

NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION

Annual Report

(Pursuant to Section 2800 and Section 3234(6)
of the Public Authorities Law)

for fiscal year ended March 31, 2011

**NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION
ANNUAL REPORT
FOR THE FISCAL YEAR ENDED MARCH 31, 2011
PREPARED IN ACCORDANCE WITH SECTION 2800
AND
SECTION 3234(6) OF THE PUBLIC AUTHORITIES LAW**

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Mission Statement

Created on June 11, 1990, the New York Local Government Assistance Corporation's ("Corporation" or "LGAC") mission consists of three main goals, which, when met, directly benefit the State, the City of New York and other local governments and school districts. The goals are identified as follows: 1) The issuance of up to \$4.7 billion in long-term Corporation bonds to finance certain local assistance payments due from the State of New York (as well as certain other amounts necessary for the issuance of such LGAC bonds) to help eliminate the State's reliance on the annual issuance of intra-year tax and revenue anticipation notes ("Spring Borrowing"); 2) Manage a) the Corporation's debt portfolio through maturity in an attempt to achieve a balance between the lowest cost of funds and appropriate market risk levels while maintaining the exclusion of interest on LGAC debt from federal and State income taxation, b) the Corporation's operational costs efficiently and c) the investment of (i) funds until needed for debt service payments or operating expenses, (ii) monies in the Capital Reserve Fund, and (iii) any escrow funds; and 3) Beginning in 2004, certify on an annual basis through 2034, payments required to be made to the City of New York or its assignee from the Local Government Assistance Tax Fund. (See Appendix A for the 2010-11 Mission Statement Measurements)

BOARD OF DIRECTORS: *(as of March 31, 2011)*

Vacant	Chairperson and Director
Mr. Robert L. Megna	Vice-Chairperson and Director
Honorable Thomas P. DiNapoli	Director
Mr. Marc Shaw	Director
Mr. Kevin Murray	Director
Vacant	Director
Vacant	Director

EXECUTIVE STAFF: (as of March 31, 2011)

Ronald Greenberg	Co-Executive Director
Thomas Nitido	Co-Executive Director
The Honorable Eric T. Schneiderman	General Counsel
Patricia Warrington	Treasurer
Joseph Conroy	Secretary
Kristee Iacobucci	Internal Control Officer
Deborah DeGenova	Assistant Treasurer
Melissa Pangburn	Assistant Secretary

See Appendix B for the Corporation's Organization Chart and more information on LGAC's Board and Officers.

HISTORY OF THE CORPORATION

The New York Local Government Assistance Corporation was created as a State public benefit corporation on June 11, 1990 by Chapter 220 of the Laws of 1990 (as amended). LGAC's fiscal year begins on April 1 and ends on March 31.

LGAC was created and authorized to issue bonds or notes to make payments of up to \$4.7 billion primarily to local governments and school districts in New York State. Legislative authorization was required annually to specify the use of LGAC bond or note proceeds, thereby authorizing issuance of bonds for those particular purposes. The Corporation issued the last of its \$4.7 billion authorization during the 1995-96 fiscal year, completing the Corporation's issuances for local assistance payments. The Corporation may now issue bonds only for the purpose of refunding outstanding bonds of the Corporation.

LGAC was created as an integral part of an overall program of State fiscal reform to eliminate the State's practice of financing substantial amounts of local assistance payments during the first quarter of the State's fiscal year through the issuance of short-term tax and revenue anticipation notes. LGAC's bonds were issued for the purpose of making local assistance payments in a manner that provides such funds to entities earlier than had been the State's traditional practice. The State has not conducted a Spring Borrowing since the 1993-94 fiscal year.

GOVERNANCE/BOARD STRUCTURE

Until January 13, 2006, LGAC was governed by a three member Board of Directors, comprised of the State Comptroller and the Director of the Budget of the State of New York, both of whom serve "ex officio," and a third Director who is appointed by the Governor. On January 13, 2006, the Governor signed The Public Authorities Accountability Act (Chapter 766 of the Laws of 2005). This Act included an amendment to Section 3234 of the Public Authorities Law to increase the number of LGAC Board members from three to seven. Each of the appointed Directors serving as of March 31, 2011 was appointed by a prior Governor and continues to serve until a successor is chosen and qualified. The Directors receive no compensation from LGAC.

In addition, the Secretary to the Senate Finance Committee of the State Senate and the Secretary to the Ways and Means Committee of the State Assembly are non-voting representatives on the Board.

The Directors establish, direct and monitor adherence to LGAC's policies and approve all major activities of the Corporation, including each issuance of bonds or notes. A unanimous vote of the Directors then in office is necessary to authorize the issuance of bonds or notes by the Corporation.

The Corporation's Board previously established three committees (Audit, Finance and Governance) that are comprised of certain of LGAC's Directors. Appendix C contains a listing of committee members as of March 31, 2011, board and committee meetings convened in the 2010-11 fiscal year, and, for each meeting held, the minutes, if adopted, and the attendance at each meeting. Each committee meets as necessary to address relevant issues affecting LGAC.

OPERATIONS

State officers and employees act as officers and staff of the Corporation and receive no compensation from LGAC for services provided to the Corporation. The LGAC Directors appoint the officers of LGAC. Ronald Greenberg, First Deputy Director in the Division of the Budget, and Thomas Nitido, Deputy Comptroller for Budget and Policy Analysis in the Office of the State Comptroller, serve as Co-Executive Directors. Patricia Warrington, Assistant Comptroller for Debt Management and Policy in the Office of the State Comptroller, serves as LGAC's Treasurer and Joseph Conroy, Principal Budget Examiner in the Division of the Budget serves as Secretary. Kristee Iacobucci, Director of the Pension Integrity Bureau for the New York State and Local Retirement System in the Office of the State Comptroller, is the Corporation's Internal Control Officer. The State's Attorney General, the Honorable Eric Schneiderman, is General Counsel for LGAC. In addition, Section 3236 of the Public Authorities Law requires the Corporation to enter into an agreement with the State Comptroller whereby the Comptroller is the "Exclusive Agent" for the sale of Corporation bonds and notes. Exclusive Agent Agreements to date have also delegated the administration of a number of on-going responsibilities including the investment of the Corporation's funds. Other staff currently employed by the Office of State Comptroller, the Division of the Budget and the Attorney General's Office conduct the day-to-day operations necessary to carry out the mission and fulfill the goals of the Corporation.

From funds appropriated by the Legislature, the State paid approximately \$6.6 million, pursuant to the Vice-Chairperson's certification, to LGAC for operating expenses in its fiscal year ended March 31, 2011. These funds were used principally for payments to the Corporation's trustee, financial advisor and bond counsel as well as for variable rate bond support costs paid to remarketing agents, broker-dealers and banks. The Corporation's appropriation was sufficient for all payments.

The Corporation has adopted policies or, where applicable, indicates its intent to fully comply with statutes that protect State officers and employees with respect to ethics, defense and indemnification, whistleblower and lobbying contact.

The Corporation has not owned any real property since its inception and during fiscal year 2010-11 the Corporation did not purchase any real property. Additionally, the Corporation did not buy or sell any asset or sell any service non-competitively. The Corporation executed one service contract that was classified as a Single Source Procurement, the 2003A-4V firm remarketing agreement with JPMorgan Securities Inc. The 2003A-4V firm remarketing agreement executed with JPMorgan Securities Inc. was contemplated within the existing 2003A-4V remarketing agreement wherein the existing remarketing agent, JPMorgan Securities Inc, would, in the event of a liquidity substitution such as that which was accomplished by the 2003A-4V firm remarketing agreement, remarket the bonds.

The Corporation was not involved as a party in any material pending litigation during fiscal year 2010-11.

CODE OF ETHICS

This Code of Ethics shall apply to all directors, officers and employees of the New York Local Government Assistance Corporation

All New York Local Government Assistance Corporation directors, officers and employees, whether compensated or not, shall comply with the provisions of subdivision (8) of section 73, and sections 73-a, 73-b and 74 of the Public Officers Law (“POL”). For purposes of this Code of Ethics any exclusion applicable to the aforementioned provisions of the POL from the definition of “State officer or employee” for members or directors of a public authority or public benefit corporation who receive no compensation or are compensated on a per diem basis or who do not receive compensation above a filing rate shall not apply to directors of the New York Local Government Assistance Corporation and such provisions shall apply as if there were no such exclusion.

ASSESSMENT OF THE EFFECTIVENESS OF INTERNAL CONTROLS

In accordance with the Public Authorities Accountability Act of 2005 (“Act”), this annual report includes an assessment of the effectiveness of the New York Local Government Assistance Corporation’s internal control structure and procedures. Because the Corporation utilizes the services of a trustee bank, which has custody of all of the Corporation’s resources and makes disbursements for all of the Corporation’s expenditures in accordance with directions provided to it by the Corporation, the Corporation’s internal controls are also affected by the procedures and policies of the trustee bank furnishing services to the Corporation.

In accordance with Section 2931 of the Public Authorities Law, the Corporation’s Board of Directors (“Board”) is responsible for the establishment and maintenance of the Corporation’s system of internal control and a program of internal control review. In addition, the Board is required to appoint an internal control officer to implement and review the Board’s system of internal controls.

The Corporation’s day to day operations are conducted by staff of the Office of the State Comptroller utilizing procedures and systems that are subject to internal control processes and reviews of the Office of the State Comptroller. Accordingly, the day to day activities of the Corporation are conducted within a comprehensive system of internal controls that are subject to on-going review and testing by the Office of the State Comptroller.

Effective October 2007, LGAC was added to the list of entities covered under Budget Policy and Reporting Manual Item B-350 (BPRM B-350) and was required to file its annual Internal Control Summary and Certification with the Division of Budget. The Corporation has filed any such required report. Effective March 1, 2011, the Director of the Budget revised the schedule of State Agencies determined to be subject to internal control requirements under BPRM B-350. The revised schedule excludes Public Authorities, including the New York Local Government Assistance Corporation (LGAC), from the entities required to submit internal control certifications to the Division of the Budget (DOB).

Although LGAC no longer needs to file an annual Internal Control Summary and Certification with the Division of Budget, it is still required to comply with existing internal control and other reporting requirements pursuant to the Public Authorities Law and any regulations issued by the Office of the State Comptroller regarding the use of the Public Authorities Reporting Information System (PARIS). Therefore, Corporation management (“management”) will continue to conduct an annual internal control assessment of LGAC’s operations to ensure continued compliance with existing laws and regulations and to provide assurance that LGAC’s assets are appropriately protected and managed.

The Corporation’s Internal Control Officer has conducted an assessment of the effectiveness of the Corporation’s internal control system as of March 31, 2011 utilizing the criteria described in the “Internal Control – Integrated Framework” issued by the Committee of Sponsoring Organizations of the Treadway Commission. As part of this assessment, the Internal Control Officer has obtained and reviewed an independent audit report issued by KPMG LLP on controls over the trustee bank that furnishes bank trustee and custodial services to the Corporation and an independent audit report on internal controls over financial reporting issued by Toski, Schaefer & Co., P.C. In addition, the Corporation’s internal control guidelines and policies and procedures were reviewed, members of the Corporation’s staff were interviewed and corporate financial documents were reviewed. Management believes that this assessment provides a reasonable basis for its opinion.

As of April 1, 2006, the Act requires the Corporation to form both Audit and Governance Committees composed of independent members. The Corporation formed Audit and Governance Committees on July 24, 2007. Furthermore, on December 7, 1990, the Board of Directors created a Finance Committee to be comprised of the Chair of the Corporation, the State Comptroller and the Budget Director, with the State Comptroller serving as the Chair. The Public Authorities Law was amended in December 2009 to require that the Audit, Governance and Finance Committees each have no less than three independent members and that the independent members constitute a majority on the Committees. As a result, on March 24, 2010, the Board voted to revise the composition of each of these Committees to meet the new statutory requirements.

The Act also requires the formal adoption of a code of ethics. The Board complied with this requirement by adopting a code of ethics on July 24, 2007. In addition to the controls provided by the code of ethics, all staff of the Corporation, the Comptroller and the Budget Director, pursuant to their positions as public employees, are bound by the provisions contained in Section 73,73-a and 74 of the Public Officers Law (“POL”). All board members are, at a minimum, subject to Section 74 of the POL. The Act requires a code of ethics at least as stringent as Section 74 of the POL.

The Public Authorities Law also requires the Corporation to annually prepare and distribute a budget, approve its guidelines for investments and procurements, and issue reports on its procurement contracts, investments and operations and accomplishments. Further, the Corporation is required to comply with Parts 201, 203, 204 and 206 of Title 2 of the *Official Compilation of Codes, Rules and Regulations of the State of New York* (2 NYCRR) which provide additional requirements related to the Corporation's accounting and reporting, budget and multi-year financial plan, reporting of state-supported debt and contract review and approval. For the fiscal year ended March 31, 2011, the Corporation approved the above-referenced budget, reports and guidelines in conformance with applicable requirements. During the year ended March 31, 2011, the Corporation complied with the provisions of Parts 201, 203, 204 and 206 of 2 NYCRR.

The law creating and governing the Corporation ("enabling act") requires it to enter into an agreement with the State Comptroller pursuant to which the State Comptroller shall be the exclusive agent of the Corporation for the sale of its bonds and notes. The agreement in place with respect to this requirement expires annually on March 31st.

The enabling act also requires the Chairperson or Vice-Chairperson of its Board of Directors to certify to the State Comptroller and Governor, the Corporation's cash requirements from the State at least 120 days prior to the commencement of its fiscal year, within 30 days of the issuance of bonds, and further allows such certification to be amended as the Chairperson or Vice-Chairperson deems necessary. Such certificate has been amended as necessary throughout the year in order to comply with the legal requirement to adequately meet cash needs of the Corporation.

The Corporation must also comply with various finance related contractual terms and commitments with respect to the issuance and administration of the Corporation's bonds and administration of the Corporation. The Corporation has complied with all other significant provisions of finance related contractual requirements to the best knowledge of Corporation management.

Based on this assessment, management concludes the Corporation's system of internal controls was effective and adequately prevented risks to the Corporation's mission in all material respects as of March 31, 2011. Due to the controls that were in place throughout the fiscal year ended March 31, 2011, no circumstances arose that required the Board to take mitigating actions and the Corporation fulfilled its mission in all material respects as of March 31, 2011.

CORPORATION BONDS

The Corporation's bonds are general obligations of LGAC. Payments of debt service on the Corporation's bonds are made from appropriations received from the State. Pursuant to the Act establishing the Corporation, the State deposits 1 cent of the State's sales and use tax into the Local Government Assistance Tax Fund ("LGATF"), a joint custody fund of the State Comptroller and the State Commissioner of Taxation and Finance. The State uses this Fund to make payments to the Corporation. Amounts in excess of the Corporation's needs are transferred from the LGATF to the State's General Fund after the Corporation's requirements have been met as provided by statute and as certified by the Chairperson or Vice-Chairperson of the Corporation and all other

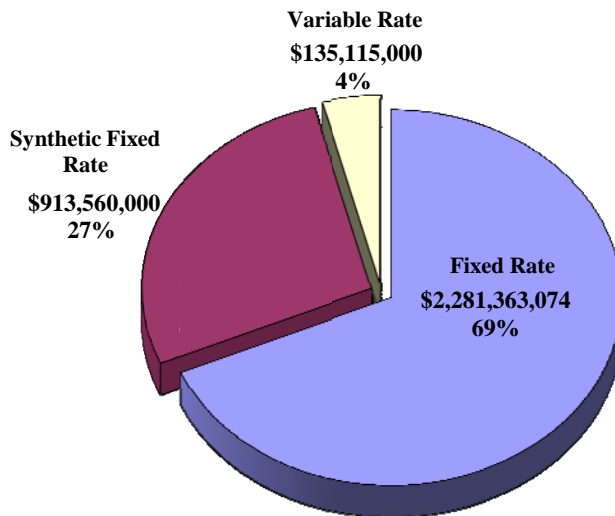
obligations subject to impoundment have been satisfied. In the 2010-11 fiscal year, \$2.181 billion was transferred to the State's General Fund. This amount includes the \$170 million payment made from the LGATF directly to the Sales Tax Asset Receivable Corporation. State payments to the Corporation are subject to annual appropriations by the State Legislature. The Corporation's bondholders do not have a lien on monies deposited in the Local Government Assistance Tax Fund.

If on any date there are insufficient moneys in the LGATF to make a required payment to the Corporation, the Comptroller is required to transfer sufficient moneys from the State's General Fund to make up the deficiency. To date no such transfers have been required.

As of March, 31, 2011, the Corporation's bonds were rated by the three major rating agencies as follows: AAA by Standard and Poor's, Aa2 by Moody's Investors Service, and AA by Fitch Ratings.

During the 2010-11 fiscal year, the Corporation issued \$456.07 million par amount of fixed rate bonds that along with premium generated and other available funds current refunded \$542.5 million of existing variable rate demand bonds ("VRDBs"). Additionally, the Corporation removed the municipal bond insurance policy provided by Financial Security Assurance Inc. ("FSA") and substituted the liquidity provider on \$137.5 million of its VRDBs, Series 2003A-4V. The bond series was then remarketed as uninsured VRDBs with a new substitute liquidity facility. Combined, these transactions resulted in lower future support costs and reduced the Corporation's exposure to variable rate debt and FSA insurance.

Bonds Outstanding \$3.3 Billion (as of March 31, 2011)



Excluding the increase in the appreciated value of capital appreciation bonds, the Corporation had bonds outstanding totaling \$3.3 billion as of March 31, 2011. As of March 31, 2011, approximately \$170.3 million in interest had accreted on the Corporation's outstanding capital appreciation bonds of which \$138.8 million has matured and been paid to investors and \$31.5 million remains accreted and not yet due.

As of March 31, 2011, the Corporation had approximately \$1.05 billion of variable interest rate debt in thirteen series of bonds outstanding as follows (rates include remarketing agent, broker-dealer and liquidity fees):

Series	Outstanding (thousands)	Bond Insurer	Interest Rate at 3/31/11	Current Interest Rate Mode	Liquidity Support		
					Type of Liquidity Support*	Expiration Date*	Bank Optional Termination Date*
1995C.....	66,000	None	.230%	Weekly	LOC	12/31/2015	7/1/2012
1995E.....	68,100	None	.260%	Weekly	LOC	12/31/2015	7/1/2012
2003A-4V ...	137,500	None**	.250%	Weekly	SBPA	11/16/2015	N/A
2003A-8V ...	40,885	None***	.240%	Weekly	SBPA	7/16/2014	N/A
2003A-9V ...	63,350	FSA	.180%	Auction	N/A	N/A	N/A
2003A-10V.	63,325	FSA	.150%	Auction	N/A	N/A	N/A
2003A-11V ..	63,350	FSA	.180%	Auction	N/A	N/A	N/A
2003A-12V ..	63,325	FSA	.150%	Auction	N/A	N/A	N/A
2008B-AV...	52,730	None	.240%	Weekly	SBPA	6/24/14	N/A
2008B-BV...	52,755	None	.240%	Weekly	SBPA	6/24/14	N/A
2008B-3V ...	137,765	None	.250%	Weekly	SBPA	6/24/14	N/A
2008B-7V ...	50,885	None	.210%	Weekly	SBPA	6/24/14	N/A
2008B-BV2 ..	188,705	None	.300%	Weekly	SBPA	6/26/2013	N/A
Total	\$ 1,048,675						

* LOC Letter of Credit

SBPA Standby Bond Purchase Agreement

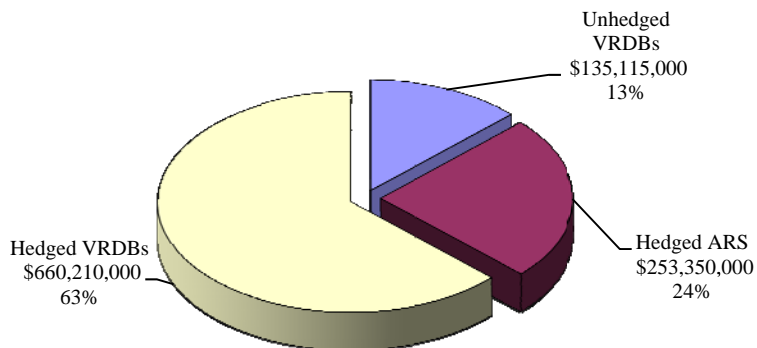
N/A Not Applicable

**These bonds were originally issued as FSA-insured bonds. On December 1, 2010, the bonds were remarketed as uninsured VRDBs after cancellation of the FSA municipal bond insurance policy.

***These bonds were originally issued as FSA-insured bonds. On August 3, 2009, the bonds were remarketed as uninsured VRDBs after cancellation of the FSA municipal bond insurance policy.

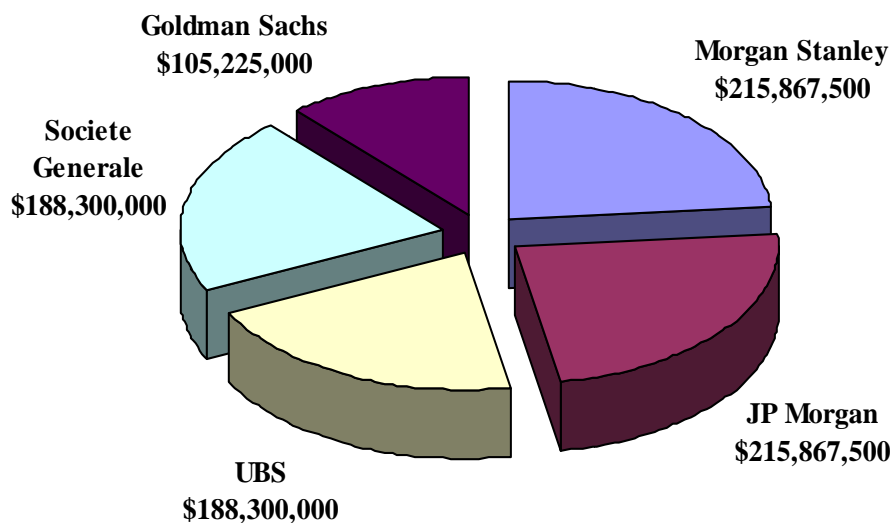
As illustrated in the preceding Bonds Outstanding chart, 31 percent of the Corporation's bonds were in a variable rate mode at March 31, 2011. The chart that follows illustrates the three components of the Corporation's variable rate portfolio.

Variable Rate Portfolio \$1.05 Billion
(as of March 31, 2011)



The Corporation has entered into swaps that have notional amounts as of March 31, 2011 that are shown in the following chart. These agreements provide for a synthetic fixed rate of interest, thereby reducing the Corporation's overall unhedged variable rate exposure to 4 percent of its overall bond portfolio (as illustrated in the preceding Bonds Outstanding chart).

Swap Counterparties by Notional Amount \$913.56 Million
(as of March 31, 2011)



The following schedule presents the notional amount of the Corporation's outstanding swap agreements through final termination. All of the swaps are variable rate to fixed rate.

Fiscal Year Ending	2003 Swaps Notional Amount of Swaps Outstanding	2004 Swaps Notional Amount of Swaps Outstanding	Total Swaps Notional Amount of Swaps Outstanding
3/31/2011	\$ 808,335,000	\$ 105,225,000	\$ 913,560,000
3/31/2012	\$ 808,335,000	\$ 105,225,000	\$ 913,560,000
3/31/2013	\$ 808,335,000	\$ 105,225,000	\$ 913,560,000
3/31/2014	\$ 803,810,000	\$ 105,225,000	\$ 909,035,000
3/31/2015	\$ 734,735,000	\$ 105,225,000	\$ 839,960,000
3/31/2016	\$ 659,210,000	\$ 102,350,000	\$ 761,560,000
3/31/2017	\$ 581,235,000	\$ 99,225,000	\$ 680,460,000
3/31/2018	\$ 535,785,000	\$ 86,975,000	\$ 622,760,000
3/31/2019	\$ 435,445,000	\$ 74,275,000	\$ 509,720,000
3/31/2020	\$ 393,550,000	\$ 47,650,000	\$ 441,200,000
3/31/2021	\$ 308,895,000	\$ 10,050,000	\$ 318,945,000
3/31/2022	\$ 154,005,000	\$ -	\$ 154,005,000
3/31/2023	\$ 79,340,000	\$ -	\$ 79,340,000
3/31/2024	\$ 24,360,000	\$ -	\$ 24,360,000
3/31/2025	\$ -	\$ -	\$ -

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The following schedules provide detailed historical information regarding the Corporation's bonds refunded, bonds outstanding with amounts issued and retired and swap agreements as of March 31, 2011.

New York Local Government Assistance Corporation
Bonds Refunded¹ by Refunding Transaction or Use of Proceeds From Capital Reserve Fund Release
All Amounts are Par or Unaccrued Amounts
From Inception through March 31, 2011
(In Thousands)

Series	1993B	1993C	1993E	1996A	1997A	1997B	1998A	2000 Capital Reserve Release ²	2003A	2003A-4V ⁴	2003A-5/6	2003A-8V ³	2004A	2007A	2008A	2008B	2008B-C/D	2008C	2010A	2010B	Total
1991A	\$ -	\$ 116,845	\$ -	\$ 110,705	\$ 59,120	\$ 160,630	\$ -	\$ 25,025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 472,325
1991B	297,320	43,725	-	55,085	15,945	14,885	13,910	-	-	-	-	-	-	-	-	-	-	-	-	-	440,870
1991C	-	168,680	231,160	45,170	97,990	25,515	-	11,595	-	-	-	-	-	-	-	-	-	-	-	-	580,110
1991D	-	159,180	94,725	62,300	25,460	22,340	-	10,135	-	-	-	-	-	-	-	-	-	-	-	-	374,140
1992A	-	48,900	-	177,970	29,700	16,780	-	7,615	-	-	-	-	-	-	-	-	-	-	-	-	280,965
1992B	-	-	-	-	-	112,195	196,925	9,480	-	-	-	-	-	-	-	-	-	-	-	-	318,600
1992C	-	-	-	-	-	105,535	15,350	7,055	78,585	-	-	-	-	-	-	-	-	-	-	-	206,525
1993A	-	-	-	-	-	-	-	11,000	-	-	-	-	-	-	-	-	-	-	-	168,600	179,600
1993B	-	-	-	-	-	-	-	13,530	333,525	-	-	-	-	-	-	-	-	-	-	-	347,055
1993C	-	-	-	-	-	-	-	13,050	339,295	-	-	-	89,565	-	-	-	-	-	-	-	441,910
1993D	-	-	-	-	-	-	-	2,530	185,295	-	-	-	97,335	-	-	-	-	-	-	-	285,160
1993E	-	-	-	-	-	-	-	1,820	-	-	-	-	-	-	-	-	-	-	-	-	1,820
1994A	-	-	-	-	-	-	-	3,805	104,115	-	-	-	17,890	-	-	-	-	-	-	-	125,810
1994B	-	-	-	-	-	-	-	500	-	-	-	-	-	-	-	-	-	-	-	96,500	97,000
1995A	-	-	-	-	-	-	65,850	25,180	212,205	-	-	-	-	-	-	-	-	-	-	-	303,235
1995B	-	-	-	-	-	-	-	3,500	-	-	-	-	-	-	-	-	-	-	69,600	-	73,100
1995C	-	-	-	-	-	-	-	1,700	-	-	-	-	-	-	-	-	-	-	-	-	1,700
1995D	-	-	-	-	-	-	-	3,700	-	-	-	-	-	-	-	-	-	-	69,000	-	72,700
1995E	-	-	-	-	-	-	-	3,600	-	-	-	-	-	-	-	-	-	-	-	-	3,600
1995F	-	-	-	-	-	-	-	4,000	-	-	-	-	-	-	-	-	-	-	69,400	-	73,400
1995G	-	-	-	-	-	-	-	1,100	-	-	-	-	-	-	-	-	-	-	69,400	-	70,500
1996A	-	-	-	-	-	-	-	-	4,735	-	-	-	-	302,100	79,300	-	-	-	-	-	386,135
1997A	-	-	-	-	-	-	-	-	-	-	-	-	-	101,930	905	-	-	-	-	-	102,835
1997B	-	-	-	-	-	-	-	-	42,295	-	-	-	-	-	327,820	-	-	-	-	-	370,115
1998A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	215,095	-	-	215,095
2003A	-	-	-	-	-	-	-	-	-	137,500	191,665	40,885	-	-	-	376,600	-	-	-	-	746,650
2004A	-	-	-	-	-	-	-	-	-	-	-	-	-	-	210,450	-	-	-	-	-	210,450
2008B	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	105,485	-	-	-	105,485
Total	\$ 297,320	\$ 537,330	\$ 325,885	\$ 451,230	\$ 228,215	\$ 457,880	\$ 292,035	\$ 158,100	\$ 1,301,870	\$ 137,500	\$ 191,665	\$ 40,885	\$ 204,790	\$ 404,030	\$ 408,025	\$ 587,050	\$ 105,485	\$ 215,095	\$ 277,400	\$ 265,100	\$ 6,886,890

Notes:

1. All bonds refunded were defeased to an available call date selected at the time of the refunding.
2. On March 9, 2000, the Corporation released \$170 million of its capital reserves to defease \$129.1 million in bonds and call and redeem an additional \$29 million in outstanding bonds on April 3, 2000. The monies released from the Capital Reserve Fund were replaced with a surety bond.
3. The Series 2003A-8V bonds were converted from FSA insured VRDB to uninsured VRDB.
4. The Series 2003A-4V bonds were converted from FSA insured VRDB to uninsured VRDB with a substitution of liquidity facility.

