

FULL BOOK ENTRY

RATINGS:

Moody's – "A2"
Standard & Poor's – "A+"

In the opinion of Bond, Schoeneck & King, PLLC, Syracuse, New York, Bond Counsel, assuming continuing compliance by the Authority with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Series 2011 Bonds is not includable in the gross income of the owners thereof for Federal income tax purposes under existing statutes and court decisions. Moreover, interest on the Series 2011 Bonds is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes imposed by the Code. Interest on the Series 2011 Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "TAX MATTERS" herein for a discussion of certain Federal taxes applicable to corporate owners of the Series 2011 Bonds.

ONEIDA-HERKIMER SOLID WASTE MANAGEMENT AUTHORITY
\$10,725,000 Solid Waste System Revenue Bonds, Series 2011

Dated: Date of Delivery

Due: April 1, as shown on the inside cover hereof

The \$10,725,000 Solid Waste System Revenue Bonds, Series 2011 (the "Series 2011 Bonds") will be issued by the Oneida-Herkimer Solid Waste Management Authority (the "Authority") as fully registered bonds, without coupons, in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2011 Bonds. Purchases will be made in book entry form through DTC Participants only in the principal amount of \$5,000 or any integral multiple thereof, and no physical delivery of the Series 2011 Bonds will be made to purchasers. Payment of the principal, interest and premium, if any, will be made to purchasers by DTC through DTC Participants. Interest is payable on October 1, 2011 and on each April 1 and October 1 thereafter, by check mailed to each holder of record as of the Record Date or, at the option of any Holder of Bonds in an aggregate principal amount of \$1,000,000 or more, by wire transfer as provided in the Indenture.

The Series 2011 Bonds are subject to redemption prior to maturity, as described herein.

The proceeds of the Series 2011 Bonds will be used by the Authority to (i) pay the costs of design, procurement and installation of a single-stream recyclables processing system at the Oneida-Herkimer Recycling Center, (ii) pay the costs of issuance of the Series 2011 Bonds, and (iii) fund the debt service reserve fund. Certain capitalized terms used herein but not defined have the meanings given in Appendix A hereto.

The Series 2011 Bonds are payable solely from the revenues, funds and assets pledged as security for the payment thereof in amounts sufficient to pay when due all installments of principal of, premium, if any, and interest on Series 2011 Bonds issued by the Authority. The Series 2011 Bonds shall be on a parity with other outstanding Additional Parity Indebtedness heretofore and hereafter issued by the Authority pursuant to the Indenture.

The Series 2011 Bonds do not constitute a debt or indebtedness of the State of New York, the County of Oneida, New York, the County of Herkimer, New York, or any other municipality or public corporation of the State of New York other than the Authority. The Authority has no taxing power.

MATURITY SCHEDULE – See Inside Cover

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2011 Bonds are offered when, as and if issued and received by the Underwriter, subject to approval of legality by Bond, Schoeneck & King, PLLC, Syracuse, New York, Bond Counsel to the Authority. Environmental Capital LLC, New York, New York, has acted as Financial Advisor to the Authority. Certain other legal matters will be passed upon for the Authority by Peter M. Rayhill, Counsel to the Authority and for the Underwriter by Harter Secrest & Emery LLP, Rochester, New York, Counsel to the Underwriter. It is expected that the Series 2011 Bonds in definitive form will be available for delivery through The Depository Trust Company in New York, New York on or about April 21, 2011.

Jefferies & Company

AMOUNTS, MATURITIES, INTEREST RATES, AND PRICES OR YIELDS

ONEIDA-HERKIMER SOLID WASTE MANAGEMENT AUTHORITY

\$10,725,000 SOLID WASTE SYSTEM REVENUE BONDS, SERIES 2011

Maturity (April 1)	Amount	Interest Rate	Yield	CUSIP¹
2014	\$1,065,000	4.000%	2.200%	682496CR3
2015	\$715,000	4.000%	2.750%	682496CG7
2016	\$740,000	4.000%	3.150%	682496CH5
2017	\$765,000	4.000%	3.550%	682496CJ1
2018	\$790,000	5.000%	3.950%	682496CK8
2019	\$830,000	5.000%	4.350%	682496CL6
2020	\$870,000	5.000%	4.600%	682496CM4
2021	\$910,000	4.500%	4.750%	682496CN2
2022	\$945,000	4.750%	4.950%	682496CP7

\$3,095,000 5.000% Term Bonds due April 1, 2025 Yield 5.300% CUSIP¹ 682496CQ5

¹ CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by the CUSIP Service Bureau, operated on behalf of the American Bankers Association by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. The data contained herein is not intended to create a database and does not serve in any way as a substitute for takes any the CUSIP service. CUSIP numbers are provided for reference only. None of the Authority, the Underwriter, or the Trustee responsibility for the accuracy of such numbers.

