or to instruct the Trustee to declare, and neither shall declare Junior Indebtedness Obligations to be immediately due and payable notwithstanding the occurrence of an event that would otherwise give rise to such a declaration unless all outstanding Senior

Bonds shall have been declared immediately due and payable in accordance with the General Revenue Bond Resolution

Priority of Payments After Default

In the event that moneys in the Junior Indebtedness Fund shall be insufficient for the payment of principal of and interest then due on Junior Indebtedness Obligations, such moneys and any other moneys received or collected by the Trustee or any Paying Agents, or a trustee appointed pursuant to the Junior Indebtedness General Resolution and in accordance with the Act, after making provision for the payment of the reasonable charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their duties under the Junior Indebtedness General Resolution, shall be applied as follows:

(1) Unless the principal of all Junior Indebtedness Obligations shall have become or have been declared due and payable, all such moneys shall be applied:

FIRST; To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of the installments of such interest, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference, except as to the difference in the respective rates of interest specified in such Junior Indebtedness Obligations; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal, Sinking Fund Installments or Redemption Price of any Junior Indebtedness Obligations which shall have become due whether at maturity or by call for redemption in the order of their due dates and, if the amount available shall not be sufficient to pay in full all Junior Indebtedness Obligations due on any date, then to the payment thereof ratably, according to the amount of principal, Sinking Fund Installments or Redemption Price due on such date, to the persons entitled thereto, without any discrimination or preference.

(2) If the principal of all Junior Indebtedness Obligations shall have become or have been declared due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Junior Indebtedness Obligations without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Junior Indebtedness Obligation over any other Junior Indebtedness Obligation, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Junior Indebtedness Obligations.

Defeasance

If the Authority shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Junior Indebtedness Obligations then Outstanding, the principal of and interest to become due thereon, at the time and in the manner stipulated therein and in the Junior Indebtedness General Resolution, then, at the option of the Authority, the covenants, agreements and other obligations of the Authority to the Holders of Junior Indebtedness Obligations shall thereupon cease, terminate and become void and be discharged and satisfied. Junior Indebtedness Obligations for the payment of which moneys shall have been set aside and shall be held by the Trustee (through deposit by the Authority of funds for such payment or otherwise) at the maturity date of such Junior Indebtedness Obligations shall be deemed to have been paid within the meaning of the Junior Indebtedness General Resolution. Any Junior Indebtedness Obligations shall prior to the maturity thereof be deemed to have been paid within the meaning and with the effect expressed in this paragraph if there shall have been deposited with the

Authority either moneys in an amount which shall be sufficient, or non-callable Government Obligations the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Authority at the same time, shall be sufficient to pay when due the principal of and interest due and to become due on said Junior Indebtedness Obligations on and prior to the maturity date. Neither non-callable Government Obligations or moneys deposited pursuant to the Junior Indebtedness General Resolution nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on said Junior Indebtedness Obligations; provided that any moneys received from such principal or interest payments on such Government Obligations so deposited, if not then needed for such purpose, shall, to the extent practicable, be reinvested in non-callable Government Obligations maturing at times and in amounts sufficient to pay when due the principal of and interest to become due on said Junior Indebtedness Obligations on and prior to such maturity date thereof.

Payments due on Saturdays, Sundays and Holidays

In any case where the date of maturity of interest on or principal of Junior Indebtedness Obligations shall be on a day that is not a Business Day, then payment of interest or principal and premium, if any, need not be made on such date but may be made (without additional interest) on the next succeeding Business Day, with the same force and effect as if made on the date of maturity.

[This Page Intentionally Left Blank]

Appendix D

Summary of Certain Provisions of the TIFIA Loan

[THIS PAGE INTENTIONALLY LEFT BLANK]

SUMMARY OF CERTAIN PROVISIONS OF THE TIFIA LOAN

TIFIA Loan

This ***Appendix D*** *is a brief outline of certain provisions of the TIFIA Loan Agreement. Such outline does not purport to be complete and reference is made to the TIFIA Loan Agreement for full and complete statements of such provisions. Copies of the TIFIA Loan Agreement are available at the office of the Authority. All indebtedness incurred by the Authority for Project Costs for construction of the New NY Bridge Project must be on a parity lien (Junior Indebtedness Obligations) with the Authority's obligations under the TIFIA Loan Agreement.*

Pursuant to the TIFIA Loan Agreement, dated December 19, 2013, between the TIFIA Lender and the Authority (the "TIFIA Loan Agreement"), the TIFIA Lender has agreed to extend a loan to the Authority in an aggregate principal amount not to exceed $1.6 billion (the "TIFIA Loan") that will be secured by the Series 2013B Junior Indebtedness Obligation in the same principal amount, interest rate, maturity and redemption rights as are contained in the TIFIA Loan. Proceeds of the TIFIA Loan will be applied to the payment, reimbursement or refinancing of certain project costs of the New NY Bridge Project which are eligible to be financed with proceeds of the TIFIA Loan pursuant to federal law; provided, that total disbursements under the TIFIA Loan cannot exceed 33% of all such eligible costs of the New NY Bridge Project. Eligible costs include design, construction, oversight and certain financing costs (debt service reserves, interest during construction and financing fees). The TIFIA Loan will bear a fixed interest rate calculated by adding one basis point (0.01%) to the rate of U.S. Treasury securities of comparable maturity on the date of execution of the TIFIA Loan Agreement as such rate is published in the United States Treasury Bureau of Public Debt's daily rate tables for State and Local Government Series investments. The Series 2013B Junior Indebtedness Obligation will be on a parity with all other Junior Indebtedness Obligations, including the Series 2016A Junior Indebtedness Obligations (except with respect to any subaccount of the Debt Service Reserve Account specifically established for a particular Series of Junior Indebtedness Obligations).