In addition to transactions listed above, Series 1995B-G bond proceeds in the amount of \$529 million were use to replace an equal amount of outstanding bond anticipation notes.

New York Local Government Assistance Corporation
Schedule of Bonds Outstanding with Amounts Issued and Retired
During Fiscal Year ended March 31, 2011

Bond Issue and Description	Original Amount Issued ¹	Balance at March 31, 2010 ¹	Issued	Retired ²	Balance at March 31, 2011 ¹
Series 1991B, Delivered June 25, 1991, Maturing through 4/1/2021, Serial and Term bonds @ 4.9% to 7.5%	558,160,276.55	5,391,856.20	-	5,391,856.20	-
Series 1992C, Delivered December 22, 1992, Maturing through 4/1/2022, Serial and Term bonds @ 3.4% to 6.25%	309,390,000.00	33,620,000.00	-	10,560,000.00	23,060,000.00
Series 1993A, Delivered March 30, 1993, Maturing through 4/1/2022, Serial bonds @ variable rates.	290,500,000.00	189,200,000.00	-	189,200,000.00	-
Series 1993C, Delivered July 22, 1993, Maturing through 4/1/2021, Serial and Term bonds @ 4.3% to 5.5%	639,763,073.80	176,153,073.80	-	-	176,153,073.80
Series 1993D&E, Delivered December 23, 1993, Maturing through 4/1/2023, Serial and Term bonds @ 3.2% to 6.0%	700,955,000.00	343,765,000.00	-	2,590,000.00	341,175,000.00
Series 1994B, Delivered March 17, 1994, Maturing through 4/1/2023, Serial bonds @ variable rates.	156,400,000.00	107,000,000.00	-	107,000,000.00	-
Series 1995B-G, Delivered July 6, 1995, Maturing through 4/1/2025, Term bonds @ variable rates.	588,900,000.00	432,300,000.00	-	298,200,000.00	134,100,000.00
Series 2003A, Delivered February 20, 2003, Maturing through 4/1/2024, Serial bonds @ 2.25% to 5.0% on \$349.7 million fixed rate bonds and variable on \$1 billion variable rate bonds.	1,349,660,000.00	635,230,000.00	-	177,790,000.00	457,440,000.00
Series 2004A, Delivered February 26, 2004, Maturing through 4/1/2021, Serial bonds @ 2.0% to 3.375% on \$12.9 million fixed rate bonds and variable on \$210.5 million variable rate bonds.	223,340,000.00	5,875,000.00	-	1,360,000.00	4,515,000.00
Series 2007A, Delivered August 22, 2007, Maturing through 4/1/2019, Serial bonds @ 5.0%.	387,320,000.00	387,320,000.00	-	83,325,000.00	303,995,000.00
Series 2008A, Delivered February 28, 2008, Maturing through 4/1/2021, Serial bonds @ 3.25% to 5.0%.	392,610,000.00	313,355,000.00	-	2,145,000.00	311,210,000.00
Series 2008B, Delivered June 26, 2008, Maturing through 4/1/2024, Term bonds @ variable rates	588,325,000.00	482,840,000.00	-	-	482,840,000.00
Series 2008C, Delivered August 21, 2008, Maturing through 4/1/2018, Serial bonds @ 4.0% to 5.0%	203,550,000.00	201,010,000.00	-	24,910,000.00	176,100,000.00
Series 2003A-5/6, Delivered June 10, 2009, Maturing through 4/1/2020, Serial bonds @ 5.0% to 5.5%	182,670,000.00	182,670,000.00	-	-	182,670,000.00
Series 2008B-C/D, Delivered June 10, 2009, Maturing through 4/1/2021, Serial bonds @ 3.0% to 5.5%	102,325,000.00	102,325,000.00	-	-	102,325,000.00
Series 2003A-8V Variable Rate Bonds, Delivered August 3, 2009, Maturing through 4/1/2019, Term bond @ variable rates ³	40,885,000.00	40,885,000.00	-	-	40,885,000.00
Series 2010A, Delivered May 27, 2010, Maturing through 4/1/2025, Serial bonds @ 4.0% to 5.0%	250,050,000.00	-	250,050,000.00	-	250,050,000.00
Series 2010B, Delivered December 1, 2010, Maturing through 4/1/2023, Serial bonds @ 5.0%	206,020,000.00	-	206,020,000.00	-	206,020,000.00
Series 2003A-4V Variable Rate Bonds, Delivered December 1, 2010, Maturing through 4/1/2022, Term bond @ variable rates ⁴	137,500,000.00	-	137,500,000.00	-	137,500,000.00
Total	<u>\$ 7,308,323,350.35</u>	<u>\$ 3,638,939,930.00</u>	<u>\$ 593,570,000.00</u>	<u>\$ 902,471,856.20</u>	<u>\$ 3,330,038,073.80</u>

Notes:

1. Capital Appreciation Bonds are shown at original issue amount (unaccreted values).
2. Scheduled maturities of all variable rate bonds require issuance of a Call Notice.
3. The Series 2003A-8V bonds were converted from FSA insured VRDB to uninsured VRDB.
4. The Series 2003A-4V bonds were converted from FSA insured VRDB to uninsured VRDB with a substitution of liquidity facility.

New York Local Government Assistance Corporation
Schedule of Bonds Outstanding with Related Swap Agreements

Bond Issue	Swap	Notional Amount	Counterparty	Notional Amount
Series 2003A-4V Weekly Variable Rate Demand Bond	2003 Swap	\$ 137,500,000	Morgan Stanley JP Morgan	\$ 68,750,000 68,750,000
Series 2003A-8V Weekly Variable Rate Demand Bond	2003 Swap	40,885,000	Morgan Stanley JP Morgan	20,442,500 20,442,500
Series 2003A-9V Weekly Auction Rate Bond	2003 Swap	63,350,000	Morgan Stanley JP Morgan	31,675,000 31,675,000
Series 2003A-10V Weekly Auction Rate Bond	2003 Swap	63,325,000	Morgan Stanley JP Morgan	31,662,500 31,662,500
Series 2003A-11V Weekly Auction Rate Bond	2003 Swap	63,350,000	Morgan Stanley JP Morgan	31,675,000 31,675,000
Series 2003A-12V Weekly Auction Rate Bond	2003 Swap	63,325,000	Morgan Stanley JP Morgan	31,662,500 31,662,500
Series 2008B-BV2 Weekly Variable Rate Demand Bond	2003 Swap	188,320,000	UBS AG Societe Generale	94,160,000 94,160,000
Series 2008B-3V Weekly Variable Rate Demand Bond	2003 Swap	137,500,000	UBS AG Societe Generale	68,750,000 68,750,000
Series 2008B-7V Weekly Variable Rate Demand Bond	2003 Swap	50,780,000	UBS AG Societe Generale	25,390,000 25,390,000
Series 2008B-AV Weekly Variable Rate Demand Bond	2004 Swap	52,600,000	Goldman Sachs	52,600,000
Series 2008B-BV Weekly Variable Rate Demand Bond	2004 Swap	52,625,000	Goldman Sachs	52,625,000
Total Notional Amount		<u>\$ 913,560,000</u>		<u>\$ 913,560,000</u>

**New York Local Government Assistance Corporation
 Cost of Issuance and Underwriter's Discount
 For Fiscal Year 2010-11 Bond Issuances**

Series 2010A,
 Series 2010B &
 Series 2003A-4V

Bond Counsel*	\$	197,240.00
Electronic Posting/Printing		41,972.96
Financial Advisor		147,327.90
Ratings		154,050.00
Trustee Fees		27,000.00
SBPA Counsel Fees		25,000.00
Underwriter's Discount		1,599,957.64
	\$	2,192,548.50

*Amounts for the Series 2003A-4V and Series 2010B fees are estimates.

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DEBT SERVICE PAYMENTS AND SOURCE OF FUNDS FOR PAYMENTS

During its 2010-11 fiscal year, LGAC made \$388.1 million in net debt service payments on its outstanding fixed and variable rate bonds and associated interest rate exchange agreements. Additionally, the Corporation made rebate payments to the Federal Government totaling \$1.2 million. These payments were made from monies received from the State and other moneys available to LGAC (i.e., investment earnings on the Corporation's capital reserve fund and debt service funds).

The Office of the State Comptroller reported to the Corporation that approximately \$10.8 billion was received by the State from the sales tax during the State's 2010-11 fiscal year. This amount reflects a 9.23 percent increase from the amount received during the 2009-10 fiscal year. The following schedule provides historical information relating to sales tax receipts from State fiscal years 2001-02 through 2010-11.

SALES TAX RECEIPTS ⁽¹⁾ (Millions of Dollars)

State Fiscal Year	Net Receipts Of Sales Tax (At 4%) ⁽²⁾	Net Receipts of 1% Sales Tax ⁽²⁾	Annual Rate of Growth (Decline) ⁽³⁾
2001-2002	8,175	2,044	(2.25)%
2002-2003	8,434	2,106	3.07
2003-2004	9,508	2,267	7.61 ⁽⁴⁾
2004-2005	10,587	2,493	9.97 ⁽⁵⁾
2005-2006	10,592	2,615	4.89 ⁽⁶⁾
2006-2007	10,050	2,511	(3.94)
2007-2008	10,590	2,646	5.34
2008-2009	10,274	2,567	(2.97)
2009-2010	9,871	2,467	(3.91)
2010-2011	10,782	2,697	9.23

(1) These amounts reflect receipts of the full amount of the sales and compensating use tax deposited in the General Fund and the Local Government Assistance Tax Fund.

(2) Net of refunds.

(3) Unadjusted for rate and base changes. Represents growth rate of 1% Sales Tax.

(4) Reflects the temporary rate increase of 0.25 percent and the temporary suspension of the permanent clothing exemption, both effective June 1, 2003 and the loss in non-recurring EFT revenue gain of \$33 million and the loss of \$65 million in amnesty in the State's 2002-03 fiscal year.

(5) Reflects the full-year impact of the temporary rate increase and clothing legislation enacted in 2003-04.

(6) Reflects the postponement of the permanent exemption on clothes and footwear priced under \$110.

The following schedule provides information relating to the debt service coverage ratio for the Corporation's outstanding bonds using receipts from the 1% sales tax receipts during the 2010-11 fiscal year:

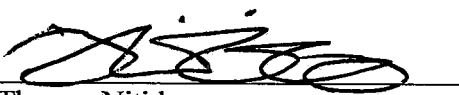
	(Dollars in Thousands)
2010-11 Fiscal Year 4% Sales Tax Receipts	\$ 10,781,965
2010-11 Fiscal Year 1% Sales Tax Receipts (1)	\$ 2,697,197
Maximum Annual Debt Service (2)	\$ 362,076
Debt Service Coverage (3)	7.4

-
- (1) Net of approximately \$15 million in collection expenses.
 - (2) The calculation of Maximum annual Debt Service assumes all variable rate bonds are unhedged, uses rates in effect on March 31, 2011 and includes support costs.
 - (3) Assumes no interest earnings on the Capital Reserve Fund.

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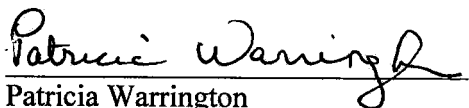
CERTIFICATION

Appendix F of this report contains the basic financial statements of LGAC for the fiscal year ended March 31, 2011 including the Independent Auditor's Report on the Basic Financial Statements. The Auditor's Report provides an unqualified opinion. Based on our knowledge the information provided in the basic financial statements is accurate, correct and does not contain any untrue statement of material fact; does not omit any material fact which, if omitted, would cause the basic financial statements to be misleading in light of the circumstances under which such statements are made; and fairly presents in all material respects the financial condition and results of operations of the Corporation as of, and for, the periods presented in the basic financial statements.



Thomas Nitido
Co-Executive Director
New York Local Government Assistance Corporation

Ronald Greenberg
Co-Executive Director
New York Local Government Assistance Corporation

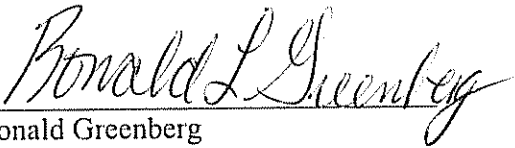


Patricia Warrington
Treasurer
New York Local Government Assistance Corporation

CERTIFICATION

Appendix F of this report contains the basic financial statements of LGAC for the fiscal year ended March 31, 2011 including the Independent Auditor's Report on the Basic Financial Statements. The Auditor's Report provides an unqualified opinion. Based on our knowledge the information provided in the basic financial statements is accurate, correct and does not contain any untrue statement of material fact; does not omit any material fact which, if omitted, would cause the basic financial statements to be misleading in light of the circumstances under which such statements are made; and fairly presents in all material respects the financial condition and results of operations of the Corporation as of, and for, the periods presented in the basic financial statements.

Thomas Nitido
Co-Executive Director
New York Local Government Assistance Corporation


Ronald Greenberg
Co-Executive Director
New York Local Government Assistance Corporation

Patricia Warrington
Treasurer
New York Local Government Assistance Corporation

Appendix A

New York Local Government Assistance Corporation 2010-11 Mission Statement Measurements

Goal #1: Issue up to \$4.7 billion in long-term Corporation bonds to finance certain local assistance payments due from the State of New York (as well as certain other amounts necessary for the issuance of such LGAC bonds) to help eliminate the State's reliance on the annual issuance of intra-year tax and revenue anticipation notes (Spring Borrowing).

Measurement of goal #1:

Q. 1. What is the total amount of bonds issued by the Corporation?

LGAC issued the last of the long-term bonds authorized by statute in SFY 1995-96. The bond proceeds were used for the statutorily authorized purposes. Therefore, LGAC has concluded this component of its mission.

Goal #2: Manage a) the Corporation's debt portfolio through maturity in an attempt to achieve a balance between the lowest cost of funds and appropriate market risk levels while maintaining the exclusion of interest on LGAC debt from federal and State income taxation, b) the Corporation's operational costs efficiently and c) the investment of (i) funds until needed for debt service payments or operating expenses, (ii) monies in the Capital Reserve Fund, and (iii) any escrow funds.

Measurement of goal #2:

- Q. 1. Has the Corporation ensured that debt service and related support payments relative to the Corporation's bonds have been made accurately and in a timely manner?**
- Q. 2. Has the Corporation assessed its portfolio and market conditions to determine if any actions (including, but not limited to conversions, liquidity facility replacement, or refundings) are needed to lower costs or manage risk?**
- Q. 3. Has the Corporation worked with Bond Counsel to insure that it took steps necessary to maintain the exclusion from income taxes of interest on Corporation debt?**
- Q. 4. Has the Corporation effectively managed the investment of its funds?**
- Q. 5. Has the Corporation ensured that its operations were run efficiently?**

Q. 1. During fiscal year 2010-11, the Corporation made all debt service and related portfolio support payments, as it has done in all previous years, accurately and in a timely manner.

Q. 2. The Corporation manages its existing debt portfolio to strategically minimize risk and lower costs while adhering to all notices and any other requirements of each bond series' underlying documents, which may include policies of municipal bond insurance. In the case of variable rate debt, this can also include adherence to liquidity facility, remarketing and/or broker-dealer agreements.

In May 2010 and December 2010, the Corporation completed transactions to address certain expiring liquidity facilities, the increased cost of liquidity facilities and to reduce liquidity renewal risk. The transactions provided the Corporation with greater flexibility relative to the management of its bond portfolio. As a result of the May transaction, the Corporation, through a refunding to fixed rate bonds, eliminated liquidity renewal risk and support costs for \$277.4 million of bonds. . As a result of the December transactions, the Corporation, through a refunding to fixed rate bonds, eliminated liquidity renewal risk and support costs for \$265.1 million of bonds and, in a separate transaction, reduced interest rate expense by removing the FSA bond insurance from \$137.5 million of its VRDBs and reoffered the bonds as uninsured variable rate demand bonds with a substitute liquidity facility. Due to the collapse of the municipal bond insurance industry, this insurance policy was driving up the interest costs associated with these bonds.

Q. 3. With respect to each conversion or issuance of refunding debt the Corporation consults with Bond Counsel and its Financial Advisor to appropriately size the debt service reserve funds related to its bonds to insure that tax requirements are met. The Corporation also utilizes the services of a verification agent where necessary and an arbitrage rebate calculator to ensure that it complies with all rebate and yield restriction requirements. The Corporation also annually reviews available State funds to ensure that tax requirements are met.

In December 2010, LGAC received correspondence from the Internal Revenue Service ("IRS") that the Corporation's Refunding Bonds Series 2004A-1, 2004A-AV, 2004A-BV, 2004A-CV and 2004A-DV with a reported issue price of \$223,393,427 (bonds issued plus premium generated) had been selected for examination. Staff provided the IRS all requested information and, on April 27th, LGAC received a letter from the IRS that the special risk assessment examination of the bonds had been completed and that a determination had been made to close the examination with no change to the position that the interest received by the beneficial owners of the bonds is excludable from gross income under section 103 of the IRS Code.

Q. 4. The Corporation invests funds on hand until they are needed to make debt service payments or for other operational expenses in accordance with all applicable laws, rules and regulations and its own investment guidelines. The investments guidelines are reviewed and approved by the Board each year. In addition, the Corporation's independent auditor provides a report each year with respect to investment compliance in accordance with Section 201.3 of Title Two of the Official Compilation of Codes, Rules and Regulations of the State of New York. The Corporation's independent auditor issued an unqualified opinion on this matter for the Corporation's year ending March 31, 2011.

Q. 5. The Corporation's enabling act includes a provision that in order to reduce its operating expenses the Corporation shall, to the extent practicable, utilize existing employees of the State, hiring its own

employees only if the necessary functions of the Corporation cannot be performed without the hiring of such employees. Currently, State officers and employees act as officers and staff of the Corporation and receive no compensation from LGAC for services provided to the Corporation. Additionally, in order to build on pre-existing efficiencies, the Corporation has always relied upon state employees to support the functions of the Corporation and has never hired its own employees.

Goal #3: Beginning in 2004, certify on an annual basis through 2034, payments required to be made to the City of New York or its assignee from the Local Government Assistance Tax Fund.

Measurement of goal #3:

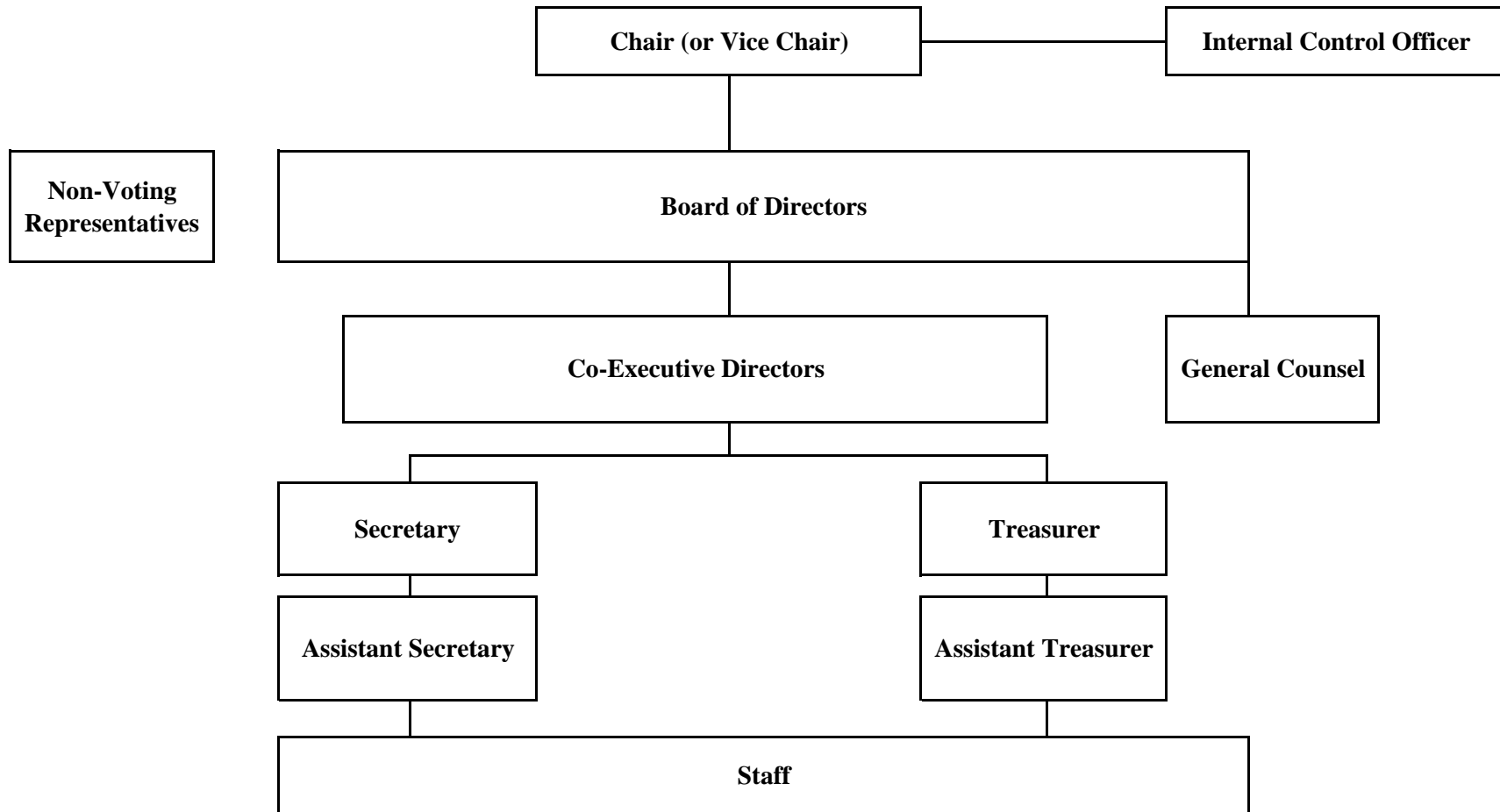
Q. 1. Has the annual payment due to the City of New York or its assignee, the Sales Tax Asset Receivable Corporation, from the Local Government Assistance Tax Fund been appropriately certified?

The Corporation accurately and in a timely manner completed the required certification of the payment to be made to the Sales Tax Asset Receivable Corporation during fiscal year 2010-11 and has done the same for all previous fiscal years, where required.

Appendix B

Organization Chart Biographies of Directors and Officers

New York Local Government Assistance Corporation Organization Chart*



* The Corporation's enabling act includes a provision that in order to reduce its operating expenses the Corporation shall, to the extent practicable, utilize existing employees of the State, hiring its own employees only if the necessary functions of the Corporation cannot be performed without the hiring of such employees. Currently, State officers and employees act as directors, officers and staff of the Corporation and receive no compensation from LGAC for services provided to the Corporation. Additionally, in order to build on pre-existing efficiencies, the Corporation has always relied upon State employees to support the functions of the Corporation and has never hired its own employees. Officers or staff provide support to the Corporation on an as needed basis and services provided to the Corporation are in addition to each person's other duties and responsibilities as a State officer or employee. In addition to LGAC's officers, approximately 12 State officers or employees from the Office of the State Comptroller, Division of the Budget and Office of the Attorney General provide core services to the Corporation. Also, other State officers and employees may also provide assistance throughout the year as required.

New York Local Government Assistance Corporation Directors and Officers

The Corporation is administered by a non-compensated, seven member Board of Directors, consisting of the Comptroller and the Director of the Budget of the State of New York, both of whom serve ex officio, and five directors who are appointed by the Governor. As of March 31, 2011 there were 3 vacancies on the Board.

The Corporation's Directors as of March 31, 2011 are listed below.

Directors

Chairperson. Vacant as of May 1, 2009 upon the resignation of Patrick Bulgaro who served as the Corporation's Chairperson since his appointment on May 9, 2007.

Thomas P. DiNapoli, Director. Comptroller DiNapoli is the Comptroller of the State of New York and he serves as Director ex officio. Comptroller DiNapoli was sworn into office February 7, 2007. His current term of office expires December 31, 2014. The Comptroller is the State's chief auditor and chief fiscal officer. Comptroller DiNapoli is responsible for auditing the disbursements, receipts, and accounts of the State, as well as for auditing State departments, agencies, authorities, and municipalities. The Comptroller also manages the State's debt and most of its investments, as well as the State's Common Retirement Fund. Comptroller DiNapoli had served in the New York State Assembly for 20 years prior to taking his current office. Comptroller DiNapoli chaired the Assembly Local Governments Committee, where he worked closely with local government officials throughout the State to help to tackle the many fiscal challenges localities face each year. Comptroller DiNapoli also served 15 years on the Assembly Ways and Means Committee, where he had extensive engagement on State budget making, budget reform, debt reform and other vital statewide fiscal issues. Comptroller DiNapoli got his start in elected leadership in 1972, when at the age of 18, he was elected to his local board of education. In addition to his distinguished career in public service, Comptroller DiNapoli has been an adjunct professor at Hofstra University and Long Island University – C.W. Post College.

Robert L. Megna, Vice-Chairperson and Director. Mr. Megna was appointed Budget Director on June 15, 2009. He is responsible for the overall development and management of the State's fiscal policy, including overseeing the preparation of budget recommendations for all State agencies and programs, economic and revenue forecasting, tax policy, fiscal planning, capital financing and management of the State's debt portfolio, as well as pensions and employee benefits. Mr. Megna previously served as Commissioner of the New York State Department of Taxation and Finance, responsible for overseeing the collection and accounting of more than \$90 billion in State and local taxes, the administration of State and local taxes, including New York City and the City of Yonkers income taxes and the processing of tax returns, registrations and associated documents. Prior to this he served as head of the Economic and Revenue Unit of the New York State Division of the Budget where he was responsible for State Budget revenue projections and the development and monitoring of the State Financial Plan. Mr. Megna was Assistant Commissioner for Tax Policy for the Commonwealth of Virginia. He also served as Director of Tax Studies for the New York State Department of Taxation and Finance and as Deputy Director of Fiscal Studies for the Ways and Means Committee of the New York State Assembly. Mr. Megna was also an economist for AT&T. He holds Masters degrees in Public Policy from Fordham University and Economics from the London School of Economics.

Kevin Murray, Director. Mr. Murray was appointed a Director of the Corporation on July 20, 2007. Mr. Murray serves as the Deputy Comptroller in the Office of the State Comptroller and is responsible for oversight and management of the New York State and Local Retirement System. Prior to August 2007, Mr. Murray was the Executive Director of the Retired Public Employees Association (RPEA) since July of 2002. RPEA is a 501(c)(5) not for profit labor organization that protects, promotes and advances the interests of retirees from New York State and local governments through advocacy, counseling, education and research. He was employed in the State Division of the Budget from 1970 to 1984 where he advanced to the position of Assistant Chief Budget Examiner in the General Government Operations Unit. Thereafter, he was a Divisional Vice President of Empire Blue Cross and Blue Shield from 1984 to 1987. He returned to State service in 1987 as Deputy Commissioner for Tax Policy Analysis in the Department of Taxation and Finance. For eleven years, from 1988 through 1999, he served as the Tax Department's Executive Deputy Commissioner. He received a bachelor's degree from Fordham University and pursued additional studies in Political Science at Indiana University.

Marc V. Shaw, Director. Mr. Shaw was appointed a Director of the Corporation on May 21, 2007. He is currently the Senior Vice Chancellor for Budget, Finance and Financial Policy at CUNY, overseeing and managing the finances of CUNY's 23 colleges and professional schools and the University's central administration. Mr. Shaw served as a Senior Advisor to the Governor on Metropolitan Transportation Authority ('MTA') finances and fiscal affairs during 2009. From 2006 to 2008, he was Executive Vice President for Strategic Planning at Extell Development Company. From 2002 to 2006, he was the First Deputy Mayor and Deputy Mayor for Operations to Mayor Bloomberg. In 1996 Governor Pataki appointed him to serve as the Executive Director and Chief Operating Officer for the MTA. Mr. Shaw has served as the Budget Director for the New York City (the "City") Office of Management and Budget, the Commissioner for the New York City Department of Finance and as the Director of Finance for the New York City Council. Mr. Shaw also worked for the New York State Senate Finance Committee. He has been an adjunct assistant professor of New York University Public Services at the Robert F. Wagner Graduate School of Public Services and an adjunct professor at the Columbia University School of International and Public Affairs. He graduated magna cum laude from the State University College at Buffalo and received his M.A. degree from the State University of New York at Buffalo.

Director. Vacant with the resignation of Diana Jones Ritter in September 2010.

Director. Vacant with the resignation of Priscilla Almodovar in January 2010.

In addition, pursuant to the Act, the secretary to the Finance Committee of the State Senate and the secretary to the Ways and Means Committee of the State Assembly are non-voting representatives.

Officers

Eric Schneiderman, General Counsel. Eric T. Schneiderman was elected the 65th Attorney General of New York State on November 2, 2010. As Attorney General, Mr. Schneiderman is the highest ranking law enforcement officer for the State, responsible for representing New York and its residents in legal matters. The Attorney General previously spent 15 years in private practice as an attorney, and later as a partner, at a major international law firm, where he handled complex litigation. He served in the New York State Senate, and he was also a

public interest lawyer for many years, representing taxpayers in historic lawsuits against the Metropolitan [Transit] Authority (MTA), tenants trying to evict drug dealers from their buildings, and women seeking access to health clinics. Attorney General Schneiderman graduated from Amherst College in 1977 and Harvard Law School in 1982.