ONEIDA-HERKIMER SOLID WASTE MANAGEMENT AUTHORITY MEMBERS

AUTHORITY BOARD

Donald Gross
Chairman

Neil C. Angell
Vice Chairman

Harry A. Hertline
Treasurer

Vincent A. Casale

Alicia Dicks

James M. D'Onofrio

Barbara Freeman

Kenneth A. Long

Robert J. Roberts, III

James M. Williams

AUTHORITY STAFF

Executive Director
William A. Rabbia

Comptroller/CFO
Patrick J. Donovan

Director of Engineering
Michael V. Wolak

Environmental Coordinator
James Biamonte

Director of Recycling
David E. Lupinski

Environmental Compliance Coordinator
Joshua Olbrys

Authority Counsel
Peter M. Rayhill

CONSULTANTS TO THE AUTHORITY

Independent Accountant.....	Bollam, Sheedy, Torani & Co. LLP
Bond Counsel	Bond, Schoeneck & King, PLLC
Financial Advisor	Environmental Capital LLC
Consulting Engineer	Barton & Loguidice, P.C.

Trustee under the Trust Indenture
The Bank of New York Mellon
New York, New York

No dealer, broker, salesperson or other person has been authorized by the Oneida-Herkimer Solid Waste Management Authority (the "Authority") to give any information or to make any representations with respect to the Series 2011 Bonds, other than the information contained in this Official Statement. If given or made, any such information or representations must not be relied upon as having been authorized by any of the foregoing.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2011 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

References in this Official Statement to the Act, the Indenture and the Solid Waste Management Agreements do not purport to be complete. Refer to the Act, the Indenture, and the Solid Waste Management Agreements for full and complete details of their provisions. Copies of these documents are on file with the Authority and the Trustee.

IN CONNECTION WITH THIS TRANSACTION, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2011 BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including its appendices, must be considered in its entirety.

The information set forth herein has been furnished by the Authority and by other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date hereof.

THE SERIES 2011 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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OFFICIAL STATEMENT

\$10,725,000

ONEIDA-HERKIMER SOLID WASTE MANAGEMENT AUTHORITY (NEW YORK) SOLID WASTE SYSTEM REVENUE BONDS, SERIES 2011

INTRODUCTION

This Official Statement, which includes the cover page and appendices hereto, is furnished in connection with the issuance and sale by the Oneida-Herkimer Solid Waste Management Authority (the “Authority”) of its \$10,725,000 aggregate principal amount of Solid Waste System Revenue Bonds, Series 2011 (the “Series 2011 Bonds”). Certain capitalized terms used herein but not defined have the meanings given in Appendix A hereto.

AUTHORIZATION

The Series 2011 Bonds are to be issued pursuant to Title 13-FF of the Public Authorities Law of the State of New York, as amended from time to time, and Chapter 627 of the Laws of 1988 of the State of New York (the “Act”), a Trust Indenture between the Authority and The Bank of New York Mellon, as trustee (the “Trustee”), dated as of November 1, 1992 (the “Master Indenture”), as supplemented by the First through Ninth Supplemental Indentures, the Ninth Supplemental Indenture of which is dated as of April 1, 2011. The Master Indenture and the First through Ninth Supplemental Indentures are herein collectively referred to as the “Indenture.” The Series 2011 Bonds, together with any bonds issued or to be issued pursuant to the Indenture, are referred to herein as the “Bonds.”

THE SERIES 2011 BONDS

The Authority is issuing the Series 2011 Bonds to (i) pay the costs of design, procurement and installation of a single-stream recyclables processing system facility at the Oneida Herkimer Recycling Center (the “Recycling Center”), (ii) pay the costs of issuance of the Series 2011 Bonds, and (iii) fund the debt service reserve fund.

NATURE OF OBLIGATION

The Series 2011 Bonds are special obligations of the Authority secured, together with the Prior Bonds (defined below) and other Additional Parity Indebtedness issued under the Indenture, by a lien upon and a pledge of the Revenues, together with all rights of the Authority to the Solid Waste Management Agreements, and all amounts on deposit in all funds and accounts (other than the Rebate Fund) established under the Indenture. The Series 2011 Bonds are secured on a parity with \$47.475 million aggregate par amount of outstanding Authority Bonds (collectively, the “Prior Bonds”).

The Series 2011 Bonds do not constitute a general obligation of the Authority. The Series 2011 Bonds do not constitute and shall not be a debt of the State of New York (the “State”), the Counties of Oneida or Herkimer, New York (the “Counties”) or any other municipality or public corporation other than the Authority, and neither the State, the Counties, nor any other municipality or public corporation other than the Authority, shall be liable thereon. The Authority has no taxing power. See “SECURITY FOR THE SERIES 2011 BONDS” herein.

THE AUTHORITY

The Authority was created in 1988 to provide solid waste management services for the Counties in New York State. The Authority has entered into the Solid Waste Management Agreements with the Counties, which describe the services to be provided by the Authority and set forth the respective solid waste delivery and payment obligations of the Counties. See “THE AUTHORITY,” “THE COUNTIES,” and “SUMMARY OF THE SOLID WASTE MANAGEMENT AGREEMENTS” herein.