The Authority has reserved the right to pay, but is not obligated to pay, all or a portion of the principal of the Series 2013A Junior Indebtedness Obligations when due on May 1, 2019 from the proceeds of the TIFIA Loan.

Disbursement Request

Authority requests of the TIFIA Lender for TIFIA Loan disbursements have to be submitted in the form of requisition attached to the TIFIA Loan Agreement which form contains certain representations which the Authority has to make.

Disbursement of the TIFIA Loan is subject to the following conditions precedent:

- No event of default under the TIFIA Loan Agreement shall have occurred and be continuing;
- Evidence that the disbursement requested does not exceed a maximum of 33% of eligible project costs and that total federal assistance to the New NY Bridge Project does not exceed 80% of eligible project costs;
- Evidence that the balance of Junior Indebtedness Obligations projected by the Authority to be issued pursuant to the TIFIA Loan Agreement for completion of the New NY

Bridge Project have been issued or are not necessary to be issued to complete the New NY Bridge Project;

- A Traffic and Revenue Report showing that the Authority is able to generate revenues sufficient to meet the Junior Indebtedness Net Revenue Requirement in each year of the term of the TIFIA Loan;

- A certified revised financial model for the New NY Bridge Project acceptable to the TIFIA Lender on or prior to the initial drawdown date demonstrating that the projected Revenues shall be sufficient to meet the loan amortization schedule and satisfy the rate coverage test in the TIFIA Loan; provided, that for the current fiscal year and each of next two fiscal years the initial financial model may only utilize actual tolls schedules then in effect or anticipated to be in effect and for which all approvals have been received;

- Compliance evidence that within the prior 3 months of such disbursement, the Series 2013B Junior Indebtedness Obligation received an investment grade rating from at least two nationally recognized rating agencies and such rating shall have been received no greater than 30 days prior to the date of the disbursement; and

- Certification from the Authority that no covenant default under the Senior Resolution or the Junior Indebtedness Resolution has been breached.

See additional discussion of the conditions to disbursement of the TIFIA Loan under the heading “INVESTMENT CONSIDERATIONS” in this Official Statement.

Repayment Terms

No payment of the principal of or interest on the TIFIA Loan is required to be made during the capitalized interest period, the period from the date of drawdown of the TIFIA Loan to the July 1 or January 1 most recently preceding the fifth anniversary of the date of substantial completion of the New NY Bridge Project (“Capitalized Interest Period”). On each June 30 and December 31 (each a “Calculation Date”) occurring during the Capitalized Interest Period and on the last day of the Capitalized Interest Period, interest accrued in the six-month period ending on the subject Calculation Date (or such lesser period in connection with the end of the Capitalized Interest Period) on the TIFIA Loan shall be capitalized and added to the outstanding TIFIA loan balance. Within 30 days after the end of the Capitalized Interest Period, the TIFIA Lender shall give written notice to the Authority stating the outstanding TIFIA loan balance as of the close of business on the last day of the Capitalized Interest Period, which statement thereof shall be deemed conclusive absent manifest error; provided, however, that no failure to give or delay in giving such notice shall affect any of the obligations of the Authority under the TIFIA Loan Agreement or under any of the other TIFIA loan documents.

On each semi-annual payment date occurring on or after the semi-annual payment date occurring no later than the 5th anniversary of the substantial completion date of the New NY Bridge Project, the Authority shall pay TIFIA Debt Service in the amount of interest on and principal of the TIFIA Loan equal to the amount set forth in the TIFIA Loan Agreement, as the same may be revised as provided in the TIFIA Loan Agreement, which payments shall be made in accordance with the terms of the TIFIA Loan Agreement.

Prepayment of TIFIA Loan

The Authority will be required to mandatorily prepay all or a portion of the TIFIA Loan without penalty or premium: in the event that the Authority applies the proceeds of Senior Bonds to the payment of any costs, expenses, charges or fees, incidental or otherwise, for the construction and equipping of the New NY Bridge Project in which event, the Series 2013B Junior Indebtedness Obligation shall, upon 5 days prior written notice, be subject to mandatory tender for purchase by the Authority.

In addition, the Authority has the right to prepay the TIFIA Loan in whole or in part (and, if in part, the amounts thereof to be prepaid will be determined by the Authority; provided, however, that such prepayments have to be in principal amounts of $10,000,000 or integral multiple thereof), at any time or from time-to-time, without penalty or premium, by paying to the TIFIA Lender such principal amount of the TIFIA Loan to be prepaid, together with the unpaid interest accrued on the amount of principal so prepaid to the date of such prepayment. Each prepayment of the TIFIA Loan has to be made on such date and in such principal amount as the Authority specifies in a written notice delivered to the TIFIA Lender. In the case of any prepayment, such written notice has to be delivered to the TIFIA Lender not less than 10 days or more than 30 days prior to the date set for prepayment.

If such notice has been given, the principal amount of the TIFIA Loan stated in such notice or the whole thereof, as the case may be, is due and payable on the prepayment date stated in such notice, together with interest accrued and unpaid to the prepayment date on the principal amount then being prepaid.

Representations, Warranties and Covenants

Pursuant to the terms of the TIFIA Loan Agreement, the Authority will provide certain customary representations and warranties as of each date on which a disbursement of the TIFIA Loan is made. In addition, the Authority will undertake to comply with certain covenants, for the benefit of the TIFIA Lender, including, but not limited to:

Compliance with Laws. Pursuant to the TIFIA Loan Agreement, the Authority represents and warrants that the execution and delivery by the Authority of the TIFIA Loan Agreement and other related documents to which the Authority is a party, and compliance with the terms thereof will not, in any material respect, conflict with or constitute a violation or breach of or default of any applicable law or administrative rule or regulation, or any applicable court or administrative decree or order, or any indenture, mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument. The FHWA New York Division Office has oversight responsibility for ensuring compliance with all applicable provisions of federal transportation law for New NY Bridge Project oversight activities. The Authority agrees to cooperate with the FHWA New York Division Office in carrying out their duties. The Authority agrees that there will be no irreversible or irretrievable commitment of resources, including but not limited to physical construction, before all state and/or federal environmental permits required for commencement of construction are finalized and approved by the appropriate resource agencies. In the event that an environmental permit that has not been obtained is required after construction has begun, the Authority shall take immediate steps to acquire that state and/or federal permit. If the Authority fails to comply with the foregoing provisions of the TIFIA Loan Agreement, the Authority assumes the risk of any loss associated therewith.