Ronald L. Greenberg, *Co-Executive Director*. Mr. Greenberg was appointed Co-Executive Director of the Corporation on May 20, 2008. Mr. Greenberg is the First Deputy Director of the New York State Division of the Budget. In this capacity, he coordinates the formulation of the Executive Budget, monitors the implementation of the final Enacted Budget, and manages the State's Financial Plan. He has also served as the Chief Budget Examiner for the Transportation, Economic Development and the Environment Unit and the Assistant Chief Budget Examiner in the Economics and Revenue Unit. Prior to this, he served as the Assistant Deputy Commissioner for the Office of Tax Policy Analysis at the Department of Taxation and Finance, where he was responsible for coordinating the activities of the policy, accounting, and technical service bureaus. He received a B.A. in Political Science and an M.A. in public policy from the State University of New York at Binghamton and an M.B.A. from the State University of New York at Albany.

Tom Nitido, *Co-Executive Director*. Thomas Nitido was appointed Deputy Comptroller for the Office of Budget and Policy Analysis in December 2009. Prior to his appointment as Deputy Comptroller, he was named Assistant Comptroller of the Retirement Compliance Unit for the New York State and Local Retirement System in November 2008. Mr. Nitido served eight years as Albany City Comptroller after being elected to the post in 2001 and 2005. Before being elected Albany City Comptroller, Mr. Nitido worked for the New York State Assembly Committee on Health for 14 years, most recently serving as its Executive Director. He also served on the Albany Common Council for seven years. Mr. Nitido is a graduate of Union College and received a master's degree from the SUNY College of Environmental Science and Forestry and Syracuse University.

Patricia Warrington, *Treasurer*. Ms. Warrington was appointed Treasurer of the Corporation on May 17, 2005. Ms. Warrington has served as Assistant Comptroller in the Office of Budget and Policy Analysis within the Office of the State Comptroller since April 2007. Prior to this, she served as Director of the Bureau of Debt Management in the Office of the State Comptroller. Before joining the Comptroller's staff in January 2005, Ms. Warrington served as Director of Budget Studies for the New York State Assembly Ways and Means Committee, where she was employed for 17 years, serving in various budget and fiscal positions for the Committee. She received a Bachelor of Arts in Political Science from the State University of New York at Cortland and a Master of Arts in Political Science from the State University of New York at Binghamton.

Joseph Conroy, *Secretary*. Mr. Conroy was appointed Secretary of the Corporation on February 5, 2009. Mr. Conroy has been with the New York State Division of the Budget since 1997. Currently, he serves as Principal Budget Examiner in the Division's Expenditure/Debt Unit and is responsible for overseeing and managing the State's portfolio of outstanding bonds, as well as the annual development of the State's Capital Program and Financing Plan. Prior to this assignment, Mr. Conroy worked for ten years in several capacities with responsibilities for Transportation, Local Government Assistance and Education budgets. Mr. Conroy received a Bachelor of Arts degree in Government from The College of William and Mary and a Masters Degree in Public Administration from the Rockefeller College of Public Affairs and Policy, University at Albany.

Kristee Iacobucci, *Internal Control Officer*. Ms. Iacobucci was appointed Internal Control Officer of the Corporation on July 1, 2009. Ms. Iacobucci has worked for the Office of the State Comptroller since 1992 and is currently the Director of the Pension Integrity Bureau in the Division of Retirement Services. Prior to this, Ms. Iacobucci was a Program Research Specialist in the Office of Budget and Policy Analysis and an Associate Auditor in the Division of State and Local Government Accountability where she was responsible for conducting internal controls assessments and auditing internal controls for the Office of the State Comptroller as well as other State Agencies. She received a Bachelor of Business Administration in Accounting from Siena College and is a Certified Internal Auditor.

Deborah DeGenova, *Assistant Treasurer*. Ms. DeGenova was appointed Assistant Treasurer of the Corporation on November 3, 2008 after having joined the Comptroller's staff in September 2008 as an Assistant Director of the Bureau of Debt Management. Previously Ms. DeGenova served a Public Finance Analyst at the Dormitory Authority State of New York managing the public finance process for certain of the Authority's Higher Education and State clients. Ms. DeGenova served for 22 years in various finance positions within the Dormitory Authority and its predecessor, the Facilities Development Corporation. Prior to her public sector service, she held positions within the private sector for 9 years. She attended the University College at Syracuse University and received a Bachelor of Science in Business, Management and Economics from the Empire State College, State University of New York.

Melissa Pangburn, *Assistant Secretary*. Ms Pangburn was appointed Assistant Secretary to the Corporation on April 20, 2009. Ms. Pangburn has been with the New York State Division of the Budget since 2005. Currently, she serves as Senior Budget Examiner in the Division's Expenditure/Debt Unit and is responsible for managing the State's portfolio of outstanding bonds. Ms. Pangburn received a Bachelor of Science degree in Business Administration from the State University of New York at Buffalo.

Appendix C

Board Committee Structure
Board and Committee Meetings Convened
Board and Committee Adopted Meeting Minutes

New York Local Government Assistance Corporation Committee Structure

Audit Committee

The Audit Committee was initially established July 24, 2007 through Resolution 07-06. Chapter 506 of the Laws of 2009 amended subdivision 4 of Section 2824 of the Public Authorities Law to require the Audit Committee to be comprised of not less than three independent members. Additionally these independent members must constitute a majority of the Committee. The LGAC Board of Directors, through Resolution 2010-03, revised the membership of the Audit Committee to meet this requirement.

Members of LGAC's Audit Committee as of March 31, 2011 were Kevin Murray, serving as Chair and Marc Shaw. Through the resignation of Diana Jones Ritter in September 2010, a vacancy was created on the Audit Committee.

Finance Committee

The Finance Committee was initially established December 7, 1990 through Resolution 90-10. Chapter 506 of the Laws of 2009 added a new subdivision 8 of Section 2824 of the Public Authorities Law to require the establishment of a Finance Committee to be comprised of not less than three independent members. Additionally these independent members must constitute a majority of the Committee. The LGAC Board of Directors, through Resolution 2010-04 revised the membership of the Finance Committee to meet this requirement.

Members of LGAC's Finance Committee as of March 31, 2011 were Comptroller Thomas P. DiNapoli, serving as Chair, Budget Director Robert L. Megna, Kevin Murray and Marc Shaw. Vacancies currently exist on the Finance Committee; most recently, as a result of the resignation of Diana Jones Ritter in September 2010, an independent member.

Governance Committee

The Governance Committee was initially established July 24, 2007 through Resolution 07-07. Chapter 506 of the Laws of 2009 amended subdivision 7 of Section 2824 of the Public Authorities Law to require the Governance Committee to be comprised of not less than three independent members. Additionally these independent members must constitute a majority of the Committee. The LGAC Board of Directors, through Resolution 2010-05 revised the membership of the Governance Committee to meet this requirement.

Members of LGAC's Governance Committee as of March 31, 2011 were Kevin Murray and Marc Shaw. As a result of the resignation of Diana Jones Ritter in September 2010, a vacancy was created on the Governance Committee.

**New York Local Government Assistance Corporation
Board and Committee Meetings Convened
During Fiscal Year 2010-11**

<u>Date</u>	<u>Convened</u>	<u>Directors in Attendance</u>
May 11, 2010	Finance Committee Board	5 with 3 participating by phone 5 with 3 participating by phone
June 29, 2010	Audit Committee Finance Committee Board	2 with 1 participating by phone 5 with 3 participating by phone 5 with 3 participating by phone
October 25, 2010	Finance Committee Board	3 with 2 participating by phone 4 with 2 participating by phone

ADOPTED COMMITTEE AND BOARD MINUTES

**NEW YORK LOCAL GOVERNMENT
ASSISTANCE CORPORATION
MINUTES OF AUDIT COMMITTEE MEETING
June 29, 2009, 12:00 p.m.
Room 143, State Capitol, Albany, New York**

Audit Committee Members Present:

Kevin Murray, Committee Chairperson
Marc Shaw (via Telephone)

Also Present:

Robert Megna	Vice-Chairperson
Thomas DiNapoli	Director (via Telephone)
Diana Jones Ritter	Director (via Telephone)
Patricia Warrington	Office of the State Comptroller
Deborah DeGenova	Office of the State Comptroller
Margaret Becker	Office of the State Comptroller
Joseph Conroy	Division of the Budget
Ronald Greenberg	Division of the Budget
William Storrs	Department of Law
Marc Hannibal	Office of the State Comptroller
Melissa Maikoff	Division of the Budget
James Kiyonaga	OMRDD (via telephone)
Sarah Ferguson	Division of the Budget
Joseph Klimek	Toski, Schaefer & Co. (via telephone)
Seth Hennard	Toski, Schaefer & Co (via telephone)
Kirstee Iacobucci	Office of the State Comptroller
Thomas Lukacs	Division of the Budget

AUDIT COMMITTEE MEETING

The Audit Committee was called to order by Committee Chairperson Kevin Murray at 12:05 p.m. Chairperson Murray moved adoption of the minutes from the February 5, 2009 LGAC Audit Committee meeting, the move was seconded, and the members approved the minutes.

The Chairperson then noted that the Basic Financial Statements had been distributed to Audit Committee Members for review and that LGAC's independent auditor, Toski, Schaefer & Company, have found the statements to be in accordance with GASB standards.

Joe Klimek and Seth Hennard of Toski, Schaefer and Co. gave a brief overview of the Statements and Toski's findings. The Chairperson recommended that the Committee

take the necessary action to allow the Board to authorize the Basic Financial Statements for 2008-09.

The Committee members indicated that they had reviewed the memorandum and, as there were no questions or comments, made a motion that the proposal be advanced and recommended for approval by the Board.

The Audit Committee approved the proposal and the meeting was adjourned.

Date: June 29, 2009

Joseph Conroy
Secretary
New York Local Government
Assistance Corporation

**NEW YORK LOCAL GOVERNMENT
ASSISTANCE CORPORATION
MINUTES OF FINANCE COMMITTEE MEETING
May 11, 2010 1:10 p.m.
New York State Capitol, Albany, New York**

Finance Committee Members Present:

Thomas DiNapoli	Committee Chairperson/Director (via telephone)
Robert Megna	Committee Member/Vice-Chairperson of the Board
Diana Jones Ritter	Committee Member (via telephone)
Marc Shaw	Director (via Telephone)
Kevin Murray	Director

Also Present:

Patricia Warrington	Office of the State Comptroller
Deborah DeGenova	Office of the State Comptroller
Tom Nitido	Office of the State Comptroller
Maureen Madden	Office of the State Comptroller
Kristee Iacobucci	Office of the State Comptroller
Joseph Conroy	Division of the Budget
Sarah Ferguson	Division of the Budget
Melissa Pangburn	Division of the Budget
William Storrs	Department of Law
James Kiyonaga	OMRDD
Michael Laccetti	Senate Finance Committee
Jeanine Thompson	Assembly Ways & Means Committee
Michael Quint	Bloomberg

FINANCE COMMITTEE MEETING

Chairperson DiNapoli called the Finance Committee meeting to order at 1:10 p.m.

Comptroller DiNapoli noted that the minutes from the June 29, 2009 Finance Committee meeting had been previously distributed and asked for a motion to approve the minutes. The motion was seconded and the Finance Committee members approved the minutes.

Comptroller DiNapoli made reference to a staff memo dated May 5, 2010 which was circulated to the Finance Committee members, proposing that the Finance Committee, in consultation with the Governance Committee, consider taking the necessary action to allow the full Board to authorize the MWBE Task Force recommendations as they relate to procurement of certain financial services.

The Committee Members indicated they had reviewed the materials provided and as there were no questions or comments, Comptroller DiNapoli recommended that the proposal be advanced and recommended for approval by the full Board and the Finance Committee members approved the recommendation.

Comptroller DiNapoli indicated that the Public Authorities Law requires LGAC to enter into an agreement with the State Comptroller whereby the Comptroller is the "Exclusive Agent" for the sale of Corporation bonds and notes. The current Agreement expired on March 31, 2010 and staff had recommended that a one-year extension of the Agreement be executed.

The Committee Members had no questions or comments, Comptroller DiNapoli recommended that the proposal be advanced and recommended for approval by the full Board and the Finance Committee members approved the recommendation.

Comptroller DiNapoli referred to a second staff memo dated May 5, 2010 which was circulated to the Finance Committee members, relating to amendments and extension of certain liquidity facilities, recommending the Helaba Bank facility be extended for a two year period; the JP Morgan facilities be extended for a four year period and both the Bank of Nova Scotia and Societe Generale facilities be extended for 40 days.

The Committee Members indicated they had reviewed the materials provided and as there were no questions or comments, Comptroller DiNapoli recommended that the proposal be advanced and recommended for approval by the full Board and the Finance Committee members approved the recommendation.

Comptroller DiNapoli made reference to a staff memo dated May 5, 2010 which was circulated to the Finance Committee members, relating to a recommendation for the Corporation to issue fixed rate refunding bonds.

The memo proposes that the Finance Committee recommend to the full Board that it authorize the issuance of fixed rate refunding bonds on a competitive basis in order to refund \$277.4 million of the Corporation's Variable Rate Demand Bonds into fixed rate.

The refunding bonds would be issued under the subordinate resolution in a principal amount not to exceed \$325 million. The bonds would be issued through a competitive sale and awarded to the bidder providing the lowest true interest cost.

The Committee Members indicated they had reviewed the materials provided and as there were no questions or comments, Comptroller DiNapoli recommended that the proposal be advanced and recommended for approval by the full Board and the Finance Committee members approved the recommendation.

After it was determined that there were no further issues to be brought before the Board by the Finance Committee, the Finance Committee Meeting was adjourned.

Date: May 11, 2010

Joseph Conroy
Secretary
New York Local Government
Assistance Corporation

**NEW YORK LOCAL GOVERNMENT
ASSISTANCE CORPORATION
MINUTES OF MEETING
May 11, 2010 1:15 p.m.
New York State Capitol, Albany, New York**

Board Members Present:

Robert Megna, Vice-Chairperson
Thomas DiNapoli, Director (via Telephone)
Diana Jones Ritter, Director (via telephone)
Marc Shaw, Director (via Telephone)
Kevin Murray, Director

Also Present:

Patricia Warrington	Office of the State Comptroller
Deborah DeGenova	Office of the State Comptroller
Tom Nitido	Office of the State Comptroller
Maureen Madden	Office of the State Comptroller
Kristee Iacobucci	Office of the State Comptroller
Joseph Conroy	Division of the Budget
Sarah Ferguson	Division of the Budget
Melissa Pangburn	Division of the Budget
William Storrs	Department of Law
James Kiyonaga	OMRDD
Michael Laccetti	Senate Finance Committee
Jeanine Thompson	Assembly Ways & Means Committee
Michael Quint	Bloomberg

FULL BOARD MEETING

The meeting of the full Board was called to order by Vice-Chairperson Bob Megna at 1:15 p.m.

Minutes of Previous Meeting

Mr. Megna asked the Members for a motion to adopt the minutes from the March 24, 2010 LGAC Board meeting, the move was seconded, and the Directors approved the minutes.

Resolution No. 2010-07: Approving the recommendations of the MWBE Task Force regarding best practices in procurement for financial services.

After no questions or comments were raised by the Board, Mr. Megna asked the Members for a motion to adopt the Resolution, the move was seconded, and the Directors approved the Resolution.

Resolution No. 2010-08: Extending the existing Exclusive Agent Agreement through March 31, 2011.

After no questions or comments were raised by the Board, Mr. Megna asked the Members for a motion to adopt the Resolution, the move was seconded, and the Directors approved the Resolution.

Resolution No. 2010-09: Approving the short-term extension of liquidity agreements with Societe Generale and the Bank of Nova Scotia and long-term extensions of liquidity agreements with JPMorgan Chase Bank and Helaba.

After no questions or comments were raised by the Board, Mr. Megna asked the Members for a motion to adopt the Resolution, the move was seconded, and the Directors approved the Resolution.

Resolution No. 2010-10: Authorizing a fixed rate refunding of up to \$325 million of the Corporation's variable rate bonds.

After no questions or comments were raised by the Board, Mr. Megna asked the Members for a motion to adopt the Resolution, the move was seconded, and the Directors unanimously approved the Resolution.

Once it was determined that there was no further business to be brought before the Board, Mr. Megna adjourned the Board meeting at 1:20 p.m.

Date: May 11, 2010

Joseph Conroy
Secretary
New York Local Government
Assistance Corporation

**NEW YORK LOCAL GOVERNMENT
ASSISTANCE CORPORATION
MINUTES OF FINANCE COMMITTEE MEETING
June 29, 2010, 2:10 p.m.
Room 143, State Capitol, Albany, New York**

Finance Committee Members Present:

Thomas DiNapoli	Committee Chairperson/Director (via telephone)
Robert Megna	Vice-Chairperson of the Board
Diana Jones Ritter	Director (via telephone)
Marc Shaw	Director (via Telephone)
Kevin Murray	Director

Also Present:

Patricia Warrington	Office of the State Comptroller
Deborah DeGenova	Office of the State Comptroller
Tom Nitido	Office of the State Comptroller
Joseph Conroy	Division of the Budget
Melissa Pangburn	Division of the Budget
William Storrs	Department of Law
Maurice Peaslee	Office of the State Comptroller
James Kiyonaga	OMRDD (via telephone)
Sarah Ferguson	Division of the Budget
Seth Hennard	Toski, Schaefer & Co.
Kirstee Iacobucci	Office of the State Comptroller
Maria Moran	Office of the State Comptroller
Suzette Baker	Office of the State Comptroller
Sean Lichorowiec	Office of the State Comptroller

FINANCE COMMITTEE MEETING

Chairperson DiNapoli called the Finance Committee meeting to order at 2:10 p.m.

Comptroller DiNapoli noted that the minutes from the May 11, 2010 Finance Committee meeting had been previously distributed and made a motion to approve the minutes. The motion was seconded and the Finance Committee members approved the minutes.

Comptroller DiNapoli made reference to a staff memo dated June 22, 2010 which was circulated to the Finance Committee members, describing the proposed contract extensions and proposing that the Finance Committee consider taking the necessary action to allow the full Board to authorize a 9-month extension of both primary and secondary bond counsel contracts. The current contracts with Orrick and Hawkins are for three years with two additional one-year extensions and the final extension expires

on June 30, 2010. A Request for Proposals (RFP) has been issued, but has not been completed and the 9-month extension is necessary to provide for legal services until the RFP process is finished and a new contract is entered into.

The Committee Members indicated they had reviewed the materials provided and as there were no questions or comments, Comptroller DiNapoli recommended that the proposal be advanced and recommended for approval by the full Board and the Finance Committee members approved the recommendation.

After it was determined that there were no further issues to be brought before the Board by the Finance Committee, the Finance Committee Meeting was adjourned.

Date: June 29, 2010

Joseph Conroy
Secretary
New York Local Government
Assistance Corporation

**NEW YORK LOCAL GOVERNMENT
ASSISTANCE CORPORATION
MINUTES OF MEETING
June 29, 2010, 2:15 p.m.
New York State Capitol, Albany, New York**

Board Members Present:

Robert Megna	Vice-Chairperson
Thomas DiNapoli	Director (via Telephone)
Diana Jones Ritter	Director (via telephone)
Marc Shaw	Director (via Telephone)
Kevin Murray	Director

Also Present:

Patricia Warrington	Office of the State Comptroller
Deborah DeGenova	Office of the State Comptroller
Tom Nitido	Office of the State Comptroller
Joseph Conroy	Division of the Budget
Melissa Pangburn	Division of the Budget
William Storrs	Department of Law
Maurice Peaslee	Office of the State Comptroller
James Kiyonaga	OMRDD (via telephone)
Sarah Ferguson	Division of the Budget
Seth Hennard	Toski, Schaefer & Co.
Kirstee Iacobucci	Office of the State Comptroller
Maria Moran	Office of the State Comptroller
Suzette Baker	Office of the State Comptroller
Sean Lichorowiec	Office of the State Comptroller

FULL BOARD MEETING

The meeting of the full Board was called to order by Vice-Chairperson Bob Megna at 2:15 p.m.

Minutes of Previous Meeting

Mr. Megna asked the members for a motion to adopt the minutes from the May 11, 2010 LGAC Board meeting, the move was seconded and the Directors approved the minutes.

Resolution No. 2010-11: Authorizing the 9-month extension of the Corporation's contracts with Orrick, Herrington and Sutcliffe LLP as primary bond counsel and

Hawkins Delafield and Wood LLP as secondary bond counsel.

Mr. Megna mentioned that the Finance Committee had previously met and recommended approval of the contract extensions.

After no questions or comments were brought before the Board, Mr. Megna asked the members for a motion to adopt the Resolution, the move was seconded and the Directors unanimously approved the Resolution.

Resolution No. 2010-12: Approving the Corporation's Audited Financial Statements for the fiscal year ended March 31, 2010 and directs that such financial statements be included in the Corporation's Annual Report and official statements or remarketing circulars issued by the Corporation in connection with its bonds and notes.

Mr. Megna mentioned that the Audit Committee had previously met and recommended approval of the Financial Statements.

After no questions or comments were brought before the Board, Mr. Megna asked the members for a motion to adopt the Resolution, the move was seconded and the Directors approved the Resolution.

Resolution No. 2010-13: Adopting Lobbying Contact Policies for the Corporation.

After no questions or comments were brought before the Board, Mr. Megna asked the members for a motion to adopt the Resolution, the move was seconded and the Directors approved the Resolution.

Resolution No. 2010-14: Approving updated and amended Internal Control Guidelines for the Corporation.

After no questions or comments were brought before the Board, Mr. Megna asked the members for a motion to adopt the Resolution, the move was seconded and the Directors approved the Resolution.

Resolution No. 2010-15: Approving the amended Procurement Contract Guidelines for the Corporation and approving the Corporation's Personal Service Contracts Annual Report for the fiscal year ended March 31, 2010.

After no questions or comments were brought before the Board, Mr. Megna asked the members for a motion to adopt the Resolution, the move was seconded and the Directors approved the Resolution.

Resolution No. 2010-16: Approving the Corporation's Annual Investment Report for the fiscal year ended March 31, 2010, directing that copies of the Report be submitted to the Division of the Budget, the Office of the State Comptroller, the Senate Finance Committee and the Assembly Ways and Means Committee in accordance with the

Corporation's Investment Guidelines and reapproving the Investment Policy, Procedures, Reporting and Investment Guidelines for the New York Local Government Assistance Corporation.

After no questions or comments were brought before the Board, Mr. Megna asked the members for a motion to adopt the Resolution, the move was seconded and the Directors approved the Resolution.

Resolution No. 2010-17: Approving the Annual Report of the New York Local Government Assistance Corporation for the fiscal year ended March 31, 2010 and the Corporation's mission statement, its measurements, the 2009-10 measurement report and submittal of such to the New York State Authorities Budget Office and to the state officials and offices designated in sections 2800, 2802 and 3234 (6) of the Public Authorities Law.

After no questions or comments were brought before the Board, Mr. Megna asked the members for a motion to adopt the Resolution, the move was seconded and the Directors approved the Resolution.

Once it was determined that there was no further business to be brought before the Board, Mr. Megna adjourned the Board meeting at 2:25 p.m.

Date: June 29, 2010

Joseph Conroy
Secretary
New York Local Government
Assistance Corporation

Appendix D

Enabling Legislation and By-Laws

LGAC was created pursuant to State Statute and has no Charter



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*** THIS SECTION IS CURRENT THROUGH 2011 RELEASED CHAPTERS 1-15, 50-54, 57 AND 58 ***

PUBLIC AUTHORITIES LAW
ARTICLE 10-B. [NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION] [n1]
TITLE 4. NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION

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NY CLS Pub A Title 4 Note (2011)

Pub A Title 4 Note

HISTORY:

Add, L 1990, ch 220, § 1, eff June 11, 1990.



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PUBLIC AUTHORITIES LAW
ARTICLE 10-B. [NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION] [n1]
TITLE 4. NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION

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NY CLS Pub A § 3231 (2011)

§ 3231. Short title

This title may be cited as the "New York local government assistance corporation act".

HISTORY:

Add, L 1990, ch 220, § 1, eff June 11, 1990.

Case Notes:

Local Government Assistance Corporation Act, which establishes public benefit corporation for purpose of providing assistance payments to local government units through issuance and sale of corporation's bonds, is constitutional because provisions of Act which relate to any payments by state are executory and subject to legislative appropriation, and thus statutory scheme neither creates debt of state, in violation of CLS *NY Const Art VII § 11*, nor gives or lends state's credit to aid any public or private corporation, in violation of CLS *NY Const Art VII § 8(1)*. *Schulz v State (1992, Sup) 151 Misc 2d 594, 582 NYS2d 355*, mod on other grounds, affd (1992, 3d Dept) *185 App Div 2d 596, 586 NYS2d 428*, app dismd, app den (1993) *81 NY2d 336, 599 NYS2d 469, 615 NE2d 953*.

Local Government Assistance Corporation Act, which establishes public benefit corporation for purpose of providing assistance payments to local government units through issuance and sale of corporation's bonds, neither imposes liability on state or any political subdivision for payment of obligations issued by public corporation nor requires legislature to impose such liability on state or any political subdivision in violation of CLS *NY Const Art X § 5*. *Schulz v State (1992, Sup) 151 Misc 2d 594, 582 NYS2d 355*, mod on other grounds, affd (1992, 3d Dept) *185 App Div 2d 596, 586 NYS2d 428*, app dismd, app den (1993) *81 NY2d 336, 599 NYS2d 469, 615 NE2d 953*.



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PUBLIC AUTHORITIES LAW
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TITLE 4. NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION

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NY CLS Pub A § 3232 (2011)

§ 3232. Definitions

For the purpose of this title:

1. "Director of the budget" means the director of the budget of the state of New York.
2. "Corporation" means the New York local government assistance corporation as created by this title.
3. "Comptroller" means the comptroller of the state of New York.
4. "State" means the state of New York.
5. "Revenues" means all aid, rents, fees, charges, payments and other income and receipts paid or payable to the corporation or to a trustee for the account of the corporation, including any payment required to be made to the corporation by this title.
6. "Operating expenses" means all expenses incurred by the corporation in the administration of the corporation including but not limited to salaries, administrative expenses, insurance premiums, fees payable to providers of bond or note facilities, auditing and legal expenses and fees and expenses incurred for professional consultants and fiduciaries.
7. "Capital reserve fund requirement" means, as of any particular date of computation and with respect to any capital reserve fund, the maximum amount required to pay, during the then current or any succeeding fiscal year, on all bonds of the corporation secured by such capital reserve fund outstanding as of the date of computation, the maximum combined amount of all interest payable during such fiscal year and all installments of principal (including mandatory sinking fund payments and amounts, payable on principal so paid, that are treated as original issue discount under the code and regulations thereunder) payable during such fiscal year; provided that the corporation may, if it determines that the security and marketability of bonds secured by a capital reserve fund will not be unduly adversely affected, reduce the requirement with respect to such capital reserve fund as so defined so as to equal no less than half of the amount so calculated; and provided, further, that the corporation may increase the amount calculated as provided in this subdivision with respect to a capital reserve fund by including any designated notes of the corporation as bonds, upon any related issuance proceeds of which will fund the increase, and provided, further, that interest payable at a variable rate on any bonds of the corporation or payable at a rate then not determinable on short term notes to be issue [issued] [n1] by the corporation in renewal or replacement of other short term notes shall for purposes of any such calculation be assumed to be payable at a rate or rates reasonably assumed by the corporation having due regard for the security and marketability of all its bonds and notes.

8. "Code" means the United States Internal Revenue Code of 1986, as amended.

9. "Net proceeds" means the aggregate principal amount of any bonds or notes issued by the corporation, reduced by any amount of such bonds or notes that constitutes interest under the code and further reduced by the portion of such aggregate principal amount issued (i) to fund the capital reserve fund in accordance with the capital reserve fund requirement and to fund any other reserves that the corporation reasonably deems necessary for the security or marketability of its bonds and notes, (ii) to provide capitalized interest, and (iii) to provide fees and other charges and expenses, including underwriters' discount, related to the issuance of such bonds or notes, including fees and other charges payable from such proceeds to providers of bond or note facilities.

10. "Bond or note facility" means any insurance policy, letter of credit or other facility, agreement or arrangement referred to in subdivision sixteen, seventeen or eighteen of section three thousand two hundred thirty-five of this title.

11. "Local government" means a county, city, town, village, school district, city school district or board of cooperative educational services.

HISTORY:

Add, L 1990, ch 220, § 1, eff June 11, 1990.

Sub 7, amd, L 1991, ch 2, § 1, eff Jan 29, 1991.

FOOTNOTES:

[n1] [n1] The bracketed word has been inserted by Publisher.



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PUBLIC AUTHORITIES LAW
ARTICLE 10-B. [NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION] [n1]
TITLE 4. NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION

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NY CLS Pub A § 3233 (2011)

§ 3233. New York local government assistance corporation

1. There is hereby created the New York local government assistance corporation. The corporation shall be a corporate governmental agency constituting a public benefit corporation. It shall have the powers and privileges of a corporation and all of its business shall be transacted, all funds invested, all warrants for money drawn and payments made, and all cash and securities and other personal property held under its corporate name.

2. The corporation shall continue until six months after all its liabilities have been met or otherwise discharged. Upon the termination of the existence of the corporation, all of its rights and property shall pass to and be vested in the state.