THE SYSTEM

In addition to the Recycling Center, the Authority owns and operates an integrated system of facilities including three transfer stations (collectively, the “Transfer Stations”), the Authority’s landfill (the “Landfill”), green waste compost

facilities, an administration facility, a household hazardous waste facility and a closed ash landfill (together with the Recycling Center, collectively, the “System”). See “THE SYSTEM” herein.

REVENUES OF THE AUTHORITY

The Authority's principal source of Revenues is the tipping fees collected from haulers, individuals and cities, villages or towns within the Counties (each, a “Municipality”; together, the “Municipalities”) delivering solid waste to the Transfer Stations or the Landfill. The Authority also derives revenues from (i) waste collection and disposal contracts with the City of Utica, New York and the Villages of Ilion, Herkimer, Mohawk, Frankfort and Dolgeville; (ii) tipping fees charged to and collected from certain users of the green waste composting facilities and the Recycling Center, and the associated sale of recycled materials; and (iii) revenues associated with the operation of a landfill gas to electricity generating facility beginning 2011. Tipping fees are typically established on an annual basis (but may be determined more frequently) by the adoption of a resolution by the Authority's Board of Directors following a public hearing. See “SOURCES OF REVENUES AND SECURITY FOR THE SERIES 2011 BONDS” herein.

PURPOSE OF THE ISSUE

The proceeds of the Series 2011 Bonds will be used to fund costs related to the design, procurement and installation of a new single stream recyclables processing system within the Recycling Center located in Utica. The new processing system will be capable of receiving a single stream of mixed fiber/container recyclables from municipal/commercial haulers and processing these recyclables into marketable commodities. The current Recycling Center processing system manages two separate recycling streams and the processing equipment is nearing the end of its useful life. Single stream recyclables operation is expected to increase recycling participation rates, increase collection efficiency, and improve the efficiency of recycling operations. Furthermore, the proposed Material Recovery Facility will have excess capacity that can be utilized to process additional types or volumes of recyclable materials, up to its design capacity of approximately two hundred tons per eight hour shift. The Authority expects to realize significant savings through the use of the new processing system.

Other proceeds of the Series 2011 Bonds will be used to fund costs of issuance and a deposit to the Debt Service Reserve Fund.

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ESTIMATED SOURCES AND USES OF SERIES 2011 BOND PROCEEDS

The proceeds of the Series 2011 Bonds will be applied approximately as follows:

Sources of Funds

Par Amount of Series 2011 Bonds	\$	10,725,000
Net Original Issue Premium	\$	<u>120,880</u>
Total Sources	\$	10,845,880

Uses of Funds

Deposit to Construction Fund	\$	9,526,000
Costs of Issuance*	\$	235,292
Deposit into Debt Service Reserve Fund	\$	<u>1,084,588</u>
Total Uses	\$	10,845,880

*Includes various costs of issuance including underwriter's discount, legal and advisory fees, trustee fees and other fees.

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DEBT SERVICE

The Authority currently has outstanding (i) \$10,410,000 aggregate principal amount of its Solid Waste System Revenue Bonds, Series 1998 (the "Series 1998 Bonds"), (ii) \$27,080,000 aggregate principal amount of its Solid Waste Management System Revenue Bonds, Series 2006 (the "Series 2006 Bonds"), and (iii) \$4,955,000 aggregate principal amount of its Solid Waste Management System Revenue Bonds, Series 2007 (the "Series 2007 Bonds" and, together with the Series 1998 Bonds and the Series 2006 Bonds, the "Prior Bonds"). The Series 2006 Bonds receive an interest subsidy credit from the New York State Environmental Facilities Corporation (the "EFC").

The debt service reserve funds for each series of the Prior Bonds are expected to reduce, respectively, the Authority's debt service payment obligation for such series during the year in which such issue matures. The Series 1998 Bonds have a debt service reserve fund of \$3,184,000 expected to be released at the 2014 maturity of the Series 1998 Bonds. The Series 2006 Bonds have a debt service reserve fund of \$3,339,667 expected to be released at the 2026 maturity of the Series 2006 Bonds. The Series 2007 Bonds have a debt service reserve fund of \$448,060 expected to be released at the 2027 maturity of the Series 2007 Bonds.

The following is a schedule of the estimated annual debt service requirements of the Series 2011 Bonds, and the Prior Bonds, net of the interest subsidy credit from EFC, but not considering any credit from release of debt service reserve funds.