Permitted Indebtedness. Under the TIFIA Loan Agreement, the Authority may, without TIFIA Lender approval, issue Senior Bonds, Junior Indebtedness Obligations or Subordinate Indebtedness in accordance with the terms of the respective Bond Resolutions; provided, however, that no event of default under the Bond Resolutions or the TIFIA Loan Agreement has occurred and is continuing.

Additional Covenants. The following briefly summarizes additional covenants of the Authority (which covenants may be qualified by materiality and other exceptions).

- Prohibition on the use of Senior Bond proceeds for project costs of the New NY Bridge Project prior to its completion;
- Compliance with the rate covenants in the Bond Resolutions;
- Maintenance by the Authority of legal structure;
- Approval by the TIFIA Lender of certain Project costs and contract amendments;
- No indebtedness, other than Permitted Indebtedness;
- No prohibited sales or assignments;
- Securing and maintaining the liens on the Facilities or the Revenues;
- Maintenance by the Authority of the New NY Bridge Project in good repair, working order and condition and in accordance with the requirements of the Junior Indebtedness Resolution;
- Provision by the Authority to the TIFIA Lender an annual rating of Senior Obligations and the TIFIA Loan
- Maintenance by the Authority of accounts;
- Notice from the Authority of certain events;
- Payment by the Authority of material obligations; and
- Maintenance by the Authority of all required insurance.

Events of Default

The following events constitute Events of Default under the TIFIA Loan Agreement:

- Failure to pay any of the principal amount of or interest due and payable on the TIFIA Loan;
- A failure by the Authority to observe or perform any covenant, agreement or obligation of the Authority, respectively, under the TIFIA Loan Agreement, the Series 2013B Junior Indebtedness Obligation or any other TIFIA loan document to which it is a party (other than in the case of any payment default or any development default), and such failure shall not be cured within 30 days after receipt by the Authority from the TIFIA Lender of written notice thereof; provided, however, that if such failure is capable of cure but cannot reasonably be cured within such 30-day period, then no event of default shall be deemed to have occurred or be continuing under this provision if and so long as within such 30-day period the Authority shall commence actions reasonably designed to cure such failure and shall diligently pursue such actions until such failure is cured, provided

such failure is required to be cured not later than 180 days after the initial date of such failure;

- A development default (the Authority fails to diligently prosecute the work related to the Project or the Authority fails to complete the Project in accordance with the financial plan as the same may be amended from time to time with the consent of the TIFIA Lender) shall occur, in which case the TIFIA Lender may (A) suspend the disbursement of TIFIA Loan proceeds under the TIFIA Loan Agreement and (B) pursue such other remedies as described below under "Remedies". If so requested in connection with a development default, the Authority shall immediately repay any unexpended TIFIA Loan proceeds previously disbursed to the Authority;

- Any of the representations, warranties or certifications of the Authority made in or delivered pursuant to the TIFIA Loan documents (or in any certificates delivered by the Authority in connection with the TIFIA Loan documents) shall prove to have been false or misleading in any material respect when made;

- Any acceleration shall occur of the maturity of the Senior Bonds or of any other indebtedness of the Authority in an aggregate principal amount equal to or greater than $10,000,000 that is senior to, or on parity with, the TIFIA Loan in right of payment or in right of security ("Other Material Indebtedness"), or any such Senior Bonds or Other Material Indebtedness shall not be paid in full upon the final maturity thereof;

- Any of the representations, warranties or certifications of the Authority made in or delivered pursuant to the Bond Resolutions, or made in or delivered pursuant to that document (the "Other Loan Documents") under which any Other Material Indebtedness shall be created or incurred, shall prove to be false or misleading in any material respect (each a "Misrepresentation Default"), or any default shall occur in respect of the performance of any covenant, agreement or obligation of the Authority under the Bond Resolutions or the Other Loan Documents, and such default shall be continuing after the giving of any applicable notice and the expiration of any applicable grace period specified in the Bond Resolutions or the Other Loan Documents (as the case may be) with respect to such default (each a "Covenant Default"), if the effect of such Misrepresentation Default or Covenant Default shall be to permit the immediate acceleration of the maturity of any or all of the Senior Bonds or the Other Material Indebtedness (as the case may be), and, in the case of any such Misrepresentation Default or Covenant Default, the Authority shall have failed to cure such Misrepresentation Default or Covenant Default or to obtain an effective written waiver thereof in accordance with the terms of such Senior Bonds or Other Material Indebtedness;

- The Authority shall default in the timely performance of any covenant, agreement or obligation under any related document or any related document shall be terminated prior to its scheduled expiration (unless in any case such default or termination could not reasonably be expected to have a Material Adverse Effect, as such term is used in the TIFIA Loan Agreement), and the Authority shall have failed to cure such default or to obtain an effective written waiver thereof, or to obtain an effective revocation of such termination (as the case may be); provided, however, that no event of default shall be deemed to have occurred or be continuing under this clause if, in the case of any termination of a Principal Contract, as such term is used in the TIFIA Loan Agreement, the Authority replaces such Principal Contract with a replacement agreement (1) entered into with another counterparty that (I) is of similar or greater creditworthiness and experience as the counterparty being replaced (or otherwise reasonably acceptable to the TIFIA Lender) and (II) is not, at the time of such replacement, suspended or debarred or subject to a proceeding to suspend or debar from bidding, proposing or contracting with any federal or state department or agency, (2) on substantially the same terms and conditions as the Principal Contract being replaced (or otherwise reasonably acceptable to the TIFIA Lender) and (3) effective as of the date of termination of the Principal Contract being replaced;