HISTORY:

Add, L 1990, ch 220, § 1, eff June 11, 1990.

NOTES:

NYCRR References:

Public access to records. 21 NYCRR §§ 9760.1 et seq



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PUBLIC AUTHORITIES LAW
 ARTICLE 10-B. [NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION]
 TITLE 4. NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION

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NY CLS Pub A § 3234 (2011)

§ 3234. Administration of the corporation

1. (a) The corporation shall be administered by [fig 1] seven directors, one of whom shall be the comptroller, one of whom shall be the director of the budget and [fig 2] five of whom shall be appointed by the governor. A director who is not a state official shall serve for a term expiring at the end of the term actually served by the officer making the appointment and may be removed for cause by such officer after hearing on ten days notice.

(b) The secretary to the senate finance committee and the secretary to the assembly ways and means committee shall be nonvoting representatives who shall receive notice of and be entitled to attend all meetings of the directors and who shall also receive the same supporting and other documentation related to each vote to be taken by the directors at each meeting as is provided to the directors, at the same time as it is provided to the directors. The comments of the nonvoting representatives shall be entered upon the record of the meeting.

2. The governor shall designate a chairperson and a vice-chairperson from among the directors. The chairperson shall preside over all meetings of the directors and shall have such other duties as the directors or the corporation may direct. The vice-chairperson shall preside over all meetings of the directors in the absence of the chairperson and shall have such other duties as the directors of the corporation may prescribe.

3. The directors of the corporation shall serve without salary, but each director shall be reimbursed for actual necessary expenses incurred in the performance of such director's official duties as a director of the corporation. The directors of the corporation may engage in private employment or in a profession or business if not otherwise prohibited from so doing by virtue of any other public office.

4. Notwithstanding any inconsistent provisions of law, general, special or local, no officer or employee of the state of New York, any city, county, town or village, any other political or civil division of the state, any municipality, any governmental entity operating any public school or college, any school district or any other public agency or instrumental-ity or unit of government which exercises governmental powers under the laws of the state, shall forfeit office or employment by reason of acceptance of appointment as a director, officer or agent of the corporation nor shall service as such director, officer or agent of the corporation be deemed incompatible or in conflict with such office or employment.

5. [Until March 31, 2013 (see 2010 and 2011 notes below)] A majority of the whole number of directors then in office shall constitute a quorum for the transaction of any business or the exercise of any power of the corporation. Except as otherwise specified in this title, for the transaction of any business or the exercise of any power of the corporation, the

corporation shall have power to act by a majority of the directors present at any meeting at which a quorum is in attendance; provided that one or more directors may participate in a meeting by means of conference telephone or similar communications equipment allowing all directors participating in the meeting to hear each other at the same time and participation by such means shall constitute presence in person at a meeting. A unanimous vote of all directors then in office shall be required for approval of a resolution authorizing the issuance of bonds or notes or any supplemental or amendatory resolution. The corporation may delegate to one or more of its directors, or officers, agents and employees, such powers and duties as the directors may deem proper. Five days notice shall be given to each director and nonvoting representative prior to any meeting of the corporation.

5. [Eff March 31, 2013] A majority of the whole number of directors then in office shall constitute a quorum for the transaction of any business or the exercise of any power of the corporation. Except as otherwise specified in this title, for the transaction of any business or the exercise of any power of the corporation, the corporation shall have power to act by a majority of the directors present at any meeting at which a quorum is in attendance; provided that one or more directors may participate in a meeting by means of conference telephone or similar communications equipment allowing all directors participating in the meeting to hear each other at the same time and participation by such means shall constitute presence in person at a meeting. A unanimous vote of all directors shall be required for approval of a resolution authorizing the issuance of bonds or notes or any supplemental or amendatory resolution. The corporation may delegate to one or more of its directors, or officers, agents and employees, such powers and duties as the directors may deem proper. Five days notice shall be given to each director and nonvoting representative prior to any meeting of the corporation.

6. On or before November fifteenth of each year, the corporation shall submit a financial statement and a report of its activities for such corporation's immediately preceding fiscal year to the governor, the temporary president of the senate, the speaker of the assembly, the comptroller, the chair of the senate finance committee and the chair of the assembly ways and means committee.

HISTORY:

Add, L 1990, ch 220, § 1, eff June 11, 1990; amd, L 1991, ch 2, § 2, eff Jan 29, 1991, L 2002, ch 81, § 54 (Part K), eff May 29, 2002, deemed eff April 1, 2002, L 2005, ch 766, § 23, eff Jan 13, 2006 (see 2005 note below), L 2010, ch 48, § 2, eff April 26, 2010 (see 2010 and 2011 notes below), L 2011, ch 58, § 47 (Part BB), eff April 26, 2010, expires and repealed March 31, 2013 (see 2011 note below).

NOTES:

Editor's Notes

Laws 2005, ch 766, §§ 1 and 31, eff Jan 13, 2006, provide as follows:

Section 1. Short title. This act shall be known and may be cited as the "public authorities accountability act of 2005".

§ 31. This act shall take effect immediately and shall apply to the public authority fiscal year beginning on or after January 1, 2006, provided however that section twenty-seven of this act shall take effect April 1, 2006.

Laws 2010, ch 48, § 3, eff April 26, 2010, deemed eff April 1, 2010, provides as follows:

§ 3. This act shall take effect immediately and shall be deemed to have been in full force and effect on and after April 1, 2010, provided, however, that section two of this act shall expire March 31, 2011, when, upon such date, the provisions of such section shall be deemed repealed.

Laws 2011, ch 58, § 59 (Part BB), eff March 31, 2011, deemed eff on and after April 1, 2011, provides as follows:

§ 59. This act shall take effect immediately and shall be deemed to have been in full force and effect on and after April 1, 2011; provided further that sections one through fourteen-a and sections eighteen through twenty-eight of this

act shall expire March 31, 2012, when upon such date, the provisions of such sections shall be deemed repealed; provided further that the amendments to subdivision 5 of *section 97-rrr of the state finance law* made by section sixteen of this act shall not affect the expiration of such subdivision and shall expire therewith; and provided further that section forty-seven of this act shall take effect on the same date as the reversion of subdivision 5 of *section 3234 of the public authorities law* as provided in section 3 of chapter 48 of the laws of 2010, as amended and shall expire and be deemed repealed March 31, 2013.

Amendment Notes

2011. Chapter 58, § 47 (Part BB) amended:

Sub 5 by adding the matter in italics.

2006. Chapter 766, § 23 amended:

Sub 1, par (a) by deleting at fig 1 "three", at fig 2 "one" and adding the matter in italics.

FOOTNOTES:

[n1] [n1] The Article heading has been inserted by the Publisher.



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*** THIS SECTION IS CURRENT THROUGH 2011 RELEASED CHAPTERS 1-15, 50-54, 57 AND 58 ***

PUBLIC AUTHORITIES LAW
ARTICLE 10-B. [NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION] [n1]
TITLE 4. NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION

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NY CLS Pub A § 3235 (2011)

§ 3235. General powers of the corporation

The corporation shall have the following powers in addition to those specially conferred elsewhere in this title:

1. to sue and be sued;
2. to have a seal and alter the same at pleasure;
3. to make and alter by-laws for its organization and internal management and, subject to agreements with bondholders or noteholders, to make rules and regulations governing the use of its property and facilities;
4. to make and execute contracts, leases, subleases and all other instruments or agreements necessary or convenient for the exercise of its powers and functions under this title;
5. to purchase real or personal property necessary and convenient for its purposes; to execute and deliver deeds for real property held in its own name; and to sell or otherwise to dispose of such real or personal property that, in the judgment of the corporation, is no longer necessary for its corporate purposes;
6. to appoint officers, agents and employees, prescribe their duties and qualifications and fix their compensations subject to the provisions of the civil service law and any applicable collective bargaining agreement;
7. to commence any action to protect or enforce any right conferred upon it by any law, contract or other agreement;
8. to make payments to local governments in such amounts as are provided for by this title;
9. to borrow money and, in accordance with section three thousand two hundred thirty-six of this title, to issue bonds or notes or other obligations in respect of amounts borrowed and to fund or refund the same, and to provide for the rights of the holders of its obligations subject to provisions of this title;
10. subject to the provisions of any contract with bondholders or noteholders, to invest any funds held in reserves or sinking funds, or any funds not required for immediate use or disbursement, at the discretion of the corporation, in obligations in which the comptroller is authorized to invest pursuant to section ninety-eight-a of the state finance law;
11. subject to the provisions of any contract with bondholders or noteholders, to purchase bonds or notes of the corporation;
12. to procure insurance in such amounts and from such insurers as it deems desirable;

13. to engage the services of consultants on a contract basis for rendering professional and technical assistance and advice;

14. to receive and accept, and contract for and to accept any gifts or grants or loans of funds or property or financial or other aid in any form from the federal government or any agency or instrumentality thereof, the state or any agency or instrumentality thereof, or from any other source and to comply with the terms and conditions thereof;

15. as security for the payment of the principal of and interest on any bonds or notes issued by it pursuant to this title and any agreements made in connection therewith and for its obligations under bond or note facilities to pledge all or any part of its revenues or assets;

16. to procure insurance, letters of credit or other credit enhancement with respect to its bonds or notes issued pursuant to this title, or facilities for the payment of tenders of such bonds or notes or facilities for the payment upon maturity of short-term notes not renewed;

17. to adopt, amend or rescind rules and regulations appropriate to its corporate purposes and to enter into agreements and otherwise to do any and all things necessary or convenient to carry out its purposes and exercise the powers expressly given and granted in this title.

18. [Repealed]

19. [Redesignated]

HISTORY:

Add, L 1990, ch 220, § 1, eff June 11, 1990.

Sub 17, formerly sub 19, so designated sub 17, L 2002, ch 81, § 41 (Part K), eff May 29, 2002, deemed eff April 1, 2002.

Former sub 17, repealed, L 2002, ch 81, § 41 (Part K), eff May 29, 2002, deemed eff April 1, 2002.

Sub 18, repealed, L 2002, ch 81, § 41 (Part K), eff May 29, 2002, deemed eff April 1, 2002.

Sub 19, redesignated sub 17, L 2002, ch 81, § 41 (Part K), eff May 29, 2002, deemed eff April 1, 2002.

NOTES:

Editor's Notes

Laws 2002, ch 81, § 42 (Part K), eff May 29, 2002, deemed eff April 1, 2002, provides as follows:

§ 42. Any interest rate exchange agreement entered into pursuant to subdivisions 17 and 18 of *section 3235 of the public authorities law* as repealed by section forty-one of this act prior to the effective date of this act shall, upon the effective date hereof, be governed by the provisions of article 5-D of the state finance law, as added by section thirty-eight of this act, and as may subsequently be amended.

New York References:

This section referred to in §§ 3232, 3239

Case Notes:

Plaintiffs who were citizens, residents, taxpayers and registered voters of state lacked standing to maintain declaratory judgment action challenging constitutionality of Local Government Assistance Corporation Act (CLS Pub A § 3231 et seq.) on grounds that it violated, inter alia, CLS NY Const Art VII §§ 11 and 8 by authorizing issuance of long-term, tax-supported state debt for multiple purposes which were not distinctly specified, without voter approval, and by permitting lending of state's credit to Corporation, and that it violated CLS NY Const Art X § 5. *Schulz v State* (1992, 3d Dept) 185 App Div 2d 596, 586 NYS2d 428, app dismd, app den (1993) 81 NY2d 336, 599 NYS2d 469, 615 NE2d 953.

Citizen taxpayers lacked standing to challenge constitutionality of Local Government Assistance Corporation Act, which establishes public benefit corporation for purpose of providing assistance payments to local government units through issuance and sale of corporation's bonds, in view of CLS *St Fin* § 123-b(1), which provides that standing otherwise accorded to citizen taxpayers to challenge illegal or unconstitutional disbursement of state funds does not apply to bond issue by any public benefit corporation. *Schulz v State* (1992, Sup) 151 Misc 2d 594, 582 NYS2d 355, mod on other grounds, affd (1992, 3d Dept) 185 App Div 2d 596, 586 NYS2d 428, app dismd, app den (1993) 81 NY2d 336, 599 NYS2d 469, 615 NE2d 953.



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*** THIS SECTION IS CURRENT THROUGH 2011 RELEASED CHAPTERS 1-15, 50-54, 57 AND 58 ***

PUBLIC AUTHORITIES LAW
 ARTICLE 10-B. [NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION]
 TITLE 4. NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION

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NY CLS Pub A § 3236 (2011)

§ 3236. Bonds and notes of the corporation

1. (a) The corporation shall have power and is hereby authorized from time to time to issue its bonds and notes in such principal amount or amounts, subject to subdivision eight of this section, as the corporation shall determine to be necessary, to provide sufficient funds for achieving its corporate purposes, including the making of payments pursuant to section three thousand two hundred thirty-eight of this title, the payment of interest on bonds and notes of the corporation, the establishment of reserves to secure such bonds and notes, the payment of amounts required under bond or note facilities or agreements relating thereto, and the payment of all costs of issuance of its bonds and notes.

(b) The corporation shall have the power and is hereby authorized from time to time to issue (i) notes to renew notes and (ii) bonds to pay notes, including the interest thereon and, whenever it deems refunding expedient, to refund any bonds by the issuance of new bonds, whether the bonds to be refunded have or have not matured, and to issue bonds partly to refund bonds then outstanding and partly for any of its other corporate purposes. The refunding bonds may be exchanged for the bonds to be refunded or sold and the proceeds applied to the purchase, redemption or payment of such bonds.

(c) Except as may otherwise be expressly provided by the corporation, every issue of its bonds and notes shall be general obligations of the corporation payable out of any revenues of the corporation, subject only to any agreements with the holders of particular bonds or notes pledging any particular revenues.

(d) (i) Bonds and notes shall be authorized by resolution of the corporation, be in such denominations and bear such date or dates and mature at such time or times, as such resolution may provide, provided that bonds and notes and renewals or refundings thereof shall mature on a date not later than December thirty-first, two thousand twenty-five nor more than thirty years from the date of original issuance.

(ii) Bonds and notes shall be subject to such terms of redemption, bear interest at such rate or rates, be payable at such times, be in such form, either coupon, registered or book entry form, carry such registration privileges, be executed in such manner, be payable in such medium of payment at such place or places, and be subject to such terms and conditions as such resolution may provide.

(e) Such bonds shall be sold to the bidder offering the lowest interest cost to the corporation, taking into consideration any premium or discount and, in the case of refunding bonds, the bona fide initial public offering price, not less than four nor more than fifteen days, Sundays excepted, after a notice of such sale has been published at least once in a definitive trade publication of the municipal bond industry published on each business day in the state of New York which is generally available to participants in the municipal bond industry, which notice shall state the terms of the sale.

The corporation may not change the terms of the sale unless notice of such change is sent via a definitive trade wire service of the municipal bond industry which, in general, makes available information regarding activity and sales of municipal bonds and is generally available to participants in the municipal bond industry, at least one [fig 1] hour prior to the [fig 2] time of the sale as set forth in the original notice of sale. In so changing the terms or conditions of a sale the corporation may send notice by such wire service that the sale will be delayed by up to thirty days, provided that wire notice of the new sale date will be given at least one business day prior to the new time when bids will be accepted. In such event, no new notice of sale shall be required to be published. Advertisements shall contain a provision to the effect that the corporation, in its discretion, may reject any or all bids made in pursuance of such advertisements, and in the event of such rejection, the corporation is authorized to negotiate a private sale or readvertise for bids in the form and manner above described as many times as, in its judgment, may be necessary to effect a satisfactory sale. Notwithstanding the foregoing provisions of this paragraph, whenever in the judgment of the corporation the interests of the corporation will be served thereby, the corporation may sell bonds at private sale. The corporation shall promulgate regulations governing the terms and conditions of any such private sales, which regulations shall include a provision that it give notice to the governor, the temporary president of the senate, and the speaker of the assembly of its intention to conduct a private sale of obligations pursuant to this section not less than five days prior to such sale or the execution of any binding agreement to effect such sale.

(f) The corporation shall enter into an agreement with the comptroller pursuant to which the comptroller shall be the exclusive agent of the corporation for the sale of its bonds and notes.

2. Consistent with the provisions of this title, any resolution authorizing any bonds or notes or any issue thereof may contain provisions, which shall be a part of the contract with the holders thereof, as to:

(a) pledging all or any part of the revenues to secure the payment of the bonds or notes or of any issue thereof, subject to such agreements with bondholders or noteholders as may then exist;

(b) pledging all or any part of the assets of the corporation to secure the payment of the bonds or notes or of any issue of bonds or notes, subject to such agreements with bondholders or noteholders as may then exist;

(c) the setting aside of reserves or sinking funds and the regulation and disposition thereof;

(d) limitations on the purposes to which the proceeds of sale of bonds or notes may be applied and pledging such proceeds to secure the payment of the bonds or notes or of any issue thereof;

(e) limitations on the issuance of additional bonds or notes; the terms upon which additional bonds or notes may be issued and secured; and the refunding of outstanding or other bonds or notes;

(f) the procedure, if any, by which the terms of any contract with bondholders or noteholders may be amended or abrogated, the amount of bonds or notes the holders of which must consent thereto, and the manner in which such consent may be given;

(g) limitations on the amount of moneys to be expended by the corporation for operating expenses of the corporation;

(h) vesting in a trustee, as described in subdivision six of this section, such property, rights, powers and duties in trust as the corporation may determine, which may include any or all of the rights, powers and duties of the trustee appointed by the bondholders pursuant to this title, and limiting or abrogating the right of the bondholders to appoint a trustee under this title or limiting the rights, powers, and duties of such trustee;

(i) the acts or omissions to act which shall constitute a default in the obligations and duties of the corporation to the holders of the bonds or notes and providing for the rights and remedies of the holders of the bonds or notes in event of such default, including the right to appointment of a receiver; providing, however, that such rights and remedies shall not be inconsistent with the general laws of the state and the other provisions of this title;

(j) any other matters, of like or different character, which in any way affect the security or protection of the holders of the bonds or notes; and

(k) the application of any of the foregoing provisions to any provider of any applicable bond or note facility.

Notwithstanding the foregoing, the corporation shall not be authorized to make any covenant, pledge, promise, or agreement purporting to bind the state except as otherwise specifically authorized by this title.

3. Any pledge made by the corporation shall be valid and binding from the time when the pledge is made. The revenues or property so pledged and thereafter received by the corporation shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the corporation, irrespective of whether such parties have notice thereof. Neither the resolution nor any other instrument by which a pledge is created need be recorded or filed to protect such pledge.

4. Neither the directors of the corporation nor any other person executing the bonds or notes of the corporation shall be subject to any personal liability or accountability by reason of the issuance thereof.

5. The corporation, subject to such agreements with bondholders or noteholders as may then exist, or with the providers of any applicable bond or note facility, shall have power out of any funds available therefor to purchase bonds or notes of the corporation, which may or may not thereupon be cancelled, at a price not substantially exceeding:

(a) if the bonds or notes are then redeemable, the redemption price then applicable, including any accrued interest;

(b) if the bonds or notes are not then redeemable, the redemption price and accrued interest applicable on the first date after such purchase upon which the bonds or notes become subject to redemption.

6. In the discretion of the directors of the corporation, the bonds and notes may be secured by a trust indenture by and between the corporation and a corporate trustee, or a corporate trustee may be appointed under the resolution as provided in subdivision two of this section.

7. Whether or not the bonds and notes are of such form and character as to be negotiable instruments under the terms of the uniform commercial code, the bonds and notes are hereby made negotiable instruments within the meaning of and for all the purposes of the uniform commercial code, subject only to the provisions of the bonds and notes for registration or any book-entry-only system.

8. (a) The corporation shall not issue any bonds or notes in an amount in excess of four billion seven hundred million dollars, plus a principal amount of bonds or notes:

(i) to fund any capital reserve fund in accordance with the capital reserve fund requirement,

(ii) to provide capitalized interest for a period not to exceed six months, and

(iii) to provide for the payment of fees and other charges and expenses, including underwriters' discount, related to the issuance of such bonds or notes, or related to the provision of any applicable bond or note facilities.

(b) In computing for the purposes of this section, the aggregate amount of indebtedness evidenced by bonds and notes of the corporation issued pursuant to this title, there shall be excluded (i) the amount of bonds or notes issued that would constitute interest under the Code as amended to the effective date of this title, and (ii) the amount of such indebtedness represented by such bonds or notes issued to refund or otherwise repay bonds or notes, provided that the amount so excluded under this subparagraph (ii) may exceed the principal amount of such bonds or notes that were issued to refund or otherwise repay only if the present value of the aggregate debt service on the refunding or repayment bonds or notes shall not have at the time of their issuance exceeded the present value of the aggregate debt service of the bonds or notes they were issued to refund or repay, such present value in each case being calculated by using the effective interest rate of the refunding or repayment bonds or notes, which shall be that rate arrived at by doubling the semi-annual interest rate (compounded semi-annually) necessary to discount the debt service payments on the refunding or repayment bonds or notes from the payment date thereof to the date of issue of the refunding or repayment bonds or notes and to the price bid therefor, or to the proceeds received by the corporation from the sale thereof, in each case including estimated accrued interest.

9. Each issuance of bonds by the corporation under this title shall provide for the retirement thereof so that debt service thereon, calculated in accordance with reasonably assumed interest rates to the extent not then determinable, shall be on a substantially [substantial] [n1] [n1] level or decreasing debt-service payment basis no later than one year from the date of their issuance to the date of retirement of the latest bond within such issue to retire. Each issuance of notes shall provide for annual reductions of the aggregate outstanding principal in equal or increasing amounts of such reduction. Notwithstanding the foregoing, if the corporation shall issue refunding bonds, the debt service thereon shall be struc-

tured on any basis that the corporation deems is in its best interest, provided that debt service on all outstanding bonds, notes and other financial obligations is not increased in any future fiscal year after giving effect to such refunding.

HISTORY:

Add, L 1990, ch 220, § 1, eff June 11, 1990; amd, L 1991, ch 2, § 3, eff Jan 29, 1991, L 1999, ch 219, § 11, eff July 12, 1999, L 2011, ch 58, § 48 (Part BB), eff March 31, 2011, deemed eff on and after April 1, 2011.

NOTES:

Amendment Notes

2011. Chapter 58, § 48 (Part BB) amended:

Sub 1, par (e) by deleting at fig 1 "day", at fig 2 "date" and adding the matter in italics.

New York References:

This section referred to in §§ 3235, 3241-a, 3243

NYCRR References:

Private sale of bonds or notes. *21 NYCRR § 9750.1*

FOOTNOTES:

[n1] [n1] The bracketed word has been inserted by the Publisher.



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PUBLIC AUTHORITIES LAW
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NY CLS Pub A § 3237 (2011)

§ 3237. Capital reserve fund

1. The corporation shall create and establish one or more special funds (each herein referred to as a capital reserve fund), which may be funded initially from proceeds of bonds or notes of the corporation issued pursuant to this title, in an amount equal to the capital reserve fund requirement of the bonds or notes secured thereby. All amounts held in a capital reserve fund shall be used solely for the payment of principal of or interest on the bonds or notes secured thereby, sinking fund payments thereon, the redemption thereof and payments to providers of bond or note facilities in respect of payments of such principal, interest or sinking fund payments made by them, in accordance with the applicable provisions of any and all resolutions and trust indentures, if any, securing such bonds and notes. Any income or interest, not required to be rebated to the United States to provide for continued exclusion from gross income for federal income tax purposes of interest on the bonds and notes of the corporation, earned by, or increment to, the capital reserve fund due to the investment thereof, in excess of the amount thereof needed to pay interest on the bonds or notes issued to fund the capital reserve fund, shall be used to pay debt service on bonds or notes issued by the corporation. Any amounts released from a capital reserve fund shall be applied, or set aside to be applied when practicable, by the corporation to the payment of principal on the applicable bonds or notes, or to redemption thereof or to the providers of bond or note facilities.

2. In computing the amount of the capital reserve fund for the purposes of this section, obligations in which all or a portion of such fund shall be invested shall be valued at par if purchased at par or, if purchased at a premium above or a discount below par, the value at any given date obtained by dividing the total premium or discount at which such obligations were purchased by the number of interest payment dates remaining to maturity on such obligations after such purchase, and by multiplying the number so calculated by the number of interest payment dates having passed since the date of such purchase; and (i) in the case of such obligations purchased at a premium, by deducting the product thus obtained from the purchase price; and (ii) in the case of such obligations purchased at a discount, by adding the product thus obtained to the purchase price. In lieu of a deposit of money or obligations to the capital reserve fund, the corporation, having due regard for the security and marketability of all affected bonds and notes, may satisfy the whole or any portion of the capital reserve fund requirement by providing one or more surety agreements, insurance agreements, letters of credit or other type of agreement or arrangement satisfying the provisions of all applicable resolutions or trust indentures, if any, each of which provides for the availability, at all times required thereunder, of the amount of money or the value of the obligations in lieu of the deposit of which such agreement or arrangement is provided.

HISTORY:

Add, L 1990, ch 220, § 1, eff June 11, 1990.
Sub 1, amd, L 1991, ch 2, § 4, eff Jan 29, 1991.



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NY CLS Pub A § 3238 (2011)

§ 3238. Payments to local governments

The local government assistance corporation shall not issue obligations for payments to local governments unless an appropriation or appropriations have been enacted providing for the determination of the amount and manner of payments to local governments. Payments to local governments from the net proceeds of the obligations of the corporation shall be for any or all of the following purposes:

1. elementary and secondary education, community college aid and support for tuition assistance programs;
2. payment of the nonfederal share of local medicaid costs; and
3. other local assistance programs, including revenue sharing assistance, aid for health and the improvement of environmental quality, housing initiatives, mental health and drug abuse programs, mass transportation and highway and bridge programs.

HISTORY:

Add, L 1990, ch 220, § 1, eff June 11, 1990.

NOTES:

New York References:

This section referred to in § 3236



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NY CLS Pub A § 3238-a (2011)

§ 3238-a. [Expires and repealed July 1, 2034] Payment to city of New York

Notwithstanding any inconsistent provision of law, the corporation shall transfer to the city of New York one hundred seventy million dollars from the resources of the corporation pursuant to section thirty-two hundred thirty-nine of this title. Such payment shall be made [fig 1] during [fig 2] each city fiscal year. Such payments from the corporation shall be made from the fund established by section ninety-two-r of the state finance law and in accordance with the provisions thereof.

The city of New York, acting by the mayor alone, may assign all or any portion of such amount to any not-for-profit corporation incorporated pursuant to section fourteen hundred eleven of the not-for-profit corporation law and, upon such assignment, the amount so assigned shall be the property of such not-for-profit corporation for all purposes. Following notice from the city of New York to the corporation and the comptroller of such assignment, such payment shall be made directly to the city's assignee. If such not-for-profit corporation issues bonds and/or notes, the state does hereby pledge and agree with the holders of any issue of bonds and/or notes secured by such a pledge that the state will not limit or alter the rights vested in such not-for-profit corporation to fulfill the terms of any agreements made with such holders or in any way impair the rights and remedies of such holders or the security for such bonds and/or notes until such bonds and/or notes, together with the interest thereon and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully paid and discharged. The foregoing pledge and agreement may be included in any agreement with the holders of such bonds or notes. Nothing contained in this section shall be deemed to restrict the right of the state to amend, modify, repeal or otherwise alter statutes imposing or relating to the taxes subject to such assignment, but such taxes shall in all events continue to be so payable, as assigned, so long as any such taxes are imposed.

HISTORY:

Add, L 2003, ch 62, § 1 (Part A4), eff July 1, 2003, expires and repealed July 1, 2034 (see 2003 note below); amd, L 2003, ch 63, § 1 (Part V), eff July 1, 2003, expires and repealed July 1, 2034.

Opening par, formerly entire section, so designated opening par and amd, L 2003, ch 63, § 1 (Part V), eff July 1, 2003, expires and repealed July 1, 2034.

The 2003 act deleted at fig 1 "by the comptroller" and at fig 2 "the"

Closing par, add, L 2003, ch 63, § 1 (Part V), eff July 1, 2003, expires and repealed July 1, 2034.

NOTES:

Editor's Notes

Laws 2003, ch 62, § 3 (Part A4), eff July 1, 2003, expires and repealed July 1, 2034, provides as follows:

§ 3. This act shall take effect on the first of July next succeeding the date on which it shall have become a law and shall expire and be deemed repealed on July 1, 2034.