Year (Ending April 1)	Prior Bond Debt Service Total*	Series 2011 Bonds Debt Service	Total
2012	\$6,784,461	\$ 468,905	\$7,253,366
2013	6,790,255	496,488	7,286,743
2014	5,442,957	1,561,488	7,004,445
2015	2,505,783	1,168,888	3,674,671
2016	2,504,991	1,165,288	3,670,279
2017	2,512,413	1,160,688	3,673,101
2018	2,515,842	1,155,088	3,670,930
2019	2,516,671	1,155,588	3,672,259
2020	2,520,129	1,154,088	3,674,217
2021	2,521,091	1,150,588	3,671,679
2022	2,529,726	1,144,638	3,674,364
2023	2,530,730	1,139,750	3,670,480
2024	2,534,379	1,135,500	3,669,879
2025	2,535,560	1,134,000	3,669,560
2026	5,934,057	--	5,934,057
2027	<u>448,060</u>	<u>--</u>	<u>448,060</u>
Total	\$53,127,105	\$15,190,985	\$68,318,090

* Includes the effect of the EFC interest subsidy and associated administrative costs.

DESCRIPTION OF THE SERIES 2011 BONDS

GENERAL DESCRIPTION

The Series 2011 Bonds will be dated their date of delivery and will bear interest (calculated on the basis of a year of 360 days consisting of 12 months of 30 days each) from such date (payable October 1, 2011 and on each April 1 and October 1 thereafter) at the rates and such maturity dates set forth on the inside cover of this Official Statement. The Series 2011 Bonds are issuable only as fully registered Bonds in Authorized Denominations of \$5,000 or any integral multiple of that sum. Series 2011 Bonds may be registered for transfer or exchanged for Series 2011 Bonds in the same aggregate principal amount and like maturity, of Authorized Denominations at the principal corporate trust office of the Trustee, without charge, except for any applicable tax or governmental charge.

The principal or redemption price of the Series 2011 Bonds will be payable at the principal corporate trust office of the Trustee upon presentation and surrender of the Series 2011 Bonds, and interest on the Series 2011 Bonds will be paid to the holder of record on the relevant Record Date (i) by check or draft mailed on the Interest Payment Date to the holder at his address as it appears on the registration books of the Authority, or (ii) at the option of the holder of \$1,000,000 or more in aggregate principal amount of Series 2011 Bonds, by wire transfer on the Interest Payment Date to such wire transfer designation in the continental United States as the Bondholder may request in writing at least 5 days prior to the relevant Record Date (which request will remain in effect until revoked).

REDEMPTION PROVISIONS

Optional Redemption

The Series 2011 Bonds maturing on and after April 1, 2022 will be subject to redemption prior to maturity at the option of the Authority on and after April 1, 2021 as a whole at any time or in part on any Interest Payment Date. Any such redemption shall be at a price of par, together with the interest accrued thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption

The Series 2011 Bonds are subject to redemption prior to maturity at a redemption price equal to the principal amount thereof plus accrued interest to the date set for redemption from the Sinking Fund Installments for such Series 2011 Bonds as follows:

<u>Maturing</u>	<u>Principal Amount</u>
2023	\$ 985,000
2024	1,030,000
2025*	1,080,000

* Final maturity.

Notice of Redemption; Selection of Series 2011 Bonds

The Trustee is required, not more than 60 and not less than 30 days prior to any redemption date for the Series 2011 Bonds, to mail notice of redemption to all holders of Series 2011 Bonds to be redeemed at their registered addresses. Any such notice of redemption will identify the Series 2011 Bonds to be redeemed, specify the redemption date and the redemption price and state that on the redemption date the Series 2011 Bonds called for redemption will be payable at the principal corporate trust office of the Trustee, and that from that date interest on the Series 2011 Bonds called for redemption will cease to accrue. If less than all of the Series 2011 Bonds of any one maturity of a series shall be called for redemption, the particular Series 2011 Bonds and Authorized Denominations thereof to be redeemed shall be selected by the Trustee by lot. In the event of redemption of less than all of the Series 2011 Bonds other than by application of Sinking Fund Installments, the maturity or maturities to be redeemed shall be selected by the Authority.

With respect to any notice of redemption of the Series 2011 Bonds in accordance with the paragraph "Optional Redemption," above, unless, upon the giving of such notice, such Series 2011 Bonds shall be deemed to have been paid within the meaning of the Indenture, such notice shall state that such redemption shall be conditional upon the receipt by the Trustee on or prior to the date fixed for such redemption of monies sufficient to pay the principal of, premium, if any, and interest on such Series 2011 Bonds to be redeemed, and that if such monies shall not have been so received said notice shall be of no force and effect and the Authority shall not be required to redeem such Series 2011 Bonds. In the event that such notice of redemption contains such a condition and such monies are not so received, the redemption shall not be made and the Trustee, within a reasonable time thereafter and in the manner in which the notice of redemption was given, shall give notice to the holders of such Series 2011 Bonds that such monies were not so received and that such Series 2011 Bonds shall not be redeemed as set forth in such notice of redemption.