- One or more judgments for the payment of money in an aggregate amount in excess of $20,000,000 and not otherwise covered by insurance shall be rendered against the Authority and the same shall remain undischarged for a period of thirty (30) consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of the Authority to enforce any such judgment;

- The Authority shall fail to maintain its existence as a public corporation duly existing under the laws of the State, unless a successor public authority is created by the State laws that succeeds to the asset of the Authority and assumes the obligations of the Authority under the TIFIA Loan Agreement and under the Bond Resolutions, including the payment of such obligations;

- A Bankruptcy Related Event, as such term is used in the TIFIA Loan Agreement, shall occur with respect to the Authority or a Bankruptcy Related Event shall occur with respect to TZC LLC, or to certain of the parent firms of the members of TZ LLC;

- The Authority shall abandon the New NY Bridge Project; or

- Operation of a substantial portion of the Project or the Facilities shall cease for a continuous period of not less than one hundred eighty (180) days unless such cessation of operations shall occur by reason of an uncontrollable force, as defined in the TIFIA Loan Agreement, and the Authority shall have in force an insurance policy or policies under which the Authority is entitled to recover substantially all debt service on Senior Bonds, debt service due on the Series 2013B Junior Indebtedness Obligations and costs and expenses of the Authority during such cessation of operations.

Remedies

If an "Event of Default" under the TIFIA Loan Agreement consisting of a development default, no further disbursements under the TIFIA Loan will be made and such obligations under the TIFIA Loan are immediately deemed terminated.

Upon the occurrence of any other Event of Default, the TIFIA Lender, by written notice to the Authority, may suspend or terminate all of its obligations under the TIFIA Loan Agreement with respect to the disbursement of any undisbursed amounts of the TIFIA Loan.

Whenever any Event of Default under the TIFIA Loan Agreement shall have occurred and be continuing, the TIFIA Lender shall be entitled and empowered to institute any actions or proceedings at law or in equity for the collection of any sums due and unpaid hereunder or under the Series 2013B Junior Indebtedness Obligation or the other TIFIA Loan documents, and may prosecute any such judgment or final decree against the Authority including confession of judgment by the Authority against the Authority and collect in the manner provided by law out of the property of the Authority the moneys adjudged or decreed to be payable, and the TIFIA Lender shall have all of the rights and remedies of a secured creditor under the Uniform Commercial Code and may take such other actions at law or in equity as may appear necessary or desirable to collect all amounts payable by the Authority under the TIFIA Loan Agreement, the Series 2013B Junior Indebtedness Obligation or the other TIFIA Loan documents then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Authority under the TIFIA Loan Agreement, the Series 2013B Junior Indebtedness Obligation or the other TIFIA Loan Documents.

Whenever any Event of Default under the TIFIA Loan Agreement shall have occurred and be continuing, the TIFIA Lender may suspend or debar the Authority from further participation in any federal government program administered by the TIFIA Lender and to notify other departments and agencies of such default.

No action taken pursuant to the remedies described above shall relieve Authority from its obligations pursuant to the TIFIA Loan Agreement, the Series 2013B Junior Indebtedness Obligation or the other TIFIA Loan Documents, all of which shall survive any such action.

Whenever any Event of Default under the TIFIA Loan Agreement shall have occurred and be continuing, the Authority hereby confesses judgment in favor of the TIFIA Lender, absolutely and unconditionally, whereupon the TIFIA Lender may apply to any court of competent jurisdiction to render such judgment in favor of the TIFIA Lender, where permissible under applicable law.

Book-Entry Only System

[THIS PAGE INTENTIONALLY LEFT BLANK]

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Series 2016A Junior Indebtedness Obligations. The Series 2016A Junior Indebtedness Obligations will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2016A Junior Indebtedness Obligation certificate will be issued for each stated maturity of the Series 2016A Junior Indebtedness Obligations, each in the aggregate principal amount of such maturity, and will be deposited with DTC. SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2016A JUNIOR INDEBTEDNESS OBLIGATIONS, AS PARTNERSHIP NOMINEE FOR DTC, REFERENCES HEREIN TO BONDHOLDERS OR OWNERS OF THE SERIES 2016A JUNIOR INDEBTEDNESS OBLIGATIONS (OTHER THAN UNDER THE CAPTIONS "TAX MATTERS" AND "CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12") SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2016A JUNIOR INDEBTEDNESS OBLIGATIONS.

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

Purchases of Series 2016A Junior Indebtedness Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2016A Junior Indebtedness Obligations on DTC's records. The ownership interest of each actual purchaser of each Series 2016A Junior Indebtedness Obligation ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2016A Junior Indebtedness Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2016A Junior Indebtedness Obligations, except in the event that use of the book-entry system for the Series 2016A Junior Indebtedness Obligations is discontinued.

To facilitate subsequent transfers, all Series 2016A Junior Indebtedness Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2016A Junior Indebtedness Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee does not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2016A Junior Indebtedness Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2016A Junior Indebtedness Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2016A Junior Indebtedness Obligations may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2016A Junior Indebtedness Obligations, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Series 2016A Junior Indebtedness Obligations may wish to ascertain that the nominee holding the Series 2016A Junior Indebtedness Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2016A Junior Indebtedness Obligations within a stated maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Series 2016A Junior Indebtedness Obligations to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2016A Junior Indebtedness Obligations unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2016A Junior Indebtedness Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2016A Junior Indebtedness Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Paying Agent or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2016A Junior Indebtedness Obligations at any time by giving reasonable notice to the Authority or the Paying Agent.