Case Notes:

Court declined to enjoin the City of New York and the Sales Tax Asset Receivable Corporation from implementing the Municipal Assistance Corporation Refinancing Act after the Local Government Assistance Corporation (LGAC) argued that the Act it involved an unconstitutional multi-year obligation because it did not subject the annual payments to a referendum or to an appropriation by the legislature; *N.Y. Pub. Auth. Laws § 3238-a* required that payments to the city be made in accordance with *N.Y. State Fin. Law § 92-r*, which required an appropriation prior to payment, and although the legislature had modified *N.Y. Pub. Auth. Laws § 3240(5)*, it left intact § 3240(3), which required that payments to the LGAC be appropriated. *Local Gov't Assistance Corp. v Sales Tax Asset Receivable Corp. (2003, Sup) 764 NYS2d 577.*

Plain reading of the phrase "notwithstanding any inconsistent provision of law" in *N.Y. Pub. Auth. Law § 3238-a* reveals an intent on the part of the Legislature to require the Local Government Assistance Corporation (LGAC) to make the annual payments to New York City, even if some other provision would prohibit LGAC from making payments of this sort; *N.Y. Pub. Auth. Law § 3241(1)* merely confirms the priority of payment set forth in LGAC's contract with its bondholders and does not prohibit LGAC from making such payments to the City; thus, while *N.Y. Pub. Auth. Law § 3238-a* requires LGAC to make annual payments to the City, it does not modify or repeal the State's pledge to honor the contractual rights and remedies of LGAC's bondholders pursuant to § 3241(1) and, therefore, does not violate U.S. Const. art. I, § 10. *Local Gov't Assistance Corp. v Sales Tax Asset Receivable Corp. (2004) 2 NY3d 524, 780 NYS2d 507, 813 NE2d 587.*

Amended sentence of *N.Y. Pub. Auth. Law § 3240(5)* was intended to apply only to the previous sentence, not the entire subdivision because, reading the Municipal Assistance Corporation Refinancing Act, 2003 N.Y. Laws ch. 62, part A4; 2003 N.Y. Laws ch. 63, part V, as a whole, other provisions of the Act explicitly require that the payments be subject to annual legislative appropriation, including (1) *N.Y. Pub. Auth. Law § 3238-a*'s provision requiring payments to be made from the Tax Fund established by *N.Y. State Fin. Law § 92-5(1)* and in accordance with the appropriation requirement of § 92-r(5)(a); (2) *N.Y. Pub. Auth. Law § 3240(1)*'s requirement that the Local Government Assistance Corporation (LGAC) include the payments to New York City in its annual certification, and (3) § 3240(3)'s requirement that the Comptroller can only pay the amount certified by the LGAC only if it has first been appropriated by the State. Thus, the Act does not violate the appropriation requirements of *N.Y. Const. art. VII, § 11*. *Local Gov't Assistance Corp. v Sales Tax Asset Receivable Corp. (2004) 2 NY3d 524, 780 NYS2d 507, 813 NE2d 587.*

Debt under *N.Y. Const. art. VIII, § 2* can arise only where the municipality has incurred a legal obligation to fund the public benefit corporation's debt service to its bondholders should the corporation default on its obligation; thus, New York City's assignment of its right under *N.Y. Pub. Auth. Law § 3238-a* to receive the Local Government Assistance Corporation's (LGAC) annual payment to a non-profit organization, in exchange for the proceeds on the bonds that the non-profit would issue, was not a debt of the City requiring a pledge of the City's faith and credit under *N.Y. Const. art. VIII, § 2* where the City had no legal obligations either to the nonprofit or to its bondholders should LGAC fail to make its payment to the non-profit. *Local Gov't Assistance Corp. v Sales Tax Asset Receivable Corp. (2004) 2 NY3d 524, 780 NYS2d 507, 813 NE2d 587.*



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NY CLS Pub A § 3239 (2011)

§ 3239. Resources of the corporation

1. Subject to the provisions of this title, the directors of the corporation shall receive, accept, invest, administer, expend and disburse for its corporate purposes all monies for the corporation from whatever sources derived including:

- (a) payments by the state pursuant to the provisions of section three thousand two hundred forty of this title; and
- (b) any other payments, gifts, or appropriations to the corporation from any other source.

2. The monies of the corporation shall be held by the corporation and may be invested as provided in subdivision ten of section thirty-two hundred thirty-five of this title. Subject to provisions of any contract with bondholders or noteholders, all monies received by the corporation other than as proceeds of its bonds or notes which, together with other monies of the corporation available for the operating expenses of the corporation, the payment of debt service and the other purposes listed in section thirty-two hundred forty of this title, exceed the amount required for such purposes shall be applied by the corporation to the acceleration of the payment of principal on the bonds or notes of the corporation or to the redemption thereof.

3. The comptroller or legally authorized representative, from time to time may examine the books and accounts of the corporation, including its receipts, disbursements, contracts, reserves, investments, and any other matters relating to its financial standing. Such an examination should be conducted by the comptroller or such legally authorized representative at least once every five years; in lieu of such an examination, the comptroller may accept from the corporation an external examination of the books and accounts made at the request of the directors of the corporation.

HISTORY:

Add, L 1990, ch 220, § 1, eff June 11, 1990.

Case Notes:

Agreement with bondholders, pursuant to N.Y. *Pub. Auth. Law § 3241(1)* was not breached by the requirement under N.Y. *Pub. Auth. Law § 3238-a* that mandated a \$ 170,000,000 payment to New York City because the payments were not made at the expense of existing bondholders and the payment was subject to an annual appropriation; if there was an annual shortfall, nothing in N.Y. *Pub. Auth. Law 3239(1)* required that the payment be made. *Local Gov't As-*

sistance Corp. v Sales Tax Asset Receivable Corp. (2004, App Div, 3d Dept) 773 NYS2d 460, motion gr (2004, NY) 2004 NY LEXIS 595.



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NY CLS Pub A § 3240 (2011)

§ 3240. Payments to the corporation

1. Not less than one hundred twenty days before the beginning of each fiscal year of the corporation (but not later than October first, nineteen hundred ninety, for the fiscal year ending March thirty-first, nineteen hundred ninety-one) the chairperson of the corporation shall certify to the state comptroller and to the governor a schedule of cash requirements for such fiscal year. The total amount so certified for such fiscal year shall be equal to the total amount of the debt service then due on the bonds and notes of the corporation, including payments of interest and principal (including sinking fund payments) including payments required to be made pursuant to section thirty-two hundred thirty-eight-a of this title, together with:

(a) the amount, if any, due to any provider of any bond or note facility, representing payments made by it as provided in the applicable resolution or trust indenture as a result of any previous failure of the state to make any payment provided for in this section, including any related reasonable interest, fees or charges so provided,

(b) the amount, if any, required to restore the capital reserve fund to the capital reserve fund requirement to the extent any deficiency therein has resulted directly or indirectly from failure by the state to make any payment provided for in this section,

(c) the amount, if any, required to be rebated to the United States to provide for continued federal tax exemption for bonds and notes of the corporation, and

(d) the expenses of the establishment and continued operating expenses of the corporation, but not in excess of one hundred thousand dollars, exclusive of trustees' fees, fees payable to providers of bond or note facilities, fees for issuing and paying agents, remarketing agents and dealers, counsels, financial advisors, independent auditors, providers of interest rate exchange agreements, rating agencies, transfer or information agents, the publication of advertisements and notices, surety arrangements, and printers; fees or charges incurred by the corporation to comply with applicable federal and state securities or tax laws; and any other costs of issuance in excess of the amount provided therefor in the proceeds of the sale of bonds or notes of the corporation, to the extent that any of the foregoing amounts or expenses are not to be paid from other resources available to the corporation for such purpose.

1-a. The chairperson of the corporation may revise such certification at such times as shall be determined by the chairperson, provided, however, that the chairperson of the corporation shall revise such certification not later than thirty days after the issuance of any bonds or notes of the corporation including refunding bonds, and the adoption of any interest rate exchange or other financial arrangement affecting the cash requirements of the corporation.

2. The schedule accompanying such certification shall provide for payments on such dates as the corporation deems appropriate to ensure that sufficient funds will be available from the sources identified in this section to enable it to meet its current obligations as they become due.
3. Upon receipt of such certification, or any revision thereof, the comptroller shall pay such amount to the corporation for payment or deposit in accordance with such certification, from the local government assistance tax fund established by section ninety-two-r of the state finance law or from any other amount appropriated for such purpose to the extent that moneys in such fund are insufficient for such purpose. Any such payment shall be made within thirty days of the receipt of the certification or at the time specified within the certification, whichever is later, provided that any such amounts shall have been first appropriated by the state.
4. In any year in which the state appropriates money out of any other funds available to it directly for the payment of debt service of the corporation or for any other corporate purposes for which payments out of the local government assistance fund may be made, except any appropriated amount in respect of a deficiency in such fund, the amount certified by the chairperson of the corporation shall be reduced by the amount of such direct state payments. Provided however, this subdivision shall not apply for payments made pursuant to section thirty-two hundred thirty-eight-a of this title.
5. The agreement of the state contained in this section shall be deemed executory only to the extent of appropriations available for payments under this section and no liability on account of any such payment shall be incurred by the state beyond such appropriations. The state, acting through the director of the budget, and the corporation may enter into, amend, modify, or rescind one or more agreements providing for the specific manner, timing, and amount of payments to be made under this section, but only in conformity with this section. Provided however, this subdivision shall not apply for payments made pursuant to section thirty-two hundred thirty-eight-a of this title.
6. Nothing contained in this title shall be deemed to restrict the right of the state to amend, repeal, modify or otherwise alter statutes imposing or relating to the taxes imposed pursuant to sections eleven hundred five and eleven hundred ten of the tax law. The corporation shall not include within any resolution, contract or agreement with holders of the bonds or notes issued under this title any provision which provides that a default occurs as a result of the state exercising its right to amend, repeal, modify or otherwise alter the taxes imposed pursuant to sections eleven hundred five and eleven hundred ten of the tax law.

HISTORY:

Add, L 1990, ch 220, § 1, eff June 11, 1990.

Sub 1, opening par, amd, L 2003, ch 62, § 2 (Part A4), eff July 1, 2003, expires and repealed July 1, 2034 (see 2003 note below).

Sub 1, par (d), amd, L 1991, ch 2, § 5, eff Jan 29, 1991.

Sub 1-a, add, L 1991, ch 2, § 6, eff Jan 29, 1991.

Sub 4, amd, L 2003, ch 62, § 2 (Part A4), eff July 1, 2003, expires and repealed July 1, 2034 (see 2003 note below).

Sub 5, amd, L 2003, ch 62, § 2 (Part A4), eff July 1, 2003, expires and repealed July 1, 2034 (see 2003 note below).

NOTES:

Editor's Notes

Laws 2003, ch 62, § 3 (Part A4), eff July 1, 2003, expires and repealed July 1, 2034, provides as follows:

§ 3. This act shall take effect on the first of July next succeeding the date on which it shall have become a law and shall expire and be deemed repealed on July 1, 2034.

New York References:

This section referred to in § 3239

Case Notes:

Court declined to enjoin the City of New York and the Sales Tax Asset Receivable Corporation from implementing the Municipal Assistance Corporation Refinancing Act after the Local Government Assistance Corporation (LGAC) argued that the Act involved an unconstitutional multi-year obligation because it did not subject the annual payments to a referendum or to an appropriation by the legislature; N.Y. *Pub. Auth. Laws* § 3238-a required that payments to the city be made in accordance with N.Y. *State Fin. Law* § 92-r, which required an appropriation prior to payment, and although the legislature had modified N.Y. *Pub. Auth. Laws* § 3240(5), it left intact § 3240(3), which required that payments to the LGAC be appropriated. *Local Gov't Assistance Corp. v Sales Tax Asset Receivable Corp.* (2003, *Sup*) 764 NYS2d 577.

Municipal Assistance Corporation Refinancing Act, 2003 N.Y. Laws ch. 62, part A4; 2003 N.Y. Laws ch. 63, part V, does not violate N.Y. *Const. art. VII, § 11* because it ensures that any payments to New York City are subject to an annual legislative appropriation notwithstanding the amendment to N.Y. *Pub. Auth. Law* § 3240(5) and the entire purpose of channeling the annual payments through the Local Government Assistance Corporation (LGAC) is to make use of LGAC's trapping mechanism, which gives the Legislature an incentive, but not an obligation, to appropriate. *Local Gov't Assistance Corp. v Sales Tax Asset Receivable Corp.* (2004) 2 NY3d 524, 780 NYS2d 507, 813 NE2d 587.

Amended sentence of N.Y. *Pub. Auth. Law* § 3240(5) was intended to apply only to the previous sentence, not the entire subdivision because, reading the Municipal Assistance Corporation Refinancing Act, 2003 N.Y. Laws ch. 62, part A4; 2003 N.Y. Laws ch. 63, part V, as a whole, other provisions of the Act explicitly require that the payments be subject to annual legislative appropriation, including (1) N.Y. *Pub. Auth. Law* § 3238-a's provision requiring payments to be made from the Tax Fund established by N.Y. *State Fin. Law* § 92-5(1) and in accordance with the appropriation requirement of § 92-r(5)(a); (2) N.Y. *Pub. Auth. Law* § 3240(1)'s requirement that the Local Government Assistance Corporation (LGAC) include the payments to New York City in its annual certification, and (3) § 3240(3)'s requirement that the Comptroller can only pay the amount certified by the LGAC only if it has first been appropriated by the State. Thus, the Act does not violate the appropriation requirements of N.Y. *Const. art. VII, § 11*. *Local Gov't Assistance Corp. v Sales Tax Asset Receivable Corp.* (2004) 2 NY3d 524, 780 NYS2d 507, 813 NE2d 587.



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NY CLS Pub A § 3241 (2011)

§ 3241. Agreement with the state

1. The state does hereby pledge to and agree with the holders of any bonds or notes issued under this title and with the providers of any bond or note facilities that the state will not limit or alter the rights hereby vested in the corporation to fulfill the terms of any agreements made with the said holders or the said providers, or in any way impair the rights and remedies of such holders or providers until such bonds and notes, together with the interest thereon, with interest on any unpaid installments of interest, and all obligations of the corporation to such providers, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders or providers, are fully met and discharged. The corporation is authorized to include this pledge and agreement of the state in any agreement with the holders of such bonds or notes or with any such providers.

2. In order to induce prospective purchasers to purchase bonds and notes of the corporation, the state hereby further pledges and agrees with the holders of bonds and notes of the corporation that, while any bonds or notes of the corporation are outstanding, the state will abide by and not amend the provisions of section three thousand two hundred forty-one-a of this title other than amendments which implement or clarify any ambiguity in its terms in ways that do not have a material adverse effect on the protections established in such section. The corporation shall include the pledge and agreement set forth herein in any agreement with the holders of its bonds and notes.

HISTORY:

Add, L 1990, ch 220, § 1, eff June 11, 1990.

Case Notes:

Agreement with bondholders, pursuant to N.Y. *Pub. Auth. Law § 3241(1)* was not breached by the requirement under N.Y. *Pub. Auth. Law § 3238-a* that mandated a \$ 170,000,000 payment to New York City because the payments were not made at the expense of existing bondholders and the payment was subject to an annual appropriation; if there was an annual shortfall, nothing required that the payment be made. *Local Gov't Assistance Corp. v Sales Tax Asset Receivable Corp.* (2004, App Div, 3d Dept) 773 NYS2d 460, motion gr (2004, NY) 2004 NY LEXIS 595.

Plain reading of the phrase "notwithstanding any inconsistent provision of law" in N.Y. *Pub. Auth. Law § 3238-a* reveals an intent on the part of the Legislature to require the Local Government Assistance Corporation (LGAC) to

NY CLS Pub A § 3241

make the annual payments to New York City, even if some other provision would prohibit LGAC from making payments of this sort; N.Y. *Pub. Auth. Law* § 3241(1) merely confirms the priority of payment set forth in LGAC's contract with its bondholders and does not prohibit LGAC from making such payments to the City; thus, while N.Y. *Pub. Auth. Law* § 3238-a requires LGAC to make annual payments to the City, it does not modify or repeal the State's pledge to honor the contractual rights and remedies of LGAC's bondholders pursuant to § 3241(1) and, therefore, does not violate U.S. Const. art. I, § 10. *Local Gov't Assistance Corp. v Sales Tax Asset Receivable Corp.* (2004) 2 NY3d 524, 780 NYS2d 507, 813 NE2d 587.



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NY CLS Pub A § 3241-a (2011)

§ 3241-a. Limitation on issuance of tax and revenue anticipation notes by the state

1. Except as otherwise provided in subdivision two of this section, the aggregate principal amount of tax and revenue anticipation notes issued pursuant to section nine of article seven of the constitution in any fiscal year by the state and maturing in such fiscal year shall not exceed the amount of four billion seven hundred million dollars, less the aggregate principal amount of bonds and notes theretofore issued by the corporation exclusive of any bonds or notes referred to in subparagraph (i) or (iii) of paragraph (a) of subdivision eight of section thirty-two hundred thirty-six of this title, or excluded by paragraph (b) of such subdivision.

2. The state may issue in any fiscal year tax and revenue anticipation notes in an aggregate principal amount in excess of the limit on issuance set forth in subdivision one of this section, if and only if there shall have first been executed in such fiscal year a written certificate signed by the governor, the temporary president of the senate and the speaker of the assembly, which shall set forth:

(a) the emergency or extraordinary factors or factors unanticipated at the time of adoption of the budget for the fiscal year in which such borrowing is to be made that gave rise to the need for the issuance of tax and revenue anticipation notes in excess of such limit, and

(b) the amount of tax and revenue anticipation notes projected to be issued in each of the three fiscal years commencing subsequent to the fiscal year in which such limit was originally exceeded, which will result in the elimination of such excess as soon as practicable but in no event later than by the end of the third fiscal year commencing subsequent to the fiscal year in which such limit was originally exceeded.

3. The need for the issuance referred to in paragraph (a) of subdivision two of this section shall be in the conclusive, final and binding discretion of the signatories to the written certificate described in subdivision two of this section and not subject to judicial challenge or review.

4. In no event shall a written certificate referred to in subdivision two of this section be issued in more than four consecutive fiscal years.

5. In the event of any inconsistency between this section and any amendment to the constitution relating to the issuance of tax and revenue anticipation notes, the provisions of such constitutional amendment shall control.

6. Nothing contained in this section shall be deemed to relieve the state of its obligation to repay tax and revenue anticipation notes within one year from the date of issuance thereof.

HISTORY:

Add, L 1990, ch 220, § 1, eff June 11, 1990.

NOTES:

New York References:

This section referred to in § 3241



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NY CLS Pub A § 3242 (2011)

§ 3242. State and local governments not liable on bonds and notes

The notes, bonds or other obligations of the corporation shall not be a debt of the state or of any local government, and neither the state nor any local government shall be liable thereon, nor shall they be payable out of any funds other than those of the corporation; and such bonds and notes shall contain on the face thereof a statement to such effect.

HISTORY:

Add, L 1990, ch 220, § 1, eff June 11, 1990.



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NY CLS Pub A § 3243 (2011)

§ 3243. Remedies of bondholders and noteholders

1. Subject to the provisions of section three thousand two hundred thirty-six of this title, in the event that the corporation shall default in the payment of principal of or interest on or sinking fund payment on any issue of bonds or notes after the same shall become due, whether at maturity or upon call for redemption, or in the event that the corporation or the state shall default in any agreement made with the holders of any issue of bonds or notes, the holders of twenty-five per centum in aggregate principal amount of the bonds or notes of such issue then outstanding, by instrument or instruments filed in the office of the clerk of the county of Albany and proved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of such bonds or notes for the purposes herein provided.

2. Such trustee, or any trustee appointed under section three thousand two hundred thirty-six of this title, may, and upon written request of the holders of twenty-five per centum in principal amount of such bonds or notes then outstanding shall, in his or its own name:

(a) by suit, action or proceeding in accordance with the civil practice law and rules, enforce all rights of the bondholders or noteholders, including the right to require the corporation to carry out any agreement with such holders and to perform its duties under this title;

(b) bring suit upon such bonds and notes;

(c) by action or suit, require the corporation to account as if it were the trustee of an express trust for the holders of such bonds or notes;

(d) by action or suit, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of such bonds or notes; and

(e) declare all such bonds or notes due and payable, and if all defaults shall be made good, then, with the consent of the holders of twenty-five per centum of the principal amount of such bonds or notes then outstanding annul such declaration and its consequences provided, however, that nothing herein shall preclude the corporation from agreeing that consent of the provider of a bond or note facility is required for an acceleration of related bonds or notes in the event of a default other than a failure to pay principal of or interest on the bonds or notes when due.

3. The supreme court shall have jurisdiction of any suit, action or proceeding by the trustee on behalf of such bondholders or noteholders. The venue of any such suit, action or proceeding shall be laid in the county of Albany.

4. Before declaring the principal of bonds or notes due and payable, the trustee shall first give thirty days' notice in writing to the corporation, the governor, the comptroller, the temporary president of the senate, the speaker of the assembly and to the attorney general of the state.

HISTORY:

Add, L 1990, ch 220, § 1, eff June 11, 1990.

Sub 2, par (e), amd, L 1991, ch 2, § 7, eff Jan 29, 1991.



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NY CLS Pub A § 3244 (2011)

§ 3244. Bonds and notes as legal investments

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

HISTORY:

Add, L 1990, ch 220, § 1, eff June 11, 1990.



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NY CLS Pub A § 3245 (2011)

§ 3245. Exemption from taxation

1. It is hereby determined that the creation of the corporation and the carrying out of its corporate purpose is in all respects a public and governmental purpose for the benefit of the people of the state and for the improvement of their health, safety, welfare, comfort and security, and that said purposes are public purposes and that the corporation will be performing an essential governmental function in the exercise of the powers conferred upon it by this title.

2. The property of the corporation and its income and operations shall be exempt from taxation.

3. The bonds and notes of the corporation issued pursuant to this title and the income therefrom and all its fees, charges, gifts, grants, revenues, receipts, and other monies received or to be received, pledged to pay or secure the payment of such bonds or notes shall at all times be free from taxation, except for estate and gift taxes on transfers.

4. In the case of any bonds or notes of the corporation, interest on which is intended to be exempt from federal income tax, the corporation shall prescribe restrictions on the use of the proceeds thereof and related matters as are necessary to assure such exemption, and the recipients of such proceeds shall be bound thereby to the extent such restrictions shall be made applicable to them.

HISTORY:

Add, L 1990, ch 220, § 1, eff June 11, 1990.



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NY CLS Pub A § 3246 (2011)

§ 3246. Employees of the corporation

1. In order to reduce its operating expenses the corporation shall, to the extent practicable, utilize existing employees of the state, pursuant to section thirty-two hundred forty-eight of this title, hiring its own employees only if the necessary functions of the corporation cannot be performed without the hiring of such employees. Employee compensation shall be paid only from appropriations made to the corporation by law.

2. In accordance with the provisions of section seventy of the civil service law and any applicable collective bargaining agreement, the state and the corporation shall have the power to provide for the transfer to the corporation of such agents, employees and facilities of the state as shall enable the corporation to fulfill its corporate purposes. Employees of the state so transferred shall be appointed, without further examination, to the corporation in the same or equivalent classification and position they hold at the time of the transfer.

3. A transferred employee shall remain in the same collective bargaining unit as was the case prior to his or her transfer; successor employees to the positions held by such transferred employees shall, consistent with the provisions of article fourteen of the civil service law, be included in the same unit as their predecessors. Employees serving in positions in newly created titles shall be assigned to such same collective bargaining unit if they would have been assigned to such unit were such titles created prior to the establishment of the corporation. Nothing contained in this title shall be construed to diminish (a) the rights of employees pursuant to a collective bargaining agreement or (b) to affect existing law with respect to an application to the public employment relations board seeking a designation by the board that certain persons are managerial or confidential.

4. The corporation and its employees shall be subject to article fourteen of the civil service law and for all purposes the corporation shall be deemed a "public employer".

HISTORY:

Add, L 1990, ch 220, § 1, eff June 11, 1990.



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*** THIS SECTION IS CURRENT THROUGH 2011 RELEASED CHAPTERS 1-15, 50-54, 57 AND 58 ***

PUBLIC AUTHORITIES LAW
ARTICLE 10-B. [NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION] [n1]
TITLE 4. NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION

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NY CLS Pub A § 3247 (2011)

§ 3247. Actions against the corporation

1. An action against the corporation for death, personal injury or property damage or founded on tort shall not be commenced more than one year and ninety days after the cause of action thereof shall have accrued nor unless a notice of claim shall have been served on a director or the corporation or officer or employee thereof designated by the corporation for such purpose, within the time limited by, and in compliance with the requirements of section fifty-e of the general municipal law.

2. The venue of every action, suit or special proceeding brought against the corporation shall be laid in the county of Albany.

3. Neither any director of the corporation nor any officer, employee, or agent of the corporation, while acting within the scope of their authority, shall be subject to any personal liability resulting from exercising or carrying out of any of the corporation's purposes or powers.

HISTORY:

Add, L 1990, ch 220, § 1, eff June 11, 1990.



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NY CLS Pub A § 3248 (2011)

§ 3248. Assistance to the corporation

With the consent of the governor, comptroller or attorney general as the case may be, the corporation may use agents, employees and facilities of the state paying to the affected agency its agreed proportion of the compensation or costs.

HISTORY:

Add, L 1990, ch 220, § 1, eff June 11, 1990.

NOTES:

New York References:

This section referred to in § 3246



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PUBLIC AUTHORITIES LAW
ARTICLE 10-B. [NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION] [n1]
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Go to the New York Code Archive Directory

NY CLS Pub A § 3249 (2011)

§ 3249. Preference for actions or proceeding [n1] against the corporation

Any action or proceeding to which the corporation or the people of the state may be parties, in which any question arises as to the validity of this title, shall be preferred over all other civil causes of action or cases, except election causes of action or cases, in all courts of the state and shall be heard and determined in preference to all other civil business pending therein, except election causes, irrespective of position on the calendar. The same preference shall be granted upon application of the corporation or its counsel in any action or proceeding questioning the validity of this title in which the corporation may be allowed to intervene. The venue of any such action or proceeding shall be laid in the supreme court of the county of Albany.

HISTORY:

Add, L 1990, ch 220, § 1, eff June 11, 1990.

FOOTNOTES:

[n1] [n1] Does not conform with Article schedule.

NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION
BY-LAWS

ARTICLE I
THE CORPORATION

SECTION 1. The Corporation. The New York Local Government Assistance Corporation (the "Corporation") is a corporate governmental agency constituting a public benefit corporation.

SECTION 2. Acts of the Corporation. All acts, agreements and documents of the Corporation shall be performed or executed in the name of the Corporation by a Director or other duly authorized officer of the Corporation.

SECTION 3. Certification of Instruments. Each Director or other duly authorized officer of the Corporation shall have the authority, when necessary or appropriate, to certify the records, proceedings, rules and regulations and other instruments of the Corporation and to affix and attest to the official seal of the Corporation on contracts and other instruments of the Corporation.

SECTION 4. Administration. The powers, organization and administration of the Corporation shall be in accordance with the provisions of the New York Local Government Assistance Corporation Act, other applicable laws and these By-Laws.

SECTION 5. Fiscal Year. The fiscal year of the Corporation shall begin April 1 and end the following March 31.

SECTION 6. Seal of the Corporation. The official seal of the Corporation shall be in such form as may be determined, from time to time, by the resolution of the Directors of the Corporation. No document properly executed by a Director or other duly authorized officer or employee of the Corporation on behalf of the Corporation shall be required to be sealed to be

binding and effective. The seal on any corporate obligation for the payment of money may be a facsimile.

SECTION 7. Offices. The principal office and place of business of the Corporation shall be located in the city of Albany, New York, State of New York. The Corporation may also have other offices at such other places within the State of New York as may be deemed necessary by the Directors of the Corporation.

ARTICLE II DIRECTORS

SECTION 1. Directors. The business and affairs of the Corporation shall be managed by the Directors of the Corporation, who shall be selected and shall hold office as provided in the New York Local Government Assistance Corporation Act.

SECTION 2. Compensation of Directors. The Directors of the Corporation shall serve without salary, but each Director shall be reimbursed for actual necessary expenses incurred in the performance of such Director's official duties as a Director of the Corporation.

SECTION 3. Chairperson and Vice-Chairperson. The Governor shall designate a Chairperson and a Vice-Chairperson from among the Directors. The Chairperson shall preside over all meetings of the Directors and shall have such other duties as the Directors of the Corporation may direct. The Vice-Chairperson shall preside over all meetings of the Directors in the absence of the Chairperson and shall have such other duties as the Directors of the Corporation may prescribe. The Vice-Chairperson is authorized to perform all duties of the Chairperson in the event of absence, unavailability or incapacity of the Chairperson.

SECTION 4. Appointment and Delegation. The Directors of the Corporation may appoint such officers, employees and other agents of the Corporation as are deemed necessary to effectuate the purposes of the Corporation and may delegate to such officers, employees and

agents such powers and duties as the Directors may deem proper and in accordance with the above goal.

ARTICLE III
MEETINGS OF THE CORPORATION

SECTION 1. Annual Meeting. The Annual Meeting of the Corporation shall be held on such date as shall be agreed upon by the Directors and shall be designated in the notice of such meeting.

SECTION 2. Regular Meetings. The Directors of the Corporation may establish a schedule of regular meetings to be held, within the State of New York, between the annual meetings.

SECTION 3. Special Meetings. Special Meetings may be called by the Chairperson, whenever she/he deems it expedient, and shall be called by the Chairperson upon request of a majority of the Directors of the Corporation.

SECTION 4. Notice. Five days notice shall be given to each Director prior to any meeting of the Corporation.

SECTION 5. Waiver of Notice. Notice of any meeting of the Corporation need not be given to any Director if waived in writing by him/her either before or after such meeting, or if he/she shall be present at such meeting. No notice may be given of any meeting if all the Directors then in office shall be present thereat. Notice of an adjourned meeting need not be given to any Director present at the time of the adjournment.

SECTION 6. Quorum and Exercise of Powers. A majority of the whole number of Directors then in office shall constitute a quorum for the transaction of any business or the exercise of any power of the Corporation. The Corporation shall have power to act by a majority of the Directors present at any meeting at which a quorum is in attendance, except a unanimous

vote of all Directors then in office shall be required for approval of a resolution authorizing the issuance of bonds or notes or any supplemental or amendatory resolution.