BOOK-ENTRY-ONLY SYSTEM

THE DESCRIPTION THAT FOLLOWS OF THE PROCEDURES AND RECORDKEEPING WITH RESPECT TO BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2011 BONDS, PAYMENT OF INTEREST AND PRINCIPAL ON THE SERIES 2011 BONDS TO DTC PARTICIPANTS (AS HEREINAFTER DEFINED) OR BENEFICIAL OWNERS OF THE SERIES 2011 BONDS, CONFIRMATION AND TRANSFER OF BENEFICIAL OWNERSHIP INTERESTS IN THE SERIES 2011 BONDS, AND OTHER RELATED TRANSACTIONS BY AND BETWEEN THE DEPOSITORY TRUST COMPANY (“DTC”), THE DTC PARTICIPANTS AND BENEFICIAL OWNERS OF THE SERIES 2011 BONDS IS BASED SOLELY ON INFORMATION FURNISHED BY DTC. ACCORDINGLY, THE AUTHORITY CAN NOT MAKE ANY REPRESENTATIONS CONCERNING THESE MATTERS.

DTC, New York, New York, will act as securities depository for the Series 2011 Bonds. The Series 2011 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2011 Bond certificate will be issued for the Series 2011 Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE SERIES 2011 BONDS, AS NOMINEE OF DTC, REFERENCES IN THIS OFFICIAL STATEMENT TO THE BONDHOLDERS OR REGISTERED OWNERS OF THE SERIES 2011 BONDS SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE SERIES 2011 BONDS.

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

Purchases of the Series 2011 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2011 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2011 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2011 Bonds, except in the event that use of the book-entry system for the Series 2011 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2011 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2011 Bonds with DTC and their registration in the name of Cede & Co. or

such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2011 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2011 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2011 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2011 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Series 2011 Bonds may wish to ascertain that the nominee holding the Series 2011 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2011 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2011 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2011 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy). Redemption proceeds, distributions, and dividend payments on the Series 2011 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Registrar and Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar and Paying Agent or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority and/or the Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its Series 2011 Bonds purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Series 2011 Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2011 Bonds, on DTC's records, to the Paying Agent. The requirement for physical delivery of Series 2011 Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2011 Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2011 Bonds to the Paying Agent's DTC account.

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

The Authority does not have any responsibility or obligations to the DTC Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any DTC Participant; (b) the payment by DTC or any DTC Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Series 2011 Bonds; (c) the delivery or timeliness of delivery by DTC or any DTC Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Bond Resolution to be given to Bondholders; (d) the timely delivery or implementation of any optional or mandatory tender notices or payments to, among, or between the Authority, the Registrar and the Paying Agent, DTC, the DTC Participants or the Beneficial Owners; (e) the selection of the Beneficial Owners to receive payments in the event of any partial redemption of the Series 2011 Bonds; or (f) any consent given or other action taken by DTC, or its nominee, Cede & Co., as Bondholder.

Certificated Series 2011 Bond

DTC may discontinue providing its services with respect to the Series 2011 Bonds at any time by giving notice to the Authority discharging its responsibilities with respect thereto under applicable law, or the Authority may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, certain provisions (as follows) will apply. The Series 2011 Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof. Principal of and interest on the Series 2011 Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State to be named as fiscal agent by the Authority upon termination of the book-entry-only system. Interest on the Series 2011 Bonds will remain payable on October 1, 2011 and semi-annually thereafter on each April 1 and October 1, until maturity or redemption. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent. The Record Date of the Series 2011 Bonds will remain the fifteenth day of the calendar month preceding each such interest payment date. Series 2011 Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Series 2011 Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Bond Certificate of the Authority authorizing the sale of the Series 2011 Bonds. The fiscal agent shall not be obligated to make any such transfer or exchange of Series 2011 Bonds between the fifteenth day of the calendar month preceding an interest payment date and such interest payment date.

SOURCES OF REVENUES AND SECURITY FOR THE SERIES 2011 BONDS

PLEDGE OF THE INDENTURE

The Series 2011 Bonds, the Prior Bonds, and any Additional Parity Indebtedness that may be issued pursuant to the Indenture will be secured by and payable out of the Trust Estate. Under the Indenture, the Authority pledges and assigns the Trust Estate to the Trustee, first, for the equal and proportionate benefit of all holders of Bonds and, second, for the benefit and security of all Credit Facility Providers, as their interests may appear. The Trust Estate includes the following:

- (a) subject only to the right of the Authority to pay Operating Expenses, all right, title and interest of the Authority in and to Revenues;
- (b) all right, title and interest of the Authority in and to the Solid Waste Management Agreements prior to the anticipated expiration dates of May 9, 2014 and December 27, 2014; the Ninth Supplemental Indenture provides that the security afforded by the Master Indenture will automatically apply to any renewal of the Agreements prior to final maturity of the Series 2011 Bonds;
- (c) all right, title and interest of the Authority in and to all money and Investment Securities from time to time held by the Trustee in any fund or account created under the Indenture; provided, however, that money and Investment Securities held in the Rebate Fund shall be applied solely to pay the Rebate Amount to the United States of America and shall not be available for the payment of any Secured Obligations, and any amounts held by the Trustee to pay the purchase price of any Bonds tendered for purchase in accordance with a Supplemental Indenture shall be held exclusively for the benefit of the Registered Owners of such Bonds; and
- (d) all proceeds of the foregoing.