Under such circumstances, in the event that a successor depository is not obtained, Series 2016A Junior Indebtedness Obligation certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2016A Junior Indebtedness Obligations will be printed and delivered to DTC.

NEITHER THE AUTHORITY NOR THE UNDERWRITERS (IN SUCH CAPACITY) WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (i) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT OR INDIRECT PARTICIPANT; (ii) THE PAYMENT BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR REDEMPTION PREMIUM, IF ANY, OR INTEREST ON, THE SERIES 2016A JUNIOR INDEBTEDNESS OBLIGATIONS; (iii) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO SERIES 2016A JUNIOR INDEBTEDNESS OBLIGATION HOLDERS; (iv) ANY CONSENT GIVEN BY DTC OR OTHER ACTION TAKEN BY DTC AS A SERIES 2016A JUNIOR INDEBTEDNESS OBLIGATION HOLDER; OR (v) THE SELECTION BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OF ANY BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE SERIES 2016A JUNIOR INDEBTEDNESS OBLIGATIONS.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC or other sources that the Authority believes to be reliable, but neither the Authority nor the Underwriters take any responsibility for the accuracy thereof.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Form of Opinion of Bond Counsel

[THIS PAGE INTENTIONALLY LEFT BLANK]

Upon delivery of the Series 2016A Junior Indebtedness Obligations in definitive form,
Harris Beach PLLC, Bond Counsel to the Authority,
proposes to render its Approving Opinion in substantially the following form:

[Date of Closing]

New York State Thruway Authority
200 Southern Boulevard
Albany, New York 12209

Ladies and Gentlemen:

As bond counsel to New York State Thruway Authority (herein called the "Authority"), we have examined a record of proceedings relating to the issuance of $850,000,000 aggregate principal amount of General Revenue Junior Indebtedness Obligations, Series 2016A (herein called the "Series 2016A Junior Indebtedness Obligations"), by the Authority, a body corporate and politic constituting a public corporation of the State of New York (herein sometimes called the "State"). We have also examined such certificates, documents, records and matters of law as we have deemed necessary for the purpose of rendering the opinions set forth below.

Capitalized terms used herein and not otherwise defined have the meanings set forth in the Resolutions (hereinafter defined).

The Series 2016A Junior Indebtedness Obligations are to be issued under and pursuant to the New York State Thruway Authority Act, Title 9 of Article 2 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State, as amended (herein called the "Act"), and the Resolution Authorizing General Revenue Junior Indebtedness Obligations of the Authority, adopted by the Authority on November 7, 2013, as amended on August 6, 2014 (herein called the "Junior Indebtedness Resolution"), and as supplemented by the Fifth Supplemental Junior Indebtedness Resolution Authorizing General Revenue Junior Indebtedness Obligations, Series 2016A adopted by the Authority on February 23, 2016 (the "Series 2016A Junior Indebtedness Obligations Resolution"; the Junior Indebtedness Resolution, as so supplemented and amended is herein called the "Resolutions"). The Series 2016A Junior Indebtedness Obligations are being issued for the purposes set forth in the Series 2016A Junior Indebtedness Obligations Resolution.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met at the time of, and subsequent to, the issuance and delivery of the Series 2016A Junior Indebtedness Obligations in order that interest on the Series 2016A Junior Indebtedness Obligations be and remain excluded from gross income for federal income tax purposes. Included among these continuing requirements are certain restrictions and prohibitions on the use of proceeds of Series 2016A Junior Indebtedness Obligations, restrictions on the investment of proceeds of Series 2016A Junior Indebtedness Obligations and other moneys or properties, and the rebate to the United States of certain earnings in respect of investments. Noncompliance with such continuing requirements may cause the interest on the Series 2016A Junior Indebtedness Obligations to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2016A Junior Indebtedness Obligations irrespective of the date on which such noncompliance occurs. The Resolutions and the Arbitrage and Use of Proceeds Certificate dated the date hereof of the Authority (the "Arbitrage Certificate"), contain certain factual certifications, covenants, representations and warranties as to compliance with the requirements of the Code. In rendering the opinions set forth in paragraph 8 herein, we have assumed the accuracy of such factual certifications of, and continuing compliance by the

Authority, with such covenants, representations, warranties, provisions and procedures set forth in the Resolutions and the Arbitrage Certificate.

The Authority reserves the right to issue additional Junior Indebtedness Obligations under the Junior Indebtedness Resolution on the terms and conditions, and for the purposes, stated in the Junior Indebtedness Resolution. The Authority reserves the right to issue Senior Bonds and incur any other obligations payable from the Senior Debt Service Fund or the Senior Debt Service Reserve Fund (as such terms are defined in the General Revenue Bond Resolution) in accordance with the provisions of the General Revenue Bond Resolution.

We are of the opinion that:

1. The Authority is duly created and validly existing under the provisions of the Act.

2. The Authority has the right and power under the Act to adopt the Resolutions and issue the Series 2016A Junior Indebtedness Obligations thereunder, and the Resolutions have been duly and lawfully adopted by the Authority, are in full force and effect and are valid and binding upon the Authority and enforceable in accordance with their terms, and no other authorization for the Resolutions is required.

3. The Resolutions create the valid pledge which it purports to create of the proceeds of sale of the Series 2016A Junior Indebtedness Obligations, the Revenues, and the Junior Indebtedness Fund and accounts established therein by the Junior Indebtedness Resolution (other than amounts on deposit in any subaccount of the Junior Indebtedness Debt Service Reserve Account, which shall only secure the Series of Junior Indebtedness Obligations for which it was established) and certain investment income referred to therein subject to the provisions of the Resolutions permitting the application thereof for the purposes and on the terms and conditions set forth therein, including the prior pledge of any Senior Bonds or other obligations payable from the Senior Debt Service Fund or the Senior Debt Service Reserve Fund.