SECTION 7. Meetings by Conference Telephone. If the Chairperson determines there is a need for the Directors to act before such time as it is possible or practicable to bring a quorum of the Directors together at the same location, the Chairperson may give notice that Directors may participate in a meeting of the Corporation by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other and persons present at the designated place of the meeting can hear all of the persons participating in the meeting, and such participation in the meeting shall constitute presence in person at such meeting. Any required notice of the place of a meeting at which participation is by means of a conference telephone or similar communications equipment shall be sufficient if it designates as the place of the meeting, the place at which one or more of the participants in the meeting is located at the time the meeting is held.

SECTION 8. Procedure. The order of business and all other matters of procedure at each meeting of the Corporation may be determined by the presiding officer.

ARTICLE IV COMMITTEES

SECTION 1. Committees. The Corporation may create one or more committees of the Corporation, which committees shall exercise the powers and perform such duties as the Corporation may determine.

ARTICLE V INDEMNIFICATION

SECTION 1. Indemnification of Officers, Directors and Employees. The Corporation shall indemnify and hold harmless all Directors, officers and employees of the Corporation in the same manner as State employees are indemnified in their official actions and to the full extent

permitted by law, as the same may exist at the time such person may become entitled to indemnification by the Corporation.

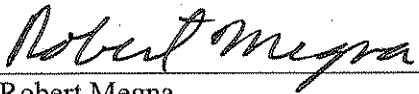
ARTICLE VI
AMENDMENTS

SECTION 1. Amendments. These By-Laws may be amended by resolution duly adopted at any meeting, provided that notice of intention to present such resolution shall have been given in advance of the meeting at which the motion to adopt such resolution is made. Such notice shall have appended thereto the complete, written text of the By-Laws being proposed. Approval of amended By-Laws requires affirmative vote of a majority of the Directors present at a meeting at which such a quorum is in attendance.

ARTICLE VII
SUSPENSION OF BY-LAWS

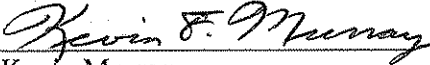
SECTION 1. Suspension of By-Laws. By affirmative vote of a majority of Director present at a meeting at which a quorum is in attendance, the provisions of any or all of these By-Laws, except as may be otherwise provided by law, may be temporarily suspended.

As amended this 25th day of
October, 2010 by:



Robert Megna
Vice-Chairperson

Thomas DiNapoli
Director



Kevin Murray
Director

Marc Shaw
Director

As amended this 25th day of
October, 2010 by:

Robert Megna
Vice-Chairperson

Thomas DiNapoli
Director

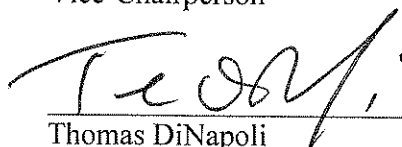
Kevin Murray
Director



Marc Shaw
Director

As amended this 25th day of
October, 2010 by:

Robert Megna
Vice-Chairperson



Thomas DiNapoli
Director

Kevin Murray
Director

Marc Shaw
Director

APPENDIX E
NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION
2010-11 BOND SALE REPORT

<u>Series/Total Par</u>	<u>Purpose</u>	<u>Type of Sale</u>	<u>Bond Closing Date</u>	<u>True Interest Cost</u>	<u>Cost of Issuance*</u>
Series 2010A Subordinate Lien \$250,050,000 Par Fixed Rate Tax- Exempt Bonds	Refunded Series 1995 B, D, F & G (Variable Rate Bonds) with Fixed Rate Bonds	Competitive	May 27, 2010	3.144144%	\$1,294,345.08
Series 2010B Subordinate Lien \$206,020,000 Par Fixed Rate Tax- Exempt Bonds	Refunded Series 1993A and 1994B (Variable Rate Bonds) with Fixed Rate Bonds	Competitive	December 1, 2010	2.905434%	\$ 739,858.34**
Series 2003A-4V Subordinate Lien Refunding Bonds \$137,500,000 Par Variable Rate Tax-Exempt Bonds	Remove FSA Municipal Bond Insurance Policy and Reoffer Bonds as Uninsured Variable Rate Bonds	Negotiated (The Refunded Bonds Remarketing Agent, JPMorgan, was the Underwriter for the Uninsured Variable Rate Bonds.)	December 1, 2010	Not Applicable	\$ 158,345.08**

Initial Reset Rate was 0.31 %

*Contains Underwriter Discount, if any.

**Contains estimates for Bond Counsel Fee.

Appendix F

Audited Financial Statements

NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION

(A Component Unit of the State of New York)



Basic Financial Statements

for fiscal year ended March 31, 2011

NEW YORK
LOCAL GOVERNMENT ASSISTANCE CORPORATION
(A Component Unit of the State of New York)
Basic Financial Statements
Year Ended March 31, 2011

T A B L E O F C O N T E N T S

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Basic Financial Statements:	
Governmental Funds Balance Sheet/Statement of Net Assets (Deficit).....	8
Statement of Revenues, Expenditures and Changes in Fund Balances/ Statement of Activities.....	9
Notes to the Financial Statements.....	10

TOSKI, SCHAEFER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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WILLIAMSVILLE, NY 14221
(716) 634-0700

14 CORPORATE WOODS BLVD.
ALBANY, NY 12211
(518) 935-1069

INDEPENDENT AUDITORS' REPORT

The Board of Directors
New York Local Government Assistance Corporation:

We have audited the accompanying financial statements of the governmental activities (statement of net assets (deficit) and statement of activities) and each major fund of the New York Local Government Assistance Corporation (the Corporation), a blended component unit of the State of New York, as of and for the year ended March 31, 2011, which collectively comprise the Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of New York Local Government Assistance Corporation as of March 31, 2011, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 10, 2011 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's discussion and analysis on pages 3 through 7 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Toski, Schaefer & Co., P.C.

Williamsville, New York
June 10, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The following discussion and analysis of the New York Local Government Assistance Corporation's (Corporation or LGAC) financial performance provides an overview of the Corporation's financial activities for the fiscal year ended March 31, 2011.

FINANCIAL HIGHLIGHTS

- The Corporation's total bonds outstanding at year-end were \$3.4 billion net of unamortized amounts, a decrease of \$271 million from the prior year.
- The Corporation's variable interest rate bonds outstanding on March 31, 2011 comprised approximately 31 percent of all its outstanding bonds; however, the Corporation has effectively reduced this amount to approximately 4 percent through the use of interest rate exchange agreements.
- In May 2010, the Corporation issued \$250.1 million par amount of fixed rate bonds and generated premium to refund \$277.4 million existing variable rate bonds.
- In December 2010, the Corporation issued \$206 million par amount of fixed rate bonds and using premium realized and capital reserve fund release refunded \$265.1 million of existing variable rate bonds.
- The Corporation, like many issuers, has been affected by the turmoil in the municipal bond market that began in 2008 including the market failure of municipal Auction Rate Securities (ARS), downgrades in the insurer financial strength ratings of certain financial guarantors (bond insurers) and the lack of and increased cost of liquidity. This has affected the portion of the Corporation's debt portfolio in variable rate mode and also has the potential to diminish the long-term value of the Corporation's Municipal Bond Debt Service Reserve Fund Policy (surety bond) provided by FGIC. The Corporation understands that pursuant to a reinsurance agreement between FGIC and National Public Finance Guarantee Corporation, a subsidiary of MBIA, Inc., National Public Finance Guarantee Corporation has reinsured certain obligations of FGIC, including the FGIC Municipal Bond Debt Service Reserve Insurance Policy on deposit in the Senior Capital Reserve Fund. As of the date hereof, National Public Finance Guarantee is rated "Baa1" by Moody's and "BBB" by S&P.
- The Corporation's net asset deficit as of March 31, 2011 of \$3.1 billion decreased by \$167 million from the previous fiscal year-end. This decrease is primarily the result of repayment of bonds, offset by a restatement of net asset balance resulting from implementation of an accounting standard which requires reporting for derivative instruments.
- During the 2010-11 year, the Corporation had revenues of \$348.4 million, which included \$346.5 million in funds drawn from appropriations from New York State.
- Total expenses of the Corporation in 2010-11 on a full accrual basis were \$139.7 million, which includes \$131.6 million for interest on the Corporation's outstanding bonds.
- The Corporation's General Fund ended the year with an annual operating deficit of \$909 thousand and a fund balance of \$2.6 million.
- The Corporation's Debt Service Fund (the Fund) ended the year with an annual operating deficit of \$47.5 million and a fund balance of \$460.2 million. Assets in the Fund included \$197.8 million in investments, \$262.1 million in cash, and \$275 thousand in interest receivable. The Corporation's Trustee held the cash to pay debt service of \$262.1 million that was payable on April 1, 2011. The annual operating deficit and related fund balance decrease in the Fund is attributable to the increased principal payments on the Corporation's bonds.
- The Corporation's \$348.9 million combined capital reserve requirements were satisfied on an amortized cost basis by holding cash and investments with an amortized cost of \$178.9 million and owning a surety bond that will pay up to \$170 million through April 1, 2021 to pay debt service, if needed.
- The bond ratings assigned to the Corporation as of March 31, 2011 were Aa2 by Moody's Investors Services, AAA by Standard and Poor's Ratings Services, and AA by Fitch Ratings.

USING THIS FINANCIAL REPORT

This financial report consists of four financial statements presented on two pages. The first two financial statements are the Governmental Funds Balance Sheet/Statement of Net Assets (Deficit) on page 8. The final two financial statements are the Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities on page 9.

The Statement of Net Assets (Deficit) and the Statement of Activities provide information about the activities of the Corporation as a whole, and present a longer term view of the Corporation's finances by focusing on total available resources and changes therein. The fund financial statements indicate how expenditures were financed in the short-term as well as reflecting amounts remaining as fund balance. Fund financial statements also report the Corporation's operations in more detail than the Corporation-wide statements by providing information about the Corporation's two separate funds: the General Fund and the Debt Service Fund.

The change in the focus between currently available resources and total available resources is identified in the Adjustments columns found on the financial statements (pages 8 and 9). To arrive at the Statement of Net Assets (Deficit), the accrued interest expense on the Corporation's bonds, the outstanding balance of bonds and certain other adjustments are added to the total column on the Governmental Funds Balance Sheet. This is displayed in the Adjustments column to the left of the Statement of Net Assets (Deficit). To arrive at the Statement of Activities, transactions relating to long-term liabilities and expenditures that were deferred and amortized are added to or eliminated from the Statement of Revenues, Expenditures and Changes in Fund Balances. For the Corporation, transactions not affecting its reported net assets are payments of debt principal, the advance repayment of debt, and expenditures incurred in prior periods. Amounts relating to the aforementioned transactions are displayed in the Adjustments column to the left of the Statement of Activities.

Reporting the Corporation as a Whole

The Statement of Net Assets (Deficit) and the Statement of Activities

These statements report the Corporation's net assets (deficit) and changes to the Corporation's net assets (deficit). Annual changes in the Corporation's net assets (deficit) - the difference between assets and liabilities - is one way to measure the Corporation's financial health or financial position. Over time, increases or decreases in the Corporation's net assets (deficit) are indicators of whether its financial health is improving or deteriorating. As the Corporation is entirely dependent on appropriations from the State of New York, in evaluating the financial health of the Corporation, the reader will also need to consider the ability and likelihood of the State to continue to make appropriations to the Corporation to support the payments of debt service on the Corporation's bonds as well as its other expenses.

Reporting the Corporation's Funds

Fund Financial Statements

The fund financial statements provide detailed information about the Corporation's two distinct funds—not the Corporation as a whole. The fund financial statements are prepared using a different approach than the Corporation-wide financial statements. The fund financial statements focus on how money flows into and out of those funds and the balances remaining at year-end. The Corporation's revenues and expenditures are reported in governmental funds. These funds are reported using the modified accrual basis of accounting, which reports revenues when they become both measurable and available to finance expenditures of the current period; expenditures are recorded in the period the liability is incurred and expected to be paid from current financial resources, with the exception of long-term liabilities which are recognized in the period they are payable. The governmental fund statements provide a detailed short-term view of the Corporation's general government operating requirements for the year ended March 31, 2011.

THE CORPORATION AS A WHOLE

The Corporation will annually report a deficit in its net assets. The deficit in the Corporation's net assets arose as it carried out its statutory purpose of eliminating the State's annual short-term borrowing. During the years 1991 through 1995, the Corporation issued long-term obligations to finance State local assistance payments, capital reserve requirements, and costs of debt issuance. This debt will be repaid from appropriations expected to be received from the State in subsequent years. This unrestricted deficit can be expected to continue for as long as the Corporation has debt outstanding.

The following table summarizes the net assets (deficit) for the current and prior years:

Table 1
Net Assets (Deficit) as of March 31, 2011 and March 31, 2010
(Amounts in thousands)

	<u>2011</u>	<u>2010</u>
Assets:		
Cash and investments	\$ 463,698	\$ 511,026
Interest receivable	275	538
Unamortized bond issuance costs	<u>10,772</u>	<u>9,614</u>
Total assets	474,745	521,178
Deferred outflows	<u>33,058</u>	<u>-</u>
Total assets and deferred outflows	507,803	521,178
Liabilities:		
Liabilities due within one year	277,756	270,907
Liabilities due in more than one year	<u>3,290,948</u>	<u>3,478,162</u>
Total liabilities	3,568,704	3,749,069
Net Assets:		
Restricted for debt service	459,948	507,229
Unrestricted (deficit)	<u>(3,520,849)</u>	<u>(3,735,120)</u>
Total net assets (deficit)	\$ (3,060,901)	\$ (3,227,891)

The Corporation's combined net deficit decreased by \$167 million from one year ago, from a deficit of \$3.2 billion to a deficit of \$3.1 billion. The decrease in the combined net deficit is primarily the result of a reduction of bonds payable resulting from the repayment of Corporation debt, offset by a restatement of net asset balance.

The following table summarizes the changes in net assets (deficit) for the current and prior years. Beginning net assets at April 1, 2010 have been restated as a result of implementation of an accounting standard which requires reporting for derivative instruments.

Table 2
Changes in Net Assets for the fiscal years ended March 31, 2011 and March 31, 2010
(Amounts in thousands)

	2011	2010
General Revenues:		
Appropriations from New York State	\$ 346,499	\$ 343,814
Investment income	1,871	2,306
Total revenues.....	348,370	346,120
Expenses:		
General and administrative.....	7,230	10,002
Cost of issuance for refunding	829	3,292
Rebate of investment earnings to the Federal government.....	-	-
Interest expense.....	131,644	132,889
Total expenses.....	139,703	146,183
Changes in net assets.....	208,667	199,937
Net assets (deficit), beginning of year, as restated	(3,269,568)	(3,427,828)
Net assets (deficit), end of year.....	\$ (3,060,901)	\$ (3,227,891)

THE CORPORATION'S FUNDS

At the close of the 2010-11 fiscal year, the Corporation reported a combined fund balance in its governmental funds (as presented in the balance sheet on page 8) of \$462.8 million, a decrease of \$48.5 million or 9.5 percent less than the prior year's combined fund balance of \$511.2 million. Included in this year's total changes in fund balances are an annual operating deficit of \$909 thousand in the Corporation's General Fund and an annual deficit of \$47.5 million in the Corporation's Debt Service Fund. The primary reason for the Debt Service Fund's annual deficit was an increase in debt service paid with no corresponding increase in appropriations drawn from the State. Instead, the Corporation funded the increased debt service payments with a release of capital reserve funds. Funds drawn from State appropriations change annually based on interest rate assumptions and cash flow assumptions.

Corporation Revenues and Expenditures

During the year, the Corporation received \$6.6 million in its General Fund from State appropriations. These revenues were used to pay \$7.5 million in general and administrative expenditures. This resulted in a decrease of \$909 thousand in the General Fund balance. The Corporation also received \$339.9 million in its Debt Service Fund from State appropriations for payment of debt service on its outstanding bonds and earned \$1.9 million in investment income on its Capital Reserve Account and other Debt Service Accounts within

the Debt Service Fund. The Corporation also paid and received \$14.6 million and \$1.5 million respectively, on its interest rate exchange agreements. These payments were included within the total amount reported as debt service interest.

Debt

The Corporation is authorized to issue up to \$4.7 billion of bonds or notes plus an amount necessary to fund capital reserve requirements, costs of issuance and a limited amount of capitalized interest. As of March 31, 1996, the Corporation had issued all the debt it was authorized to issue. Any future debt issuance is limited to refunding or portfolio management purposes. At year end, the Corporation had \$3.4 billion in bonds outstanding, net of unamortized deferred amounts. This represents a \$271 million decrease from the prior year.

In addition to the debt noted above, the Corporation has \$925 thousand in other long-term obligations which represent investment earnings payable for rebate of investment earnings to the Federal government.

As of March 31, 2011, the ratings assigned to the Corporation are as follows: Aa2 by Moody's Investors Services, AAA by Standard and Poor's Ratings Services, and AA by Fitch Ratings.

DEBT SERVICE COVERAGE RATIO

The Corporation is dependent upon receipts from the State of New York for payment of debt service on its bonds and for its operating costs. The State makes its payments from the Local Government Assistance Tax Fund (the Fund), under the custody of the State Comptroller and the Commissioner of Taxation and Finance. The Fund receives receipts collected within the State from the imposition of sales and use taxes, including interest and penalties (sales tax) at a one percent rate of taxation. Sales tax receipts received by the Fund during the State's 2010-11 fiscal year were approximately 7.4 times the maximum annual debt service at rates in effect at March 31, 2011. The calculation of maximum annual debt service assumes all variable rate bonds are unhedged, using rates in effect on March 31, 2011 and includes support costs.

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of the Corporation's finances and to show the Corporation's accountability for the money it receives and spends. If you have any questions about this report or need additional financial information, contact the Corporation's Office of Public Information at 110 State Street, 15th Floor, Albany, New York 12236, by phone at (518) 474-4015 or by email at debtmanagement@osc.state.ny.us.

NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF NEW YORK)
Governmental Funds Balance Sheet/Statement of Net Assets (Deficit)

March 31, 2011
(Amounts in thousands)

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjustments (Note 6)</u>	<u>Statement of Net Assets (Deficit)</u>
Assets:					
Cash and investments.....	\$ 3,750	\$ 459,948	\$ 463,698	\$ —	\$ 463,698
Interest receivable.....	—	275	275	—	275
Unamortized bond issuance costs.....	—	—	—	10,772	10,772
Total assets.....	<u>3,750</u>	<u>460,223</u>	<u>463,973</u>	<u>10,772</u>	<u>474,745</u>
Deferred outflows of resources.....	—	—	—	33,058	33,058
Total assets and deferred outflows of resources:.....	<u>\$ 3,750</u>	<u>\$ 460,223</u>	<u>\$ 463,973</u>	<u>43,830</u>	<u>507,803</u>
Liabilities:					
Accounts payable.....	\$ 1,200	\$ —	\$ 1,200	—	1,200
Accrued interest payable.....	—	—	—	70,106	70,106
Long-term liabilities:					
Due within one year.....	—	—	—	206,450	206,450
Due after one year:					
Bonds payable, net of amortized premiums and discounts.....	—	—	—	3,290,193	3,290,193
Derivative instruments-interest rate swaps.....	—	—	—	71,900	71,900
Rebate of investment earnings to the Federal government.....	—	—	—	925	925
Deferred loss on refunded bonds.....	—	—	—	(72,070)	(72,070)
Total liabilities.....	<u>1,200</u>	<u>—</u>	<u>1,200</u>	<u>3,567,504</u>	<u>3,568,704</u>
Fund Balances:					
Reserved for debt service.....	—	459,948	459,948	(459,948)	—
Unreserved.....	2,550	275	2,825	(2,825)	—
Total fund balances.....	<u>2,550</u>	<u>460,223</u>	<u>462,773</u>	<u>(462,773)</u>	<u>—</u>
Total liabilities and fund balances.....	<u>\$ 3,750</u>	<u>\$ 460,223</u>	<u>\$ 463,973</u>		
Fund balances/net assets (deficit):					
Restricted for debt service.....				459,948	459,948
Unrestricted (deficit).....				(3,520,849)	(3,520,849)
Total net assets (deficit).....				<u>\$ (3,060,901)</u>	<u>\$ (3,060,901)</u>

See accompanying notes to the basic financial statements

NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF NEW YORK)
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities

For the Year Ended March 31, 2011
(Amounts in thousands)

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>Adjustments (Note 7)</u>	<u>Statement of Activities</u>
General Revenues:					
Appropriations from New York State.....	\$ 6,634	\$ 339,865	\$ 346,499	\$ —	\$ 346,499
Investment income.....	5	1,866	1,871	—	1,871
Total revenues.....	6,639	341,731	348,370	—	348,370
Expenditures/Expenses:					
General and administrative.....	7,548	—	7,548	(318)	7,230
Cost of issuance for refundings.....	—	1,987	1,987	(1,158)	829
Rebate of investment earnings to the Federal government.....	—	1,216	1,216	(1,216)	—
Debt service					
Principal.....	—	270,740	270,740	(270,740)	—
Interest.....	—	117,409	117,409	14,235	131,644
Total expenditures/expenses.....	7,548	391,352	398,900	(259,197)	139,703
Excess (deficiency) of revenues over expenditures.....	(909)	(49,621)	(50,530)	259,197	—
Other financing sources (uses):					
Issuance of refunding bonds.....	—	456,070	456,070	(456,070)	—
Premiums on refunding bonds, net of discounts.....	—	55,933	55,933	(55,933)	—
Payments to refunding bond escrow agent.....	—	(509,926)	(509,926)	509,926	—
Net other financing sources (uses).....	—	2,077	2,077	(2,077)	—
Net change in fund balance.....	(909)	(47,544)	(48,453)	48,453	—
Change in net assets.....	—	—	—	208,667	208,667
Fund balances/net assets (deficit):					
Beginning of year, as restated.....	3,459	507,767	511,226	(3,780,794)	(3,269,568)
End of year.....	2,550	460,223	462,773	(3,523,674)	(3,060,901)

See accompanying notes to the basic financial statements

NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION
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Notes to the Financial Statements
Year Ended March 31, 2011

(1) Summary of Significant Accounting Policies

(a) Organization

The New York Local Government Assistance Corporation (Corporation) was established by Chapter 220, of the Laws of 1990 (as amended) to issue up to \$4.7 billion in long-term debt, in order to finance certain local assistance payments appropriated by the State of New York (State), in addition to bonds necessary to fund a capital reserve account, costs of issuance and up to six months of capitalized interest. Issuance of these bonds eliminated the need for the State's annual "Spring Borrowing." Prior to the creation of the Corporation, certain large payments due to the State's local government units were made in the first quarter of the State's fiscal year, particularly in support of primary and secondary education, while revenues were received more evenly throughout the fiscal year. To meet these payments, the State issued short-term tax and revenue anticipation notes referred to as the annual "Spring Borrowing." Primarily as a result of bond issuances by the Corporation, there was no Spring Borrowing in the State's 1995 through 2011 fiscal years. The fiscal year ended March 31, 2011 was the twentieth year of the Corporation's existence. The Corporation is a blended component unit of the State and its continued operations are almost entirely dependent upon the annual appropriations received from the State.

Payments of debt service on the Corporation's bonds will be made from appropriations received from the State. Pursuant to the Act establishing the Corporation, the State deposits one cent of the State's four cent sales and use tax into a special fund (the Local Government Assistance Tax Fund), which is used by the State to make payments to the Corporation. Amounts in excess of the Corporation's needs are transferred from the Local Government Assistance Tax Fund to the State's General Fund after the Corporation's requirements have been met as provided by statute. State payments to the Corporation are subject to annual appropriations by the State Legislature. The Corporation's bondholders do not have a lien on monies deposited in the Local Government Assistance Tax Fund.

(b) Basis of Presentation

The accompanying basic financial statements of the Corporation have been prepared in conformance with generally accepted accounting principles (GAAP) for governments. Such principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing governmental accounting and financial reporting principles in the United States of America. The Corporation has prepared Corporation-wide financial statements titled "Statement of Net Assets (Deficit)" and "Statement of Activities" as well as the required supplementary information titled "Management's Discussion and Analysis" which precedes the financial statements. The Corporation also prepares fund financial statements, which are the "Governmental Funds Balance Sheet," and "Statement of Revenues, Expenditures and Changes in Fund Balance." The basic financial statements include both the Corporation-wide and the fund financial statements, which have been combined together and presented on the same pages.

The Corporation follows the principles of fund accounting in that each segment of operations is represented under a discrete fund presentation in the fund financial statements. The Corporation uses funds to report its financial position and results of operations. The General Fund consists of the Operating Account, Cost of Issuance Accounts for new bond issuances, and the Local

NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION
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Notes to the Financial Statements
Year Ended March 31, 2011

Assistance Payment Account. The Debt Service Fund consists of the Debt Service Accounts, the Capital Reserve Accounts, the Rebate Accounts, and the Cost of Issuance Accounts for refunding bond issuances. The General Fund is used to account for all financial transactions of the Corporation except for debt service related transactions which are accounted for in the Debt Service Fund. The Rebate Account within the Debt Service Fund is used to remit investment earnings to the United States Department of the Treasury, when necessary, in accordance with the Internal Revenue Code (arbitrage rebate payment).

(c) ***Basis of Accounting***

The Corporation utilizes the modified accrual basis of accounting, which focuses on changes in current financial resources, in the preparation of the fund financial statements. Under the modified accrual basis of accounting, revenues and related receivables are recorded in the accounting period that they become both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures and related liabilities are recorded in the accounting period the liability is incurred and payable from current resources, except for principal and interest on long-term debt and estimated other long-term liabilities which are recorded only when payment is due and payable.

Operating expenditures are direct costs incurred by the Corporation, such as legal fees, financial advisory fees, printing costs, trustee fees, letter of credit fees, remarketing agent fees, broker-dealer fees, arbitrage rebate payments, and other related costs. Operating expenditures are paid from monies received from the State and earnings from their investments. Staff support is provided by the State at no charge to the Corporation.

The Corporation utilizes the full accrual basis of accounting, which focuses on changes in total economic resources, in the preparation of the Corporation-wide financial statements. Under the full accrual basis of accounting, changes in long-term assets and liabilities are incorporated into the financial statements. Since the fund financial statements are prepared using a different method of measuring revenues and expenditures and a different basis of accounting than the Corporation-wide financial statements, an Adjustments column is presented to convert the fund basis financial statements into the Corporation-wide financial statements.

Amortization of bond premiums has been computed using the straight-line method. The Corporation also defers and amortizes issuance costs and deferred losses on refunding bond issuances using the straight-line method. Interest on capital appreciation bonds is accreted using the effective interest rate method.

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(d) Municipal Assistance Corporation Refinancing Act

Chapters 62 and Chapter 63 of the Laws of 2003 enacted, among other provisions, the Municipal Assistance Refinancing Act (Act), effective July 1, 2003 and deemed repealed as of July 1, 2034. The Act created an incentive for the State to seek an appropriation to provide \$170 million per year, from the Local Government Assistance Tax Fund (Fund) to the City of New York (City) for each of the City's fiscal years beginning July 1, 2003 and ending June 30, 2034. The Act requires the Corporation to annually certify \$170 million so that the State, subject to annual State appropriation by the Legislature, can provide for a series of payments to the City or the Mayor's assignee in each City fiscal year beginning July 1, 2003 and ending June 30, 2034 totaling \$5.27 billion.

The Act was established with the expectation that the City, acting through the Mayor, would assign the annual payments from the State to a newly created not-for-profit corporation that would issue bonds and use those proceeds to refinance all existing debt of the Municipal Assistance Corporation for the City of New York (MAC) due in the near term (approximating \$2.5 billion at the time of the Act). Subsequent to the Act, the City created the Sales Tax Asset Receivable Corporation (STARC) to securitize the annual payments and refinance the existing MAC bonds with the proceeds, as intended. The expected annual State payments of \$170 million would be used by STARC to pay the debt service on the refinanced debt. By law, the Fund receives one cent of the State's sales and use tax receipts (approximately \$2.7 billion during 2011). The balance of the Fund's receipts not needed by the Corporation for its purposes, are transferred from the Fund to the State's General Fund. Based on current law, until the Legislature enacts an appropriation of \$170 million, the Corporation certifies the release of the funds, and the \$170 million State payment is made, and the Corporation receives the amount it has certified for its needs, no excess sales tax receipts can be transferred from the Fund to the State's General Fund. During 2011, the Corporation certified the release of the seventh State payment of \$170 million to the City.

The Corporation filed a complaint in New York State Supreme Court in August 2003 seeking a court determination that the statute requiring a certification and possible payment by the Corporation to the City of New York or its assignee was invalid. Ultimately, the New York State Court of Appeals found the statute to be valid but determined that it does require an annual State appropriation to make any payments. The court further found that any annual payment required by the State could not interfere with the Corporation bondholders' rights.

In May 2004, the Corporation amended its General Bond Resolution and General Subordinate Lien Bond Resolution ("the Resolutions") to clarify that any failure to certify or assure that the State's payments are made to the City or its assignee has no impact on the Corporation's own bondholders; and that if any such act or omission were to occur with respect to any potential STARC bonds, that act or omission would not constitute an Event of Default with respect to the Corporation bonds. In June 2004, the Corporation's Trustee, The Bank of New York, notified the Corporation's bondholders of these amendments.