The Indenture provides that, upon a defeasance of the Bonds, the pledge of the Trust Estate and all other rights granted by the Indenture shall be discharged and satisfied. See Appendix B - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Defeasance" herein.

SOURCES OF REVENUE

Tipping Fees

The Authority's principal source of Revenues is the tipping fees collected from haulers, individuals and cities, villages or towns within the Counties (each, a "Municipality"; together, the "Municipalities") delivering solid waste to the Transfer Stations or the Landfill. The Authority also derives revenues from (i) waste collection and disposal contracts with the City of Utica, New York and the Villages of Ilion, Herkimer, Mohawk, Frankfort and Dolgeville; (ii) tipping fees charged to and collected from certain users of the green waste composting facilities and the Recycling Center, and the associated sale of recycled materials; and (iii) revenues associated with the operation of a landfill gas to electricity generating facility beginning 2011. Tipping fees are typically established on an annual basis (but may be determined more frequently) by the adoption of a resolution by the Authority's Board of Directors following a public hearing.

Municipal Collection and Disposal Contracts

The Authority takes an active role to manage waste collection services for a number of municipalities who wish to provide trash collection services to residents. The Authority contracts with the City of Utica to collect and dispose of residential, commercial and industrial solid waste and recyclables generated within the City. The City has adopted an ordinance determining (i) a property owner annual solid waste service charge and (ii) a "blue bag" charge primarily for residential solid waste. The Authority collects both charges, which are designed to cover collection and disposal costs. To provide these services, the Authority subcontracts, through a competitive bid process, to local haulers.

The Authority has similar contracts with the Villages of Ilion, Herkimer, Mohawk, Frankfort and Dolgeville to manage the procurement of trash pick-up services within those municipalities. Such activities provide revenues to the Authority, and assure that waste generated within these communities is delivered to Authority facilities.

Landfill Gas and Carbon Credits

In 2010, the Authority entered into a contract with WM Renewable Energy, L.L.C., a subsidiary of Waste Management, to construct and operate a landfill gas to electricity generating facility at the Landfill. The contract calls for payments to the Authority for landfill gas as well as profit sharing related to electricity sales. Revenues from this facility are expected to begin in 2011. Additionally, the Authority has installed an active gas collection system in an effort to collect all landfill gas generated. Since this is not a regulatory requirement, the Authority has been able to generate carbon credits for sale. These revenues will be utilized to pay for the gas collection system construction as well as to fund future maintenance and expansion of the gas collection system.

Recyclable Materials Sales

The Authority sells commodities produced by the Recycling Center through contracts and the spot market. See "THE SYSTEM - Recycling Center," and "AUTHORITY OPERATIONS." The Authority also generates revenues from the sale of compost produced at the green waste composting facilities. Although the Authority seeks to maximize revenues from materials sales, the markets for such materials are not predictable. Changes in the market for these materials could affect the tipping fees charged by the Authority.

FLOW OF FUNDS

The Indenture creates an account designated as the "Revenue Fund," separate and apart from the other funds and accounts of the Authority. The Authority is required to deposit or cause to be deposited to the Revenue Fund, as soon as possible after receipt, but in no event less frequently than monthly, all of its Revenues and any payments it may receive under the Solid Waste Management Agreements.

The money from time to time in the Revenue Fund shall be applied by the Authority for the purpose of making the deposits required to be made to the following Funds or accounts in the following order of priority:

- (i) the Operating Fund, for payment of Operating Expenses;

- (ii) the Debt Service and Sinking Fund, an amount equal to the aggregate Accrued Debt Service for all Bonds;
- (iii) the Debt Service Reserve Fund, to replenish any deficiencies therein; and
- (iv) the Bond Redemption and Improvement Fund, to replenish any deficiencies therein.

For a more complete description of the flow of funds, see Appendix B - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Funds and Accounts."

DEBT SERVICE RESERVE FUND

The Indenture creates a Debt Service Reserve Fund to hold funds as additional security for the payment of debt service on the Bonds. The Indenture also provides that a separate account shall be established in the Debt Service Reserve Fund for each series of Bonds, and establishes a Series 2011 Account therein. Concurrently with the issuance and delivery of the Series 2011 Bonds, the Authority will deposit in the Debt Service Reserve Funds account for the Series 2011 Bonds an amount equal to the Debt Service Reserve Requirement on the Series 2011 Bonds.

Upon a deficiency in a particular account in the Debt Service and Sinking Fund, the Trustee may make up such deficiency from amounts on deposit in the Debt Service Reserve Fund. To the extent the Trustee shall determine to make up any such deficiency from moneys on deposit in the Debt Service Reserve Fund, the Trustee shall draw first from the corresponding account in the Debt Service Reserve Fund to make up such deficiency, and thereafter shall draw from other accounts in the Debt Service Reserve Fund pro rata on the basis of the amount held in each of the other accounts at the time of such draw.