4. The Series 2016A Junior Indebtedness Obligations have been duly and validly authorized and issued in accordance with the laws of the State, including the Constitution of the State and the Act, and in accordance with the Resolutions, and are valid and binding special obligations of the Authority, enforceable in accordance with their terms and the terms of the Resolutions, payable solely from the Revenues subject and subordinate to the payments to be made with respect to Senior Bonds and any other obligations payable from the Senior Debt Service Fund or the Senior Debt Service Reserve Fund as provided in Section 509 of the General Revenue Bond Resolution, and shall be secured by a lien on and pledge of the Revenues subordinate in all respects to the pledge created by the General Revenue Bond Resolution for the payment of the Senior Bonds.

5. Under existing statutes, regulations, administrative rulings and court decisions, interest on the Series 2016A Junior Indebtedness Obligations is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and is not treated as an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; interest on the Series 2016A Junior Indebtedness Obligations is, however, included in adjusted current earnings for purposes of calculating the federal alternative minimum tax imposed on certain corporations.

6. Under existing statutes, including the Act, interest on the Series 2016A Junior Indebtedness Obligations is exempt from personal income taxes imposed by the State or any political subdivision thereof.

We have examined a fully executed Series 2016A Junior Indebtedness Obligation and, in our opinion, the form of said Series 2016A Junior Indebtedness Obligation and its execution are regular and proper.

Except as stated in paragraphs 5 and 6 above, we express no opinion as to the federal, state and local tax consequences of the ownership or disposition of, or the accrual or receipt of interest on, the Series 2016A Junior Indebtedness Obligations. Furthermore, we express no opinion as to any federal, state or local tax consequences with respect to the Series 2016A Junior Indebtedness Obligations, or the interest thereon, if any change occurs or action is taken or omitted under the Resolutions, the Arbitrage Certificate or any other relevant documents, upon the advice or approval of any bond counsel other than Harris Beach PLLC. In addition, we have not undertaken to determine, or to inform any person, whether any actions taken, or not taken, or events occurring, or not occurring, after the date of issuance of the Series 2016A Junior Indebtedness Obligations may affect the tax status of interest on the Series 2016A Junior Indebtedness Obligations. Further, although interest on the Series 2016A Junior Indebtedness Obligations is not included in gross income for purposes of federal income taxation, receipt or accrual of the interest may otherwise affect the tax liability of a holder of a Series 2016A Junior Indebtedness Obligation depending upon the tax status of such holder and such holder's other items of income and deduction.

The foregoing opinions are qualified only to the extent that the enforceability of the Resolutions and the Series 2016A Junior Indebtedness Obligations may be limited by bankruptcy, moratorium, insolvency, reorganization or other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

We express no opinion as to the accuracy, adequacy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2016A Junior Indebtedness Obligations.

This opinion is rendered solely with regard to the matters expressly opined on above and does not consider or extend to any documents, agreements, representations or other material of any kind not specifically opined on above. No other opinions are intended nor should they be inferred. This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any other reason whatsoever.

Respectfully submitted,

[THIS PAGE INTENTIONALLY LEFT BLANK]

Form of Master Continuing Disclosure Agreement

[THIS PAGE INTENTIONALLY LEFT BLANK]

NEW YORK STATE THRUWAY AUTHORITY
GENERAL REVENUE JUNIOR INDEBTEDNESS OBLIGATIONS

FORM OF MASTER CONTINUING DISCLOSURE AGREEMENT

THIS MASTER CONTINUING DISCLOSURE AGREEMENT, dated December 18, 2013, is made by and among the Issuer and the Trustee, each as defined below in Section 1.

In order to permit the Underwriters of each series of Junior Indebtedness Obligations issued from and after the date hereof to comply with the provisions of Rule 15c2-12, the parties hereto, in consideration of the mutual covenants herein contained and other good and lawful consideration, hereby agree, for the sole and exclusive benefit of the Holders and, for the purposes of Section 5, beneficial owners of Junior Indebtedness Obligations, as follows:

Section 1. Definitions; Rules of Construction. (i) Capitalized terms used but not defined herein shall have the respective meanings ascribed to them in the Authorizing Document.

"*Annual Information*" shall mean the information specified in Section 3.

"*Authorizing Document*" shall mean the Issuer's Resolution Authorizing the Issuance of General Revenue Junior Indebtedness Obligations, adopted by the Issuer on November 7, 2013, as amended or supplemented from time to time.

"*EMMA*" shall mean the Electronic Municipal Market Access system described in Securities Exchange Act Release No. 34-59062 (or any successor electronic information system) and maintained by the MSRB as the sole repository for the central filing of electronic disclosure pursuant to Rule 15c2-12.

"*GAAP*" shall mean generally accepted accounting principles as prescribed from time to time for governmental units in the United States by the Governmental Accounting Standards Board.

"*GAAS*" shall mean generally accepted auditing standards as in effect from time to time in the United States.

"*Holder*" or "*Holder of Junior Indebtedness Obligations*" shall mean a registered owner of any Junior Indebtedness Obligation or Junior Indebtedness Obligations.

"*Issuer*" shall mean the New York State Thruway Authority, a body corporate and politic constituting a public corporation of the State of New York, and any successor thereto.

"*Junior Indebtedness Obligations"* shall mean the Issuer's Junior Indebtedness Obligations issued from time to time by the Issuer and outstanding pursuant to the Authorizing Document.

"*MSRB*" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

"*Official Statement*" shall mean the final official statement of the Issuer relating to one or more series of Junior Indebtedness Obligation issued by the Issuer from time to time and listed on Schedule I hereto (which Schedule I shall be updated to reflect each new series of Junior Indebtedness Obligations so issued).