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Notes to the Financial Statements
Year Ended March 31, 2011

(e) Adoption of New Accounting Pronouncements

During the fiscal year ended March 31, 2011, the Corporation adopted GASB Statement 53 (GASBS 53), *Accounting and Financial Reporting for Derivative Instruments*, establishing accounting and financial reporting standards for derivatives, which are financial arrangements used to manage specific risks or to make investments. By entering into these arrangements, the Corporation receives and makes payments based on interest rates without actually entering into an additional bond transaction. Information regarding the swap transactions is disclosed in Note 4 of this statement, Interest Rate Exchange Agreements (Swap Agreements).

The provisions of GASBS 53 require the valuation of the derivative at March 31, 2010; therefore, the Corporation's beginning net assets were restated. The following is a reconciliation of the total net assets as previously reported as of March 31, 2010 to the beginning net assets balance (amounts in thousands):

Net Assets at March 31, 2010.....	\$ (3,227,891)
Adoption of GASBS 53.....	<u>(41,677)</u>
Total Net Assets (Deficit) at April 1, 2010.....	<u>\$ (3,269,568)</u>

(2) Cash and Investments

The following are authorized investments for the Corporation's Debt Service Accounts and Capital Reserve Accounts:

To the extent permitted by law, the following are the Authorized Investments for the Capital Reserve Fund:

1. Any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America including inflation index securities and Treasury Strips issued by the Federal Reserve Bank;
2. Direct and general obligations of New York State, provided that the rating thereon shall not be less than the rating on the Corporation's Bonds, each as established by Fitch Ratings, Moody's Investors Service and Standard & Poor's, if and to the extent that such firms continue to maintain a rating on the Corporation's Bonds and on such obligations of the State;
3. Certificates of deposit, whether negotiable or non-negotiable, issued by any bank or trust company having a combined capital and surplus of at least \$50,000,000 organized under the laws of any state of the United States of America or any national banking association (including the Corporation's Trustee), which certificates of deposit are fully insured by the Federal Deposit Insurance Corporation or fully secured by such securities as are described in paragraph (1) above, but in any event collateralized to the level required by each of the rating agencies referred to in paragraph (2) if and to the extent such firms maintain a rating on the Corporation's Bonds;
4. Any Purchase and Sale of Securities (simultaneous purchase of a permitted investment with an agreement to sell it back to the seller) ("PSS") with any bank or trust company organized under the laws of any state of the United States of America and authorized to do business in the State of New York or any national banking association (including the Corporation's Trustee) or government bond

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dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York with respect to any one or more of the securities described in paragraph (1) above;

5. General obligation bonds and notes of any state other than New York State and, to the extent permitted by law, general obligation bonds and notes of any political subdivision of the State or any state, provided that such bonds and notes receive the highest rating from each of Fitch Ratings, Moody's Investors Service and Standard and Poor's, if and to the extent that such firms continue to maintain a rating on the Corporation's Bonds and on such bonds and notes.

The following are Authorized Investments for the Debt Service Fund:

1. To the extent permitted by law, and to the extent the securities are legal investments for the Corporation, the Authorized Investments for monies in the Debt Service Fund are as described in (1), (3), and (4) under Authorized Investments for the Capital Reserve Fund presented above.

Monies on deposit in any other fund or account not listed above may be invested pursuant to Section 98-a of the State Finance Law. All investments are insured, registered, or held by the Corporation's Trustee in the Corporation's name. The following table represents investments of the Corporation by investment type with related reported amounts which are equal to fair values (excluding accrued interest) at March 31, 2011 (amounts in thousands):

<u>Investment Type</u>	<u>Reported Amount</u>	<u>Investment Maturities</u>	
		<u>Less than 1 Year</u>	<u>1-5 Years</u>
Repurchase agreements.....	\$ 27,823	\$ 27,823	\$ -
U.S. Treasury Notes	173,785	55,429	118,356
Totals	\$ 201,608	\$ 83,252	\$ 118,356

The Corporation reports its investments with an original maturity of greater than one year at quoted market price (fair value) and reports investments with an original maturity of one year or less at amortized cost. Reflecting market conditions, the Corporation experienced a net decrease in the fair value of its investments during the year of \$1.4 million which is a component of the amount of investment income reported by the Corporation. This amount takes into account all changes in fair value (including purchases and sales) that occurred during the year.

The Corporation's repurchase agreements are collateralized by U.S. Treasury Notes with market values which are equal to or greater than the reported amount. Collateral in support of the investments is held by the Trustee in the name of the Corporation.

Included in the \$459.9 million of total cash and investments in the Debt Service Fund is \$262.1 million in cash and \$197.8 million in investments. All of the cash in the fund was transferred by the Corporation's Trustee to a separate account on March 31, 2011 in order to meet the Corporation's April 1, 2011 debt service payment of \$262.1 million. Pursuant to the Corporation's General Bond Resolution, the Corporation's Trustee must transfer required debt service funds to a separate account on the business day preceding a debt service payment date.

NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION
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Notes to the Financial Statements
Year Ended March 31, 2011

(3) Bonds Payable

The Corporation is authorized to issue up to \$4.7 billion in bonds plus an amount necessary to fund a capital reserve, costs of issuance, and a limited amount of capitalized interest. As of March 31, 1996, the Corporation had issued bonds equal to its authorized amount. Under existing statutes, any issuance of bonds by the Corporation in the future is limited to refunding or portfolio management purposes only.

During the fiscal year, the Corporation undertook several transactions as follows:

- The Corporation's Series 1995B, 1995D, 1995F, and 1995G Variable Rate Demand Bonds (VRDBs), totaling \$277.4 million were converted to fixed-rate bonds through the issuance of Series 2010A Bonds refunding bonds totaling \$250.1 million.
- The Corporation's Series 1993A and 1994B Variable Rate Demand Bonds (VRDBs), totaling \$265.1 million were converted to fixed-rate bonds through the issuance of Series 2010B Bonds refunding bonds totaling \$206 million.

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Notes to the Financial Statements
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As of March 31, 2011, the Corporation had approximately \$1.049 billion of variable interest rate debt in thirteen series of bonds outstanding as follows (rates include remarketing agent, broker-dealer and liquidity facility fees):

Series	Outstanding (thousands)	Bond Insurer	Interest Rate at March 31, 2011	Current Interest Rate Mode	Liquidity Support*		
					Type of Liquidity Support	Expiration Date	Bank Optional Termination Date
1995C	\$ 66,000	None	.780%	Weekly	LOC	12/31/2015	7/1/2012
1995E	68,100	None	.810%	Weekly	LOC	12/31/2015	7/1/2012
2003A-4V ...	137,500	None**	.950%	Weekly	SBPA	11/16/2015	N/A
2003A-8V ...	40,885	None***	.915%	Weekly	SBPA	7/16/2014	N/A
2003A-9V ...	63,350	FSA	.230%	Auction	None	N/A	N/A
2003A-10V ..	63,325	FSA	.200%	Auction	None	N/A	N/A
2003A-11V ..	63,350	FSA	.430%	Auction	None	N/A	N/A
2003A-12V ..	63,325	FSA	.400%	Auction	None	N/A	N/A
2008B-AV....	52,730	None	.915%	Weekly	SBPA	6/24/2014	N/A
2008B-BV....	52,755	None	.915%	Weekly	SBPA	6/24/2014	N/A
2008B-3V.....	137,765	None	.940%	Weekly	SBPA	6/24/2014	N/A
2008B-7V.....	50,885	None	.900%	Weekly	SBPA	6/24/2014	N/A
2008BBV2 ...	188,705	None	.840%	Weekly	SBPA	6/26/2013	N/A
Total.....	\$ 1,048,675						

* LOC Letter of Credit
SBPA Standby Bond Purchase Agreement
N/A Not Applicable

**These bonds were originally issued as FSA-insured bonds. On December 1, 2010, the bonds were remarketed as uninsured VRDBs after cancellation of the FSA municipal bond insurance policy.

***These bonds were originally issued as FSA-insured bonds. On August 3, 2009, the bonds were remarketed as uninsured VRDBs after cancellation of the FSA municipal bond insurance policy.

The interest rates on variable interest rate bonds in the weekly interest rate mode are reset at rates determined by the Corporation's remarketing agents. The interest rates on variable interest rate bonds in the auction rate mode are determined by the Corporation's auction agent in accordance with the auction rate procedures established by Corporate resolution. Pursuant to each bond series' documents, the mode of interest of each of the variable rate bonds may be changed by the Corporation. The Trustee is authorized to draw on each of the Letter of Credit (LOC) facility banks for the entire principal amount of variable interest rate bonds outstanding of each series, plus 70 days of interest calculated at a rate of 12 percent. The LOCs are subject to early termination at the option of the banks at dates shown in the preceding table. The amount available under each Standby Bond Purchase Agreement (SBPA) is equal to the outstanding principal amount and up to 34 days interest at an annual rate of 12 percent. The Series 2003A-9V through Series 2003A-12V bonds are currently in the auction rate mode and do not require liquidity support because investors do not have the right to "demand or put" the bonds back to the Corporation as is the case with all the variable rate bonds in the weekly interest rate mode.

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Year Ended March 31, 2011

Certain of the Corporation’s variable rate bonds are insured with a policy of municipal bond insurance. As of March 31, 2011, the only insured Series of variable rate bonds are the four Series of bonds in Auction Rate Mode, Series 2003A-9V-12V.

The State dedicated a portion of its sales and use tax revenues to make payments to the Corporation pursuant to a payment agreement between the State Director of the Division of the Budget and the Corporation for the purpose of funding the Corporation's debt service. Subject to appropriation, the State will make these payments to the Corporation five days prior to the debt service due date. The \$388.1 million representing 2011 debt service payments is comprised of \$270.7 million in principal and \$117.4 million in interest.

The Corporation's general bond resolution requires that one or more capital reserve accounts be established and funded based on an amount equal, on an amortized cost basis, to the maximum annual amount on Senior Lien Bonds and half the maximum annual amount on Subordinate Lien Bonds of principal, sinking fund installments or redemption price of, and interest on, all bonds outstanding or on any related reimbursement obligations, coming due during the then current or any succeeding fiscal year. The Corporation may also fund a capital reserve account with a surety bond or other similar instrument. The Corporation has established two separate capital reserve accounts to support bonds based upon the priority of their lien against funds of the Corporation—bonds holding a first lien (Senior Lien) and bonds holding a subordinate lien (Subordinate Lien). At March 31, 2011, the Senior Lien Capital Reserve Account requirement was met by a surety bond of \$170 million, expiring on April 1, 2021 and investments with an amortized cost of \$103.4 million and a fair market value of \$103.9 million. At March 31, 2011, the Subordinate Lien Capital Reserve Account requirement was met with investments with an amortized cost of \$75.5 million and a fair market value of \$75.7 million. The investments of both the Senior Lien and Subordinate Lien Capital Reserve Accounts are reported as a part of cash and investments in the Debt Service Fund with a corresponding reservation of fund balance.

The Corporation has entered into interest rate exchange agreements (swap agreements), as disclosed under Note 4 “Interest Rate Exchange Agreements”. The effect of these swap agreements is to provide for a synthetic fixed rate of interest on \$913.6 million of the Corporation’s \$1.049 billion in bonds that were issued as variable rate bonds in 2003 and 2008.

Estimated annual debt service and net swap payments required to maturity for all of the Corporation’s bonds are as follows (amounts in thousands):

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Net Swap Amount</u>	<u>Total</u>
2012	\$ 206,450	\$ 115,401	\$ 27,769	\$ 349,620
2013	235,750	106,131	27,780	369,661
2014	249,075	94,758	27,705	371,538
2015	252,395	85,269	26,658	364,322
2016	271,215	76,311	24,455	371,981
2017-2021	1,551,765	216,578	85,701	1,854,044
2022-2026	602,430	21,675	13,070	637,175
Totals.....	\$ 3,369,080	\$ 716,123	\$ 233,138	\$ 4,318,341

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Future debt service in the table above is calculated using rates in effect at March 31, 2011 for variable rate bonds. The net swap payment amounts were calculated by subtracting the future variable rate interest payments subject to swap agreements from the synthetic fixed rate amount intended to be achieved by the swap agreements.

The actual amount of net swap payments is affected by changes in a published index, the London Interbank Offered Rate (LIBOR). To the extent variable interest rates on the Corporation's bonds that are notionally related to the swaps fluctuates above or below 65 percent of the One-Month LIBOR rate, which is a rate that varies from time to time, the Corporation's net debt service will be more or less, respectively, than amounts shown above. Information regarding the terms of the swap agreements is outlined below in Note 4.

The Corporation believes it is in compliance with all significant limitations and restrictions related to bonds outstanding.

(4) Interest Rate Exchange Agreements (Swap Agreements)

Objective of the Swap Agreements

As a means to lower its borrowing costs, when compared against fixed rate bonds at the time of issuance in February 2003, the Corporation entered into four pay-fixed interest rate swap agreements in connection with its issuance of \$1 billion of variable rate revenue bonds (Series 2003A-BV through Series 2003A-12V). In February 2004, the Corporation entered into two additional swap agreements in connection with its issuance of \$210 million of variable rate revenue bonds (Series 2004A-AV through Series 2004A-DV).

The intention of the swap agreements was to effectively hedge cash flows by changing the Corporation's interest rate on the these bonds to a synthetic fixed rate of approximately 3.57 percent for the 2003 bond issue and 3.46 percent for the 2004 bond issue, including support costs and bond insurance fees.

In June 2008, without a change in the swap agreement rates, the Series 2003A-BV, Series 2003A-3V and Series 2003A-7V bonds were refunded with Series 2008B-BV2, Series 2008B-3V and Series 2008B-7V bonds to which the 2003 swaps now correspond. In addition, the Series 2004A-AV, Series 2004A-BV, Series 2004A-CV and Series 2004A-DV bonds were refunded with the Series 2008B-AV, Series 2008B-BV, Series 2008B-CV and Series 2008B-DV bonds.

In June 2009, the Corporation refunded the Series 2003A-5V, Series 2003A-6V, Series 2008B-CV, and Series 2008B-DV VRDBs and remarketed these bonds as fixed rate. As part of the refunding, the Corporation terminated the swaps to which the refunded bonds corresponded.

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Terms of the Interest Rate Swap Agreements

The following table includes the terms for each of the Corporation's individual swap transactions:

Terms	2003 Swap	2004 Swap
Corresponding bond series.....	2003A-4V, 2003A-8V to 2003A-12V, 2008B-BV2, 2008B-3V, and 2008B-7V	2008B-AV 2008B-BV
Final maturity of bonds	April 1, 2024	April 1, 2021
Inception of swap agreement	February 20, 2003	February 26, 2004
Final maturity of related swap agreements	April 1, 2024	April 1, 2021
Swaps' notional amount.....	\$808.4 million	\$105.2 million
Variable rate bonds	\$809.1 million	\$105.5 million
Fixed payment rates paid to counterparties.....	3.15% to 3.26%	3.19%
Variable payments received, computed as	65% of One- Month LIBOR (Weighted Average)	65% of One- Month LIBOR (As of a Specific Date)

The variable rates on the bonds are determined by remarketing agents for bonds in the weekly interest rate mode and by auction results for bonds in the auction rate mode, in accordance with auction rate procedures.

As of March 31, 2011, average rates were as follows:

Terms	Synthetic Rates		
	2003 Swap	2004 Swap	
Interest rate swap agreement:			
Weighted average fixed payment to counterparty	Fixed	3.19%	3.19%
Less variable payment from counterparty.....	65% of One-Month LIBOR	(.17%)	(.17%)
Net interest rate swap payments.....		3.02%	3.02%
Weighted average variable rate bond coupon payments (includes support costs)72%	.92%
Approximate synthetic interest rate on Bonds		3.74%	3.94%

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The fair value balances and notional amounts of derivative instruments outstanding at March 31 2011, classified by type and the changes in fair value of such derivative instruments for the year then ended as reported in the financial statements are as follows (amounts in millions):

	<u>Change in Fair Value</u>		<u>Fair Value at March 31, 2011</u>		
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	<u>Notional</u>
Cash Flow Hedge:					
Pay Fixed Interest Rate Swap.....	Deferred outflow	(\$15.9)	Derivative Instrument	(\$71.9)	\$913.5

The interest rate swaps were evaluated to be effective hedges for accounting and financial reporting purposes at March 31, 2011. Accordingly, the change in fair value of the swaps that occurred as a deferred outflow at March 31, 2008 (\$45.6) million and the decrease in fair value of the swaps in fiscal years 2009 through 2011 of (\$26.3) million are combined with unamortized deferred outflow of \$38.8 million and reported as a deferred outflow of \$33.1 million at March 31, 2011.

Fair Value of the Interest Rate Swap Agreements

Due to the fact that interest rates have changed since execution of the swaps, the swaps had an estimated fair value at March 31, 2011 equal to their termination cost which would have required the Corporation to pay \$71.9 million to its swap counterparties at March 31, 2011 had it terminated the swaps at that date. The fair value of the swaps fluctuate with the change in the One-Month LIBOR rate, the index upon which the amount of the payments the Corporation is due each month from its swap counterparties is based. Because the interest the Corporation pays on variable rate bonds adjusts with changing market based interest rates, the bonds do not have a corresponding change in their fair value. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap.

Counterparty and Credit Risk of the Interest Rate Swap Agreements

In concert with the Corporation's statute and guidelines, the swap agreements require that each counterparty has credit ratings from at least one nationally recognized statistical rating agency that is within the two highest investment grade categories. Ratings which are obtained from any other nationally recognized statistical rating agencies for such counterparty shall be within the three highest investment grade categories, or the payment obligations of the counterparty must be unconditionally guaranteed by an entity with such credit ratings. The swap agreements also require that, should the credit rating of a counterparty fall below the rating required, the obligations of such counterparty shall be fully and continuously collateralized by direct obligations of, or obligations the principal and interest on which are guaranteed by, the United States of America, with a net market value of at least 102 percent of the net market value of the contract to the Corporation, and such collateral shall be deposited with the Corporation or its agent.

NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF NEW YORK)

Notes to the Financial Statements
Year Ended March 31, 2011

At March 31, 2011, the credit ratings of the five counterparties with which the Corporation has entered into interest rate swap agreements are as follows: Morgan Stanley, A2/A/A; JP Morgan Chase Bank, Aa1/AA-/AA-; UBS AG, Aa3/A+/A+; Societe Generale, Aa2/A+/A+, and Goldman Sachs Mitsui Marine, Aa1/AAA/--.

As of March 31, 2011, the Corporation was exposed to credit risk equal to the fair value of the swap because the swaps had a positive fair value. Since October 13, 2008, of the five counterparties that the Corporation has entered into interest rate swap agreements with, one, Morgan Stanley, has ratings, A2/A/A at March 31, 2011, that do not meet the requirement of a rating from at least one agency within the two highest investment grade categories. Therefore, if the swap valuation was such that a termination payment was due the Corporation, Morgan Stanley would have to post collateral. The Corporation monitors the credit position of its counterparties daily in order to be prepared to take appropriate action.

Basis Risk of the Interest Rate Swap Agreements

The swap agreements expose the Corporation to basis risk should the relationship between the LIBOR and actual variable rate payments converge, changing the effective synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rate (approximately 3.57 percent for the 2003 notional amount and 3.46 percent for the 2004 notional amount) and the actual synthetic rate. The average actual synthetic rate at March 31, 2011 is reflected in the table on page 19.

Termination Risk of the Interest Rate Swap Agreements

The swap contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The schedule to the Master Agreement includes "additional termination events," providing that the swaps may be terminated if either the Corporation's or a counterparty's credit quality rating falls below certain levels. Either the Corporation or the counterparties may terminate the swap agreements if the other party fails to perform under the terms of the contract. If one or more of the swap agreements is terminated, the related variable rate bonds would no longer be hedged and the Corporation would no longer effectively be paying a synthetic fixed rate with respect to those bonds. Also, if at the time of termination the swap has a negative fair value, the Corporation would be liable to the counterparty for a payment equal to the swap agreement's fair value.

NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF NEW YORK)

Notes to the Financial Statements
Year Ended March 31, 2011

(5) Changes in Long-Term Liabilities

Long-term liability activity for the year ended March 31, 2011 was as follows (amounts in thousands):

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Bonds payable	\$ 3,693,675	\$ 456,070	\$ 780,665	\$ 3,369,080	\$ 206,450
Unamortized premium	91,114	55,932	11,907	135,139	-
Unaccreted discount on bonds.....	(10,324)	-	(2,748)	(7,576)	-
Deferred loss on advance refunding of bonds	(78,783)	-	(6,713)	(72,070)	-
Net bonds payable	3,695,682	512,002	783,111	3,424,573	206,450
Other Liability:					
Rebate of investment earnings to the Federal government	2,459	-	1,534	925	-
Long-term liability activity	\$ 3,698,141	\$ 512,002	\$ 784,645	\$ 3,425,498	\$ 206,450

(6) Explanation of Certain Differences between the Governmental Funds Balance Sheet and the Statement of Net Assets (Deficit)

Long-term liabilities of the Corporation's activities are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Assets (Deficit). Fair value of swap derivatives and the related deferral are not recognized in the current period and, therefore, are not reported in the funds. The fair values of the swap derivatives are reported in the Statement of Net Assets (Deficit). Balances at March 31, 2011 were (amounts in thousands):

Bonds payable, net	\$ 3,424,573
Accrued interest on bonds payable	70,106
Unamortized bond issuance costs	(10,772)
Fair value of swap derivatives	71,900
Deferred outflows	(33,058)
Rebate of investment earnings to the Federal government not due and payable at year-end	925
Net adjustment	\$ 3,523,674

NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION
(A COMPONENT UNIT OF THE STATE OF NEW YORK)

Notes to the Financial Statements
Year Ended March 31, 2011

(7) Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities

Repayment of bond principal and payment of bond issuance costs are reported as an expenditure in the governmental funds and, therefore, contribute to the change in fund balance. In the Statement of Net Assets (Deficit), however, repaying bond principal decreases long-term liabilities and payment of bond issuance costs becomes an asset to be deferred over the life of the bonds and does not affect the Statement of Activities. Similarly, recognition of revenues and expenditures not expected to be received or paid in the current year will not affect the fund balance reported for the governmental funds. In the Statement of Activities prepared on the full accrual basis, however, all revenues and expenses are recognized in the year they are earned or incurred, regardless of when they are paid, and will therefore be reflected in the Statement of Activities. These differences in measurement recognition affect both the reported fund balance and reported net assets. Adjustments required to be made to the reported governmental funds expenditures in order to arrive at the Statement of Activities for March 31, 2011 are as follows (amounts in thousands):

Adjustments to expenditures:

Repayment of bond principal:	
To bondholders for repayment of debt.....	\$ (270,740)
Adjustment for expense not due at year-end.....	(1,534)
Amortization of loss on refunding of bonds.....	6,713
Amortization of premium on refunding of bonds	(11,907)
Amortization of issuance costs on refunding of bonds	(1,158)
Net adjustment to arrive at interest expense.....	19,429
Net adjustment to expenditures.....	<u>\$ (259,197)</u>

NEW YORK LOCAL GOVERNMENT ASSISTANCE CORPORATION

PROPOSED ANNUAL BUDGET FOR FISCAL YEAR 2011-12

AND

**MULTI-YEAR FINANCIAL PLAN FOR
FISCAL YEARS 2011-12 THROUGH 2014-15**

December 30, 2010

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In accordance with Section 2801 of Public Authorities Law and Title 2, Chapter 5, Part 203 of the *Official Compilation of Codes, Rules and Regulations of the State of New York*, the New York Local Government Assistance Corporation (the Corporation) presents herewith its Proposed Annual Budget for Fiscal Year 2011-12 and Multi-Year Financial Plan for Fiscal Years 2011-12 through 2014-15 (“The Proposed Plan” or “The Plan”) for review and approval by the Corporation’s Board of Directors.

The Corporation was established by Chapter 220, of the Laws of 1990 (the Act, as amended) to issue up to \$4.7 billion in long-term debt in order to finance certain local assistance payments made by the State, in addition to bonds necessary to fund a capital reserve account, costs of issuance and a limited amount of capitalized interest. The fiscal year ended March 31, 2010 was the nineteenth year of the Corporation's existence. The Corporation's continued operations are entirely dependent upon the annual appropriations received from the State. Pursuant to the Act establishing the Corporation, the State deposits sales and use tax revenues equal to a rate of taxation of one percent into a special fund (the Local Government Assistance Tax Fund, or the Fund), which is used by the State to make necessary payments to the Corporation. Payments of debt service on the Corporation's bonds are made from appropriations received from the State. The Corporation's bondholders do not have a lien on monies deposited in the Fund.

In accordance with the Municipal Assistance Refinancing Act effective July 1, 2003, the Corporation is also responsible for annually certifying, through June 30, 2034, the release of \$170 million out of the Fund after appropriation by the Legislature, for payment to the Sales Tax Asset Receivable Corporation (STARC). STARC was created by the City of New York to securitize the annual payments from the Fund used to refinance all bonds of the Municipal Assistance Corporation for City of New York (MAC) and all debt of the City of New York held by MAC. In August 2003, the New York State Court of Appeals found that any annual payment required by the State could not interfere with the Corporation's bondholders' rights. Amounts in excess of the payment to STARC and the Corporation's needs are transferred from the Fund to the State's General Fund after the Corporation's requirements have been met as provided by statute.

The Corporation's Enabling Act requires the State to enter into an agreement with the State Comptroller whereby the Comptroller is made the exclusive agent for issuance of the Corporation's bonds and notes. Exclusive Agent agreements to date have also delegated the administration of a number of on-going responsibilities including the investment of the Corporation's funds. The Corporation utilizes the staff of the Office of the State Comptroller, the Division of the Budget and the Attorney General in order to provide for on-going operational activities at no cost to the Corporation. The Corporation is governed by a seven-member Board of Directors, comprised of the State Comptroller and the Director of the Budget of the State of New York, both of whom serve "ex officio," and five other Directors appointed by the Governor. In addition, the Secretary to the Senate Finance Committee of the New York State Senate and the Secretary to the Ways and Means Committee of the New York State Assembly are non-voting representatives on the Board.

The Corporation does not compensate its Directors. The Corporation's Directors appoint its key officers. The Board of Directors has provided the Treasurer and Secretary with the authorization to appoint assistants. The Board of Directors, non-voting representatives and officers of the Corporation as of December 1, 2010 are presented on pages three and four of this document, respectively.

New York Local Government Assistance Corporation

Board of Directors

Board Chair
Vacant

Vice Chair and Director
Robert L. Megna

Director
Honorable Thomas P. DiNapoli

Marc Shaw
Kevin Murray
Vacant
Vacant

Non-Voting Representatives

Joseph Pennisi
Secretary to the Senate Finance Committee

Dean Fuleihan
Secretary to the Assembly Ways and Means Committee

New York Local Government Assistance Corporation

Officers

Co-Executive Director

Thomas P. Nitido
Office of the NY State Comptroller

Co-Executive Director

Ronald Greenberg
NYS Division of the Budget

General Counsel

Honorable Andrew M. Cuomo
Attorney General of the State of New York

Secretary

Joseph Conroy
NYS Division of the Budget

Treasurer

Patricia Warrington
Office of the NY State Comptroller

Assistant Secretary

Melissa Pangburn
NYS Division of the Budget

Assistant Treasurer

Deborah DeGenova
Office of the NY State Comptroller

Internal Control Officer

Kristee Iacobucci
Office of the NY State Comptroller

The Proposed Plan

The Proposed Plan is prepared in accordance with accounting principles generally accepted in the United States of America on a modified accrual basis, but also includes adjustments for cash basis accounting. Comparative amounts for the fiscal year ended March 31, 2010 were derived from the Corporation's audited financial statements, copies of which were previously delivered to and approved by the Board. Estimated amounts have been developed using assumptions disclosed in plan notes. Working papers that document the reasonable assumptions and methods of estimation consistent with prudent budgetary practices have been prepared contemporaneously with The Plan and will be maintained by the Corporation.

The Proposed Plan is required to be submitted to the Corporation's Board for review no later than 90 days prior to the commencement of the Corporation's next fiscal year along with a certification by the Corporation's Co-Executive Directors attesting to the reasonableness of assumptions and methods of estimation used to prepare The Plan in accordance with Part 203 of Title Two of the *Official Compilation of Codes, Rules and Regulation of the State of New York*.

The Proposed Plan and certification are also required to be submitted to the Governor, Chairman and Ranking Minority Member of the Senate Finance Committee, Chairman and Ranking Minority Member of the Assembly Ways and Means Committee and the New York State Authorities Budget Office not less than 90 days before commencement of the Corporation's fiscal year. In addition, The Plan and certification must be posted on the Corporation's website and made available to the public for a period of not less than 45 days, at least 30 of which must be prior to approval by the Board, in no less than 5 convenient public places throughout the State. Additionally, the public inspection period must be not less than 60 days before commencement of the Corporation's fiscal year. A hard copy of The Plan will be available for public review at the regional offices of the Office of the State Comptroller and the Office of the State Deputy Comptroller for the City of New York. See Appendix A for a listing of locations where The Proposed Plan can be viewed.

Approved Plan

The Plan is required to be submitted to the State Comptroller within 7 days of approval by the Board in the format prescribed by the State Comptroller, along with the certification document signed by the Co-Executive Directors. The approved plan is also required to be posted on the Corporation's website and made available to the public for a period of not less than 45 days in no less than 5 convenient public places throughout the State. The approved plan will be made available for public inspection in the same manner and in the same locations as The Proposed Plan.