In the event of a deficiency in any account in the Debt Service Reserve Fund, the Indenture provides that the Authority shall restore the deficiency from amounts in the Bond Redemption and Improvement Fund or shall make monthly transfers to the deficient account from the Revenue Fund. The Indenture requires that any deficiency in any account in the Debt Service Reserve Fund be restored within 12 months after the occurrence of the deficiency; however, failure to restore a deficiency in the Debt Service Reserve Fund does not constitute an Event of Default under the Indenture.

See Appendix B -- "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Debt Service Reserve Fund."

BOND REDEMPTION AND IMPROVEMENT FUND

The Indenture creates a special fund known as the Bond Redemption and Improvement Fund. The Authority, after paying or making provisions for deposits required under the Indenture to the Operating Fund, the Debt Service and Sinking Fund and the Debt Service Reserve Fund, is required to deposit the money remaining in the Revenue Fund from time to time into the Bond Redemption and Improvement Fund until the balance in the Bond Redemption and Improvement Fund shall equal not less than five percent (5%) of the amount of the Operating Expenses which, pursuant to the Annual Budget, as amended, for the then current Fiscal Year, are projected to be incurred during such Fiscal Year, or such different amount as an Engineer shall certify to the Trustee as being reasonable under the circumstances. The Authority may deposit less than all the money the remaining in the Revenue Fund at its option if the amount deposited in the Bond Redemption and Improvement Fund would cause the balance of such Fund to reach the aforementioned level were it repeated over the next ensuing thirty-six (36) months.

Whenever there shall be a deficiency in the Debt Service and Sinking Fund or the Debt Service Reserve Fund, the Trustee shall forthwith and without instruction from the Authority, make good such deficiency from the Bond Redemption and Improvement Fund.

The money on deposit in the Bond Redemption and Improvement Fund may be used for any one or more of the following purposes:

- (i) to pay all or any part of the cost of constructing, acquiring, completing or restoring Authority Facilities;

- (ii) to transfer funds to the Operating Fund to meet unanticipated Operating Expenses or to provide or restore an operating reserve of the Authority;
- (iii) to pay the costs of renewals to or replacements of the Authority Facilities or to pay the cost of extraordinary maintenance or repairs thereto;
- (iv) to repay temporary loans, or any part thereof, incurred for the purpose of acquiring or constructing Authority Facilities, renewals or replacements or undertaking extraordinary maintenance and repairs;
- (v) to pay other debts and liabilities of the Authority incurred in connection with the Processing of Solid Waste not otherwise provided for; and
- (vi) to purchase or redeem any Bonds of any series at a price not greater than 100% of the principal amount thereof (or, to the extent permitted by law, the then current optional redemption price for such series of Bonds) plus accrued interest.

See Appendix B -- "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Bond Redemption and Improvement Fund."

RATE COVENANT

The Authority has covenanted under the Indenture that so long as any Bonds shall remain Outstanding, it will fix, charge and collect tipping fees or user charges, including user surcharges, for the Processing of System Solid Waste that is undertaken at Authority Facilities, which shall produce in the aggregate Operating Revenues sufficient in each fiscal year to provide for: (a) the Operating Expenses of the Authority as set forth in the annual budget for such fiscal year; (b) an amount equal to 100% of the Debt Service Requirements for all Indebtedness in such Fiscal Year; and (c) any amount necessary to restore each account in the Debt Service Reserve Fund to the respective Debt Service Reserve Requirement as provided in the Indenture. See Appendix B - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE – Rate Covenant."

ADDITIONAL PARITY INDEBTEDNESS

Additional Parity Indebtedness may be issued under the Indenture for any lawful purpose of the Authority, including (i) to refinance or refund Indebtedness of the Authority, including accrued and unpaid interest and redemption premium, if any, and all costs and expenses incidental to redemption; (ii) to plan, develop, construct, acquire, complete, restore or replace any Authority Facility or any portion thereof; (iii) to conduct Studies; or (iv) to provide working capital; including in each case the costs and expenses of financing and any increase in the Debt Service Reserve Requirement incidental thereto and the funding of reserves.