"*Rule 15c2-12*" shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Agreement, including any official interpretations thereof promulgated on or prior to the effective date of this Agreement.

"SEC" means the United States Securities and Exchange Commission.

"*Trustee*" shall mean the trustee as appointed in the Supplemental Resolution.

"*Underwriters*" shall mean the underwriter or underwriters that have contracted to purchase one or more series of the Junior Indebtedness Obligations from the Issuer at initial issuance.

(ii) Unless the context clearly indicates to the contrary, the following rules shall apply to the construction of this Agreement:

(a) Words importing the singular number shall include the plural number and vice versa.

(b) Any reference herein to a particular Section or subsection without further reference to a particular document or provision of law or regulation is a reference to a Section or subsection of this Agreement.

(c) The captions and headings herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

Section 2. Obligations to Provide Continuing Disclosure.

(i) Obligations of the Issuer. The Issuer hereby undertakes, for the benefit of Holders of the Junior Indebtedness Obligations, to provide or cause to be provided the following:

(a) to the MSRB, no later than 120 days after the end of each fiscal year, commencing with the fiscal year ending December 31, 2013, the Issuer Annual Information (as more fully described in Section 3 below), relating to such fiscal year;

(b) if not submitted as part of the Issuer Annual Information, to the MSRB, not later than 120 days after the end of each fiscal year commencing with the fiscal year ending December 31, 2013, audited financial statements of the Issuer for such fiscal year when and if they become available and, if such audited financial statements are not available on the date which is 120 days after the end of a fiscal year, the unaudited financial statements of the Issuer for such fiscal year; and

(c) to the MSRB, in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following fourteen events with respect to the Junior Indebtedness Obligations:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Junior Indebtedness Obligation, or other material events affecting the tax status of the Junior Indebtedness Obligation;

(7) modifications to rights of security holders, if material;

(8) bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the securities, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Issuer;

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

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

(d) to the MSRB, in a timely manner, notice of a failure to provide any Issuer Annual Information required by Section 2(i)(a) or (b).

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

(ii) Obligations of the Trustee.

(a) The Trustee shall notify the Issuer upon the occurrence of any of the fourteen events listed in Section 2(i)(c) promptly upon becoming aware of the occurrence of any such event. The Trustee shall not be deemed to have become aware of the occurrence of any such event unless an officer in its corporate trust department becomes aware of the occurrence of any such event.

(iii) (a) Other Information. Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer should disseminate any such additional information, the Issuer shall not have any obligation hereunder to update such information or to include it in any future materials disseminated hereunder.

(b) Credit Enhancement. Each agreement governing the provision of a credit facility, if any, shall require the provider thereof to provide the Issuer with prompt written notice of any change in the name, address, and telephone number of a place where then current information regarding such provider may be obtained. In addition, such agreement shall require each provider of a credit facility promptly to notify the Issuer of a change in any rating relating to such provider that would affect the rating of the Junior Indebtedness Obligations by any rating agency then rating the Junior Indebtedness Obligations. The Issuer shall promptly provide the Trustee with copies of all notices received by it under this Section 2(e)(iii)(b). The provisions of this Section 2(e)(iii)(b) shall also apply to each provider of a substitute credit facility.

(c) Disclaimer. Each of the Issuer and the Trustee shall be obligated to perform only those duties expressly provided for such entity in this Agreement, and neither of the foregoing shall be under any obligation to the Holders or other parties hereto to perform, or monitor the performance of, any duties of such other parties.

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

(v) MSRB Prescribed Identifying Information. All documents provided to the MSRB pursuant to this Agreement shall be accompanied by identifying information as prescribed from time to time by the MSRB.

Section 3. Annual Information.

(i) Specified Information. The Annual Information shall consist of the following:

(a) financial information and operating data of the type included in the Official Statement for each series of Junior Indebtedness Obligations, under the headings "THE NEW NY BRIDGE PROJECT – New NY Bridge Project Financial Plan" and "– New NY Bridge Project Budget", "RESULTS OF OPERATIONS – Financial Results of Operations", "MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS – Traffic and Revenue" and "BUDGET AND CAPITAL PROGRAM; TRAFFIC ENGINEER'S REPORT – 2013 Budget and Revisions", "– Multi-Year Capital Program" and "– Funding of the Multi-Year Capital Program" which shall include information relating to the following:

(1) current toll rates for all classes of vehicles;

(2) statements of Revenues, Operating Expenses and Net Revenues for the most recent fiscal year;

(3) statements of traffic and operating revenues for the most recent fiscal year;

(4) summary of the most recent inspection of any of the Facilities by the Issuer, its Independent Consultant or other professional engineer or engineers retained for the purpose of such inspection;

(5) status of the Issuer's capital planning process;

(6) status of the New NY Bridge Project; and

(7) status of the Issuer's debt service coverage for the most recent fiscal year.

(b) such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data and in judging the financial condition of the Issuer.

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

(b) Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(iii) Cross Reference. All or any portion of the Annual Information may be incorporated in the Annual Information by specific cross reference to any other documents which are (i) available to the public on the MSRB Internet web site (currently, www.emma.msrb.org) or (ii) filed with the SEC. However, the provisions of this Section 3(iii) shall not apply to notice of the fourteen events listed in Section 2(i)(c).

(iv) Informational Categories. The requirements contained in this Agreement under Section 3(i) are intended to set forth a general description of the type of financial information and operating data to be provided; such descriptions are not intended to state more than general categories of financial information and operating data; and where the provisions of Section 3(i) call for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect shall be provided.

Section 4. Financial Statements.

The Issuer's annual financial statements for each fiscal year shall be prepared in accordance with GAAP (unless applicable accounting principles are otherwise disclosed) and audited by an independent accounting firm in accordance with GAAS (but only if audited financial statements are otherwise available for such fiscal year).

Section 5. Remedies.