The Treasurer is required to provide written quarterly and mid-year updates on the enacted plan as well as not later than 90 days after the close of the Corporation's fiscal year the actual versus budgeted results from the prior fiscal year.

Principal Budgetary Assumptions and Assessment of Budgetary Risks

Annually, the Legislature appropriates an amount necessary to pay all obligations of the Corporation including debt service and related expenses pursuant to Section 3240(1) of Public Authorities Law. State appropriation estimates, which constitute the majority of the Corporation's projected revenue, included in the Corporation's financial plan for fiscal years 2011-12 through 2014-15 are based on projected debt service and arbitrage rebate liability. Additionally, LGAC will facilitate, as in past years, the annual payment of \$170 million to the City of New York or its assignee which is paid directly by the State to the City or its assignee.

The investment revenue projected by the Corporation is based upon the first six months of fiscal 2010-11 and conservatively projects no increase throughout the years contained within this report.

Debt service payments are routinely paid by the Corporation from appropriations it receives from the State, monthly swap receipts and earnings on investments. The Corporation's fixed rate bonds have interest rates that range from 3.0 to 6.0 percent. All projected debt service payments on unhedged variable rate bonds were calculated using an interest rate of 3.50 percent. The projected interest rates on LGAC's synthetic fixed rate bonds range from 3.151 percent to 3.261 percent. The projected rates for unhedged variable rate bonds and synthetic fixed rate bonds are consistent with interest rate assumptions under consideration by the Division of the Budget for the 2011-12 Executive Budget development. The payments on variable rate and synthetic fixed rate bonds may vary based on market fluctuations.

Each year's Arbitrage rebate projection is based on current arbitrage calculations. The Corporation expects these estimates to change over time as the actual liability for any series of bonds will vary as interest rates and the amount of funds subject to rebate calculation change.

Certain of the Corporation's variable rate bonds have liquidity facilities which will expire during the years contained within this report. For purposes of this report, all bonds that are currently in the variable rate mode are assumed to remain in variable rate mode.

Recognizing that the Corporation may either convert existing variable rate bonds to a fixed rate mode or effectuate an economic refunding if market conditions were favorable, the projected Cost of issuance for refundings reflect one bond sale in each year of The Plan. Each year's projected Cost of issuance for refundings is based on similar transactions completed during fiscal year 2010-11 and, when applicable, recognizes the potential for increased costs for certain services wherein current contracts for such services expire within the years contained within The Plan.

When applicable, The Plan is based upon the Corporation's restated 2010-11 Annual Budget and future anticipated changes in expenses.

The Plan contains notes that disclose the assumptions used when determining certain estimates. All estimates are subject to risk due to assumptions made about future costs. Significant future cost risks include: 1) if actual interest rates on the Corporation's variable rate bonds are significantly higher than those assumed in The Plan; and 2) if liquidity support costs increase at a rate higher than assumed in The Plan. ⁹

New York Local Government Assistance Corporation

Annual Budget for Fiscal Year 2011-12

Including multi-year financial plan with actual results for fiscal year 2009-10 and a revised forecast for fiscal year 2010-11

Statement of Revenues, Expenditures and Changes in Fund Balances

Modified Accrual Basis of Accounting w/Adjustment for Cash

Amounts in Thousands

GENERAL FUND

FISCAL PERIOD END	March 31, 2010 (Actual) (1)	March 31, 2011 (Approved Budget)	March 31, 2011 (Revised Forecast)	March 31, 2012 (Proposed Budget)	March 31, 2013 (Forecast)	March 31, 2014 (Forecast)	March 31, 2015 (Forecast)
Beginning of Period Cash and Investments	\$ 5,172	\$ 5,759	\$ 3,797	\$ 5,025	\$ 5,023	\$ 5,026	\$ 5,030
Receipts/Revenues:							
State appropriations receipts	11,218	14,200	9,200	5,909	6,010	6,523	7,477
Investment receipts (2)	10	5	5	5	5	5	5
Receipts Subtotal	<u>11,228</u>	<u>14,205</u>	<u>9,205</u>	<u>5,914</u>	<u>6,015</u>	<u>6,528</u>	<u>7,482</u>
Adjustment for accrual of investment earnings	(10)	-	-	-	-	-	-
Total revenues	<u>11,218</u>	<u>14,205</u>	<u>9,205</u>	<u>5,914</u>	<u>6,015</u>	<u>6,528</u>	<u>7,482</u>
Disbursements/Expenditures:							
Liquidity support costs (3)	10,410	12,510	6,217	4,665	4,775	5,294	6,354
Variable rate bond remarketing fees (3)	1,558	1,197	1,034	834	831	821	713
Other costs	635	472	726	417	406	409	410
Total disbursements	<u>12,603</u>	<u>14,179</u>	<u>7,977</u>	<u>5,916</u>	<u>6,012</u>	<u>6,524</u>	<u>7,477</u>
Adjustment for accounts payable	(2,338)	-	-	-	-	-	-
Total expenditures	<u>10,265</u>	<u>14,179</u>	<u>7,977</u>	<u>5,916</u>	<u>6,012</u>	<u>6,524</u>	<u>7,477</u>
Excess (deficiency) of revenues over General Fund expenditures	<u>953</u>	<u>26</u>	<u>1,228</u>	<u>(2)</u>	<u>3</u>	<u>4</u>	<u>5</u>
End of Period Cash and Investments	<u>\$ 3,797</u>	<u>\$ 5,785</u>	<u>\$ 5,025</u>	<u>\$ 5,023</u>	<u>\$ 5,026</u>	<u>\$ 5,030</u>	<u>\$ 5,035</u>

Notes:

1. Amounts reported for the fiscal year ended March 31, 2010 reflect audited amounts.
2. Fiscal year 2010-11 investment receipts are based on the rate of interest experienced in the first six months of fiscal year 2010-11. Investment receipts for fiscal years after 2010-11 are anticipated to approximate actual investment receipts from 2010-11.
3. Expenditures for Liquidity Support and Remarketing Services in fiscal years 2010-11 through 2014-15 reflect current rates and anticipated changes.

New York Local Government Assistance Corporation

Annual Budget for Fiscal Year 2011-12

Including multi-year financial plan with actual results for fiscal year 2009-10 and a revised forecast for fiscal year 2010-11

Statement of Revenues, Expenditures and Changes in Fund Balances

Modified Accrual Basis of Accounting w/Adjustment for Cash

Amounts in Thousands

DEBT SERVICE FUND							
FISCAL PERIOD END	March 31, 2010	March 31, 2011	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014	March 31, 2015
	(Actual) (1)	(Approved Budget)	(Revised Forecast)	(Proposed Budget)	(Forecast)	(Forecast)	(Forecast)
Beginning of Period Cash and Investments:							
Amounts required for current debt maturities	\$ 290,945	\$ 307,321	\$ 275,875	\$ 268,082	\$ 300,806	\$ 317,549	\$ 324,278
Restricted bond reserves	243,705	238,280	231,354	178,732	178,732	178,732	178,732
Total beginning of period cash and investments	<u>534,650</u>	<u>545,601</u>	<u>507,229</u>	<u>446,814</u>	<u>479,538</u>	<u>496,281</u>	<u>503,010</u>
Receipts/Revenues:							
State appropriations (2)	332,596	384,778	328,689	377,418	381,249	372,952	380,147
Investment receipts (3)	5,316	7,045	4,750	4,500	4,500	4,500	4,500
Receipts subtotal	<u>337,912</u>	<u>391,823</u>	<u>333,439</u>	<u>381,918</u>	<u>385,749</u>	<u>377,452</u>	<u>384,647</u>
Adjustment for accrual of investment earnings	(524)	-	-	-	-	-	-
Total revenues	<u>337,388</u>	<u>391,823</u>	<u>333,439</u>	<u>381,918</u>	<u>385,749</u>	<u>377,452</u>	<u>384,647</u>
Expenditures:							
Repayment of principal	212,685	218,165	270,740	206,450	235,750	249,075	252,395
Payment of interest (4)	150,783	147,983	121,615	141,667	132,073	120,457	108,832
Cost of issuance for refundings	1,906	1,068	2,064	1,077	1,083	1,091	1,103
Arbitrage rebate (5)	249	2,250	1,512	-	100	100	100
Total expenditures	<u>365,623</u>	<u>369,466</u>	<u>395,931</u>	<u>349,194</u>	<u>369,006</u>	<u>370,723</u>	<u>362,430</u>
Adjustment for Accounts Payable	-	-	-	-	-	-	-
Total expenditures	<u>365,623</u>	<u>369,466</u>	<u>395,931</u>	<u>349,194</u>	<u>369,006</u>	<u>370,723</u>	<u>362,430</u>
Excess (deficiency) of revenues over Debt Service Fund expenditures	<u>(28,235)</u>	<u>22,357</u>	<u>(62,492)</u>	<u>32,724</u>	<u>16,743</u>	<u>6,729</u>	<u>22,217</u>
Other Financing Sources and Uses:							
Issuance of refunding bonds	284,995	-	456,070	-	-	-	-
Premiums on refunding bonds, net of discounts	34,119	-	55,932	-	-	-	-
Payments to refunding bond escrow agent	(297,150)	-	(509,925)	-	-	-	-
Swap termination	(19,188)	-	-	-	-	-	-
Net other financing sources and uses	<u>2,776</u>	<u>-</u>	<u>2,077</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>(25,459)</u>	<u>22,357</u>	<u>(60,415)</u>	<u>32,724</u>	<u>16,743</u>	<u>6,729</u>	<u>22,217</u>
Change in accruals for investments	<u>(2,486)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of Period Cash and Investments:							
Amounts required for current debt maturities	275,875	329,678	268,082	300,806	317,760	335,306	357,523
Restricted bond reserves	231,354	238,280	178,732	178,732	178,521	167,704	167,704
Total end of period cash and investments	<u>\$ 507,229</u>	<u>\$ 567,958</u>	<u>\$ 446,814</u>	<u>\$ 479,538</u>	<u>\$ 496,281</u>	<u>\$ 503,010</u>	<u>\$ 525,227</u>

Notes:

1. Amounts reported for the fiscal year ended March 31, 2010 reflect audited amounts.
2. State appropriations for debt service in fiscal years 2010-11 through 2014-15 are based on projected debt service and arbitrage liability.
3. Fiscal year 2010-11 investment receipts are based on the rate of interest experienced in the first six months of fiscal 2010-11. Investment receipts subsequent to 2010-11 are anticipated to approximate actual investment receipts and reflect a reduction in the capital reserve funds due to a reduction in the maximum annual debt service.
4. The revised forecasted debt service for fiscal year 2010-11 reflects the scheduled amounts paid through September 30, 2010 and the projected debt service for the period October 1, 2010 through March 31, 2011. Projected unhedged variable rate debt service payments were calculated using an assumed rate of 3.5 percent in each fiscal year. Projected hedged variable rate debt service payments were calculated using the following assumed rates: 3.151 percent, 3.261 percent and 3.194 percent in each fiscal year, as applicable.
5. Arbitrage rebate expenditures represent estimated liabilities as of September 30, 2010.

Reconciliation of Changes from Previous Budget for Fiscal Year 2010-11

As reflected in the March 31, 2011 Revised Forecast column in The Plan and previously detailed to the Board within quarterly reports, the Corporation has revised the previous forecast of the current year's budget. A summary of such changes follows:

General Fund

State Appropriations – This budget line has been revised from \$14.2 to \$9.2 million reflecting cost reductions that are largely due to the changes in variable rate demand bond (VRDB) support costs.

Liquidity Support Costs and Variable Rate Bond Remarketing Fees - These budget lines have been revised from \$12.5 to \$6.2 million and from \$1.2 to \$1million, respectively. The budgets now reflect the reduction of VRDB support costs due to the refunding of certain VRDBs with fixed rate bonds and extension or substitution of certain liquidity facilities at rates lower than those projected when the 2010-2011 budget was initially formulated in December 2009.

Other Costs - This budget line has been revised from \$472 thousand to \$726 thousand. This increase is largely attributable to reflecting the Series 2003A-4V Bonds' reoffering costs of issuance.

Debt Service Fund

State Appropriations – This budget line has been revised from \$384.8 to \$328.7 million in support of the revised principal and interest expenditures noted within.

Investment Receipts – This budget line has been revised from \$7 million to \$4.8 million reflecting the reduction in invested funds due to a decline in the Corporation's capital reserve requirement and a reduced investment earnings rate since the Corporation's 2010-11 budget was initially formulated in December 2009.

Repayment of Principal and Payment of Interest – The amount budgeted for Repayment of principal during 2010-11 has been increased by \$52.6 million. This increase reflects the repayment of \$20 million in principal through the use of call options in July and October 2010 for principal that would otherwise be due on April 1, 2011. The optional calls were funded largely by capital reserve funds deemed released in March and May 2010 due to a decline in the Corporation's capital reserve fund requirement. The increase also reflects the refunding of certain of the Corporation's variable rate bonds through the issuance of the Series 2010B Refunding Bonds on December 1, 2010, the structure of which allowed for the use of \$32.6 million of released capital reserve funds to repay a portion of the bonds refunded. Additionally, the amount anticipated for the Payment of interest during 2010-11 has been reduced by \$26.4 million to reflect actual activity through September 2010 as well as the issuance of the Series 2010B Refunding Bonds.

Cost of Issuance – This budget line has been revised from \$1.1 to \$2.1 million reflecting the actual costs of issuance for the Series 2010A Bonds and the anticipated costs of issuance for the Series 2010B bonds. ¹³

Arbitrage Rebate – This budget line has been revised from \$2.3 to \$1.5 million reflecting actual payments made to date and potential liabilities as most recently calculated.

Other Financing Sources and Uses –These budget lines have been revised to include both the Series 2010A and Series 2010B Refunding Bonds.

Statement of Borrowed Debt

The Corporation is authorized to issue up to \$4.7 billion in bonds plus an amount necessary to fund a capital reserve, costs of issuance and a limited amount of capitalized interest. As of March 31, 1998 the Corporation had issued bonds equal to its authorized amount. Under existing statutes, any future issuance of bonds by the Corporation can be for refunding purposes only.

The State has dedicated a portion of its sales and use tax revenues to make payments to the Corporation pursuant to a payment agreement between the State Director of the Budget and the Corporation for the purpose of funding the Corporation's debt service. Subject to annual appropriation, the State will make these payments to the Corporation five days prior to the debt service due date.

The following table shows debt projected to be outstanding at the end of each fiscal year for the duration of The Plan, projected debt service payments and the cumulative debt service as a percentage of available revenues.

Statement of Borrowed Debt

Submitted with Proposed Annual Budget for Fiscal Year 2011-12 and Multi-Year Financial Plan

Fiscal Year Ending March 31	Bonds Outstanding (1)			Total		Bonds Outstanding (1)		Total Revenues (4)	Debt Service as % of Revenues
	April 1	Principal	Interest (2)	Debt Service	Refundings (3)	March 31			
2011	\$ 3,693,675	\$ 270,740	\$ 121,615	\$ 392,355	\$ 53,855	\$ 3,369,080	\$ 342,644	114.5% (5)	
2012	\$ 3,369,080	\$ 206,450	\$ 141,667	\$ 348,117		\$ 3,162,630	\$ 387,832	89.8%	
2013	\$ 3,162,630	\$ 235,750	\$ 132,073	\$ 367,823		\$ 2,926,880	\$ 391,764	93.9%	
2014	\$ 2,926,880	\$ 249,075	\$ 120,457	\$ 369,532		\$ 2,677,805	\$ 383,980	96.2%	
2015	\$ 2,677,805	\$ 252,395	\$ 108,831	\$ 361,226		\$ 2,425,410	\$ 392,129	92.1%	

Purpose of the Debt: Debt issued by LGAC was used to provide \$4.7 billion in local assistance payments in order to eliminate the State's annual short-term borrowing, fund its own debt service reserves, pay costs of issuance and a limited amount of capitalized interest and capitalized support costs.

Notes:

1. Capital Appreciation Bonds are shown at gross amounts (fully accreted values).
2. Projected unhedged variable rate debt service payments were calculated using an assumed rate of 3.50 percent in each fiscal year. Projected hedged variable rate debt service payments were calculated using the following assumed rates: 3.151 percent, 3.261 percent, and 3.194 percent in each fiscal year, as applicable.
3. Bonds Outstanding balance at March 31, 2011 reflects effect of two refunding transactions (net of released capital reserve amounts used to redeem bonds), which occurred on May 20, 2010 and December 1, 2010 per Board approval.
4. Total revenues equal those shown on the General and Debt Service Fund budget on pages 8 and 9 of the Annual Budget and Multi-Year Financial Plan.
5. The Debt Service as a % of Revenues exceeds 100% because released capital reserve funds were used to reduce certain of the Corporation's outstanding debt.

LGAC Projected Debt Service by Debt Issuance

Fiscal Year Ending March 31	Total Revenues	Debt Service for Issuance 2010B		Debt Service for Issuance 2010A		Debt Service for Issuance 2008C		Debt Service for Issuance 2008B		Debt Service for Issuance 2008A	
		% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue		
2011	\$342,644	\$ -	0.0%	\$ 4,135	1.2%	\$ 34,338	10.0%	\$ 13,302	3.9%	\$ 17,447	5.1%
2012	\$387,832	\$ 8,584	2.2%	\$ 21,604	5.6%	\$ 34,311	8.8%	\$ 20,567	5.3%	\$ 17,444	4.5%
2013	\$391,764	\$ 23,883	6.1%	\$ 23,432	6.0%	\$ 34,275	8.7%	\$ 20,488	5.2%	\$ 17,415	4.4%
2014	\$383,980	\$ 23,869	6.2%	\$ 23,356	6.1%	\$ 34,243	8.9%	\$ 20,528	5.3%	\$ 29,651	7.7%
2015	\$392,129	\$ 23,849	6.1%	\$ 23,339	6.0%	\$ 21,203	5.4%	\$ 20,528	5.2%	\$ 29,105	7.4%

Projected debt service payments for unhedged variable rate bonds were calculated using an assumed rate of 3.50 percent in each fiscal year. Projected debt service payments for variable rate bonds that are hedged with interest rate swaps were calculated using the following assumed rates: 3.151 percent, 3.261 percent, and 3.194 percent in each fiscal year, as applicable.

LGAC Projected Debt Service by Debt Issuance

Fiscal Year Ending March 31	Total Revenues	Debt Service for Issuance 2007A		Debt Service for Issuance 2004A		Debt Service for Issuance 2003A		Debt Service for Issuance 1995B-G		Debt Service for Issuance 1994B	
		% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue		
2011	\$342,644	\$ 100,608	29.4%	\$ 1,522	0.4%	\$ 68,003	19.8%	\$ 23,445	6.8%	\$ 23,131	6.8%
2012	\$387,832	\$ 100,498	25.9%	\$ 1,276	0.3%	\$ 94,866	24.5%	\$ 6,641	1.7%	\$ -	0.0%
2013	\$391,764	\$ 43,264	11.0%	\$ 537	0.1%	\$ 112,626	28.7%	\$ 10,614	2.7%	\$ -	0.0%
2014	\$383,980	\$ 43,219	11.3%	\$ 1,513	0.4%	\$ 84,763	22.1%	\$ 10,892	2.8%	\$ -	0.0%
2015	\$392,129	\$ 43,179	11.0%	\$ 1,515	0.4%	\$ 89,947	22.9%	\$ 11,141	2.8%	\$ -	0.0%

Projected debt service payments for unhedged variable rate bonds were calculated using an assumed rate of 3.50 percent in each fiscal year. Projected debt service payments for variable rate bonds that are hedged with interest rate swaps were calculated using the following assumed rates: 3.151 percent, 3.261 percent, and 3.194 percent in each fiscal year, as applicable.

LGAC Projected Debt Service by Debt Issuance

Fiscal Year Ending March 31	Total Revenues	Debt Service for Issuance 1993E		Debt Service for Issuance 1993C		Debt Service for Issuance 1993A		Debt Service for Issuance 1992C		Debt Service for Issuance 1991B	
		% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue	% of Total Revenue		
2011	\$342,644	\$ 21,390	6.2%	\$ 8,699	2.5%	\$ 42,990	12.5%	\$ 12,260	3.6%	\$ 21,085	6.2%
2012	\$387,832	\$ 21,385	5.5%	\$ 8,699	2.2%	\$ -	0.0%	\$ 12,243	3.2%	\$ -	0.0%
2013	\$391,764	\$ 60,369	15.4%	\$ 8,699	2.2%	\$ -	0.0%	\$ 12,221	3.1%	\$ -	0.0%
2014	\$383,980	\$ 60,290	15.7%	\$ 37,209	9.7%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
2015	\$392,129	\$ 60,207	15.4%	\$ 37,213	9.5%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%

Projected debt service payments for unhedged variable rate bonds were calculated using an assumed rate of 3.50 percent in each fiscal year. Projected debt service payments for variable rate bonds that are hedged with interest rate swaps were calculated using the following assumed rates: 3.151 percent, 3.261 percent, and 3.194 percent in each fiscal year, as applicable.

Certification

After reasonable inquiry, the annual budget and multi-year financial plan presented herein is, to the best of our knowledge and belief, based on reasonable assumptions and methods of estimation with the applicable regulations being satisfied.



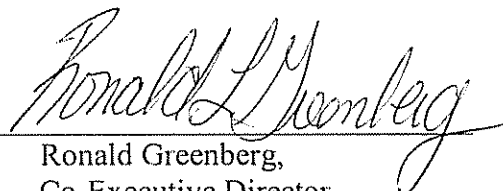
Thomas P. Nitido,
Co-Executive Director
New York Local Government
Assistance Corporation

Ronald Greenberg,
Co-Executive Director
New York Local Government
Assistance Corporation

Certification

After reasonable inquiry, the annual budget and multi-year financial plan presented herein is, to the best of our knowledge and belief, based on reasonable assumptions and methods of estimation with the applicable regulations being satisfied.

Thomas P. Nitido,
Co-Executive Director
New York Local Government
Assistance Corporation



Ronald Greenberg,
Co-Executive Director
New York Local Government
Assistance Corporation

The Proposed and Enacted Budget and Multi-Year Financial Plan for Fiscal Year 2011-12 through 2014-15 is available for public inspection at the following locations:

ALBANY REGIONAL OFFICE

Office of the State Comptroller
22 Computer Drive West
Albany, New York 12205-1695

BINGHAMTON REGIONAL OFFICE

Office of the State Comptroller
State Office Building, Room 1702
44 Hawley Street
Binghamton, New York 13901-4417

BUFFALO REGIONAL OFFICE

Office of the State Comptroller
295 Main Street, Room 1050
Buffalo, New York 14203-2510

GLENS FALLS REGIONAL OFFICE

Office of the State Comptroller
One Broad Street Plaza
Glens Falls, New York 12801-4396

HAUPPAUGE REGIONAL OFFICE

Office of the State Comptroller
NYS Office Building, Room 3A10
Veterans Memorial Highway
Hauppauge, New York 11788-5533

NEWBURGH REGIONAL OFFICE

Office of the State Comptroller
33 Airport Center Drive, Suite 103
New Windsor, New York 12553

OFFICE OF THE STATE DEPUTY COMPTROLLER FOR THE CITY OF NEW YORK

Office of the State Comptroller
59 Maiden Lane, 29th Floor
New York, New York 10038

ROCHESTER REGIONAL OFFICE

Office of the State Comptroller
The Powers Building
16 West Main Street – Suite 522
Rochester, New York 14614-1608

SYRACUSE REGIONAL OFFICE

Office of the State Comptroller
State Office Building, Room 409
333 E. Washington Street
Syracuse, New York 13202-1428

The Proposed and Enacted Budget and Multi-Year Financial Plan for Fiscal Year 2011-12 through 2014-15 may also be viewed electronically on the Corporation's website at:
<http://www.osc.state.ny.us/pension/debtlgac.htm>

APPENDIX H

New York Local Government Assistance Corporation

Fourth Quarter Update to the
Annual Budget for Fiscal Year 2010-11
(As of March 31, 2011)

New York Local Government Assistance Corporation
Fourth Quarter Update to Annual Budget for Fiscal Year 2010-11
Statement of Revenues, Expenditures and Changes in Fund Balances
With Actual Results Through March 31, 2011
Modified Accrual Basis of Accounting w/Adjustment for Cash
Amounts in Thousands

GENERAL FUND

FISCAL PERIOD END	Actual	Approved	Revised	Actual	Variance
	Year Ended	Budget	Forecast	Year Ended	Year Ended
	March 31, 2010 (1)	March 31, 2011	March 31, 2011	March 31, 2011 (2)	March 31, 2011
Beginning of Period Cash and Investments	\$ 5,172	\$ 5,759	\$ 3,797	\$ 3,797	\$ -
Receipts/Revenues:					
State appropriations receipts	11,218	14,200	9,200	6,634	(2,566)
Investment receipts	10	5	5	5	-
Receipts Subtotal	<u>11,228</u>	<u>14,205</u>	<u>9,205</u>	<u>6,639</u>	<u>(2,566)</u>
Adjustment for accrual of investment earnings	(10)	-	-	-	-
Total revenues	<u>11,218</u>	<u>14,205</u>	<u>9,205</u>	<u>6,639</u>	<u>(2,566)</u>
Disbursements/Expenditures:					
Liquidity support costs	10,410	12,510	6,217	5,197	(1,020)
Variable rate bond remarketing fees	1,558	1,197	1,034	1,077	43
Other costs	635	472	726	412	(314)
Total disbursements	<u>12,603</u>	<u>14,179</u>	<u>7,977</u>	<u>6,686</u>	<u>(1,291)</u>
Adjustment for accounts payable	(2,338)	-	-	862	862
Total expenditures	<u>10,265</u>	<u>14,179</u>	<u>7,977</u>	<u>7,548</u>	<u>(429)</u>
Excess (deficiency) of revenues over General Fund expenditures	<u>953</u>	<u>26</u>	<u>1,228</u>	<u>(909)</u>	<u>(2,137)</u>
End of Period Cash and Investments	<u>\$ 3,797</u>	<u>\$ 5,785</u>	<u>\$ 5,025</u>	<u>\$ 3,750</u>	<u>\$ (1,275)</u>

Notes:

1. Amounts reported for the fiscal year ended March 31, 2010 reflect audited amounts.
2. Amounts reported for the fiscal year ended March 31, 2011 reflect audited amounts.

New York Local Government Assistance Corporation
Fourth Quarter Update to Annual Budget for Fiscal Year 2010-11
Statement of Revenues, Expenditures and Changes in Fund Balances
With Actual Results Through March 31, 2011
Modified Accrual Basis of Accounting w/Adjustment for Cash
Amounts in Thousands

DEBT SERVICE FUND

FISCAL PERIOD END	Actual	Approved	Revised	Actual	Variance
	Year Ended	Budget	Forecast	Year Ended	Year Ended
	March 31, 2010 (1)	March 31, 2011	March 31, 2011	March 31, 2011 (2)	March 31, 2011
Beginning of Period Cash and Investments:					
Amounts required for current debt maturities	\$ 290,945	\$ 307,321	\$ 275,875	\$ 275,875	\$ -
Restricted bond reserves	243,705	238,280	231,354	231,354	-
Total beginning of period cash and investments	534,650	545,601	507,229	507,229	-
Receipts/Revenues:					
State appropriations	332,596	384,778	328,689	339,865	11,176
Investment receipts	5,316	7,045	4,750	1,521	(3,229)
Receipts subtotal	337,912	391,823	333,439	341,386	7,947
Adjustment for accrual of investment earnings	(524)	-	-	(263)	(263)
Total revenues	337,388	391,823	333,439	341,123	7,684
Disbursements/Expenditures:					
Repayment of principal	212,685	218,165	270,740	270,740	-
Payment of interest	150,783	147,983	121,615	117,409	(4,206)
Cost of Issuance	1,906	1,068	2,064	1,987	(77)
Arbitrage rebate	249	2,250	1,512	1,216	(296)
Total Disbursements	365,623	369,466	395,931	391,352	(4,579)
Adjustment for accounts payable	-	-	-	-	-
Total expenditures	365,623	369,466	395,931	391,352	(4,579)
Excess (deficiency) of revenues over Debt Service Fund expenditures	(28,235)	22,357	(62,492)	(50,229)	12,263
Other financing sources (uses):					
Issuance of refunding bonds	284,995	-	456,070	456,070	-
Premiums on refunding bonds	34,119	-	55,933	55,933	-
Payments to refunding bond escrow agent	(297,150)	-	(509,926)	(509,926)	-
Swap termination	(19,188)	-	-	-	-
Net other financing sources (uses)	2,776	-	2,077	2,077	-
Net Change In Fund Balance	(25,459)	22,357	(60,415)	(48,152)	12,263
Change in accruals for investment income	(2,486)	-	-	608	608
End of Period Cash and Investments:					
Amounts required for current debt maturities	275,875	329,678	268,082	281,043	12,961
Restricted bond reserves	231,354	238,280	178,732	178,905	173
Total end of period cash and investments	\$ 507,229	\$ 567,958	\$ 446,814	\$ 459,948	\$ 13,134

Notes:

1. Amounts reported for the fiscal year ended March 31, 2010 reflect audited amounts.
2. Amounts reported for the fiscal year ended March 31, 2011 reflect audited amounts.