Under the Indenture, certain conditions precedent must be satisfied before the Trustee can authenticate or deliver to the Authority any Additional Parity Indebtedness, including, without limitation, delivery of the following to the Trustee:

- (i) a certified copy of a resolution or resolutions of the Board of Directors authorizing the issuance of such Additional Parity Indebtedness, with the form and content required under the Indenture;
- (ii) a Supplemental Indenture executed by the Authority providing for the issuance of the Additional Parity Indebtedness, with the form and content required under the Indenture;
- (iii) a written opinion or opinions of Counsel, with the form and content required under the Indenture;
- (iv) the written order of the Authority, signed by the Chairman or Vice Chairman of the Authority, ordering the Trustee to authenticate and deliver such Additional Parity Indebtedness, stating the amount of the proceeds of sale thereof and directing the application of such proceeds;

(v) the proceeds of the Additional Parity Indebtedness in the amounts stated in the order of the Authority described above, to be applied as described in such order;

(vi) any additional deposit to the Debt Service Reserve Fund required with respect to the Additional Parity Indebtedness;

(vii) a certificate duly executed by the Accountant (or an Authorized Representative of the Authority, to the extent permitted by the Indenture) stating that, based upon an audit of the books and records of the Authority, for any twelve (12) consecutive month period of the eighteen (18) calendar months immediately preceding the month during which the Additional Parity Indebtedness is to be issued (1) the Authority complied with the Rate Covenant, (2) all deposits required to be paid into the Debt Service and Sinking Fund were made, and (3) either the Debt Service Reserve Fund Requirement was maintained in accordance with the Indenture or will be so maintained upon the issuance of the relevant Additional Parity Indebtedness;

(viii) a certificate duly executed by an Engineer (or an Authorized Representative of the Authority, to the extent permitted by the Indenture) setting forth in detail and based upon reasonable assumptions set forth therein (1) his estimate of the Operating Revenues and Operating Expenses of the Authority for each of the Fiscal Years immediately succeeding the issuance of such Additional Parity Indebtedness and up to but not including the completion of the facilities to be financed by such Additional Parity Indebtedness or the scheduled exhaustion of any capitalized debt service included in the Additional Parity Indebtedness, or the later of the scheduled completion of the Study to be financed by such Additional Parity Indebtedness or the scheduled exhaustion of any capitalized debt service included in the Additional Parity Indebtedness, as the case may be, calculated on the assumption that Revenues shall be charged and collected at the rates in effect on the date of such certificate or such higher rate, or rates, as the individual executing the certificate certifies to be reasonable, (2) the Debt Service Requirements for each such Fiscal Year, and (3) his opinion that the amount of estimated Operating Revenues for each such Fiscal Year as described above will be sufficient, together with amounts capitalized, and to be capitalized, from proceeds of the Additional Parity Indebtedness or otherwise made available and reserved, or to be made available and reserved in connection with the issuance of such Additional Parity Indebtedness, and not already taken into account under the Indenture by reduction of the obligation which Operating Revenues must cover, to satisfy the Rate Covenant for each such Fiscal Year. In the event the Additional Parity Indebtedness is not being issued prior to the completion of construction of the facilities being financed by such Additional Parity Indebtedness, or the completion of the Study to be financed by such Additional Parity Indebtedness, as the case may be, the individual executing the certificate shall examine the three (3) Fiscal Years immediately succeeding the Fiscal Year during which the Additional Parity Indebtedness is being issued;

(ix) a certificate duly executed by an Engineer (or an Authorized Representative of the Authority, to the extent permitted by the Indenture) setting forth in detail and based upon reasonable assumptions set forth therein (1) his estimate of the Operating Revenues and Operating Expenses of the Authority for each of the three (3) Fiscal Years immediately succeeding the completion of the facilities to be financed by such Additional Parity Indebtedness, or the completion of the Study to be financed by such Additional Parity Indebtedness, as the case may be, calculated on the assumption that Revenues shall be charged and collected at the rates in effect on the date of such certificate or such higher rate, or rates, as the individual executing the certificate certifies to be reasonable, (2) the Debt Service Requirements for each such Fiscal Year, and (3) his opinion that the amount of estimated Operating Revenues for each such Fiscal Year as described above will be sufficient, together with amounts capitalized, and to be capitalized, from proceeds of the Additional Parity Indebtedness or otherwise made available and reserved, or to be made available and reserved in connection with the issuance of the Additional Parity Indebtedness, and not already taken into account under the Indenture by reduction of the obligation which Operating Revenues must cover, to satisfy the Rate Covenant for each such Fiscal Year;

(x) if the Additional Parity Indebtedness is being issued to finance Authority Facilities, a certificate duly executed by an Engineer (or an Authorized representative of the Authority, to the extent permitted by the Indenture) (1) stating that such facilities will be useful or desirable in connection with the Processing of System Solid Waste; (2) setting forth in detail and based upon reasonable assumptions set forth therein the estimated costs of the acquisition or construction of such facilities including any financing expenses

and, if judged necessary, a balance for contingencies, the sources of funds expected to be applied to finance such costs, and the time period which will be required for completion of the acquisition or construction of such facilities, (3) his opinion that the net proceeds of the Additional Parity Indebtedness, together with other moneys which are then available or are reasonably expected to be available therefore, will be sufficient to pay the costs of the acquisition or construction of such facilities, and (4) his opinion as to the date when such facilities will be placed in commercial operation;

(xi) if the Additional Parity Indebtedness is being issued to finance the refunding of Bonds or Additional