If any party hereto should fail to comply with any provision of this Agreement, then each of the other parties and, as a direct or third-party beneficiary, as the case may be, any Holder of Junior Indebtedness Obligations may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Agreement against such party and any of its officers, agents and employees, and may compel such party or any such officers, agents or employees to perform and carry out their duties under this Agreement; provided, however, that the sole and exclusive remedy for breach of this Agreement shall be an action to compel specific performance of the obligations of such party hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances; and provided further, that the rights of any Holder to challenge the adequacy of the information provided in accordance with Section 2 hereunder are conditioned upon the provisions of the Authorizing Document with respect to the enforcement of remedies of Holders upon the occurrence of an Event of Default described in Section 901 of the Authorizing Document as though such provisions applied hereunder. Each of the Issuer and the Trustee reserves the right, but shall not be obligated, to enforce the obligations of the others. Failure by any party to perform its obligations hereunder shall not constitute an Event of Default under the Authorizing Document or any other agreement executed and delivered in connection with the issuance of the Junior Indebtedness Obligations. In consideration of the third-party beneficiary status of beneficial owners of Junior Indebtedness Obligations pursuant to Section 6, beneficial owners shall be deemed to be Holders of Junior Indebtedness Obligations for purposes of this Section 5.

Section 6. Parties in Interest.

This Agreement is executed and delivered solely for the benefit of the Holders of Junior Indebtedness Obligations and, for the purposes of Section 5, beneficial owners of Junior Indebtedness Obligations. For the purposes of such Section 5, beneficial owners of Junior Indebtedness Obligations shall be third-party beneficiaries of this Agreement. No person other than those described in Section 5 shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Amendments.

(i) Without the consent of any Holders (except to the extent required under clause (c)(II) of this sentence) or provider of any Credit Facility, the Issuer and the Trustee at any time and from time to time may enter into amendments or changes to this Agreement for any purpose, if (a) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer or any type of business or affairs conducted by either; (b) the undertakings set forth herein, as amended, would have complied with the requirements of Rule 15c2-12 at the time of the primary offering of the Junior Indebtedness Obligations, after taking into account any amendments to, or interpretation by the staff of the Securities and Exchange Commission of, Rule 15c2-12, as well as any change in circumstances; and (c) either (I) the amendment does not materially impair the interests of the Holders, as determined either by the Trustee or by nationally recognized bond counsel or (II) the Holders consent to the amendment to this Agreement pursuant to the same procedures as are required for amendments to the Authorizing Document with the consent of Holders pursuant to Section 704 of the Authorizing Document. In determining whether there is such a material impairment, the Trustee may rely upon an opinion of nationally recognized bond counsel. The interests of Holders shall be deemed not to have been materially impaired by an amendment (1) to add a dissemination agent for the information to be provided hereunder and to make any necessary or desirable provisions with respect thereto, (2) to evidence the succession of another entity to the Issuer or the Trustee and the assumption by any such successor to the obligations of such party hereunder, or (3) to add to the obligations of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer.

(ii) Annual Information for any fiscal year containing any amended operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such amendment and the impact of the change on the type of operating data or financial information in the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such amendment, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the amended accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent reasonably feasible such comparison shall also be quantitative. A notice of any such change in accounting principles shall be sent to the MSRB.

Section 8. Termination.

This Agreement shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on all Junior Indebtedness Obligations (in each case in this paragraph 8, "Junior Indebtedness Obligations" shall refer to each series of Junior Indebtedness Obligations, respectively) shall have been paid in full or all Junior Indebtedness Obligations shall have otherwise been paid or defeased in accordance with the Authorizing Document (a "Legal Defeasance"); provided, however, that if Rule 15c2-12 (or any successor provision) shall be amended, modified or changed so that all or any part of the information currently required to be provided thereunder shall no longer be required to be provided thereunder, then such information shall no longer be required to be provided hereunder; and provided further, that if and to the extent Rule 15c2-12 (or successor provision), or any provision thereof, shall be declared by a court of competent and final jurisdiction to be, in whole or in part, invalid, unconstitutional, null and void, or otherwise inapplicable to the Junior Indebtedness Obligations, then the information required to be provided hereunder, insofar as it was required to be provided by a provision of Rule 15c2-12 so declared, shall no longer be required to be provided hereunder. Upon any Legal Defeasance of a series of Junior Indebtedness Obligations, the Issuer shall provide notice of such defeasance to the MSRB, and such notice shall state whether the applicable series of Junior Indebtedness Obligations have been defeased to maturity or to redemption and the timing of such maturity or redemption. Upon any other termination pursuant to this Section 8, the Issuer shall provide notice of such termination to the MSRB.

Section 9. The Trustee.

(i) Except as specifically provided herein, this Agreement shall not create any obligation or duty on the part of the Trustee and the Trustee shall not be subject to any liability hereunder for acting or failing to act as the case may be.

(ii) The Trustee shall be indemnified and held harmless in connection with this Agreement, to the same extent provided in the Authorizing Document for matters arising thereunder.

Section 10. Governing Law.

This Agreement shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

Section 11. Counterparts.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all shall together constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have duly authorized, executed and delivered this Agreement as of the date first above written.

THE BANK OF NEW YORK MELLON, as Trustee for the benefit of Holders of the Junior Indebtedness Obligations

By:______________________________
Authorized Officer

NEW YORK STATE THRUWAY AUTHORITY, Issuer of the Junior Indebtedness Obligations

By:______________________________
Name: John M. Bryan
Title: Chief Financial Officer and Treasurer

SERIES 2016A • NEW YORK STATE THRUWAY AUTHORITY • GENERAL REVENUE JUNIOR INDEBTEDNESS OBLIGATIONS • SERIES 2016A

THE NEW NY BRIDGE

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

Printed by: ImageMaster, LLC
www.imagemaster.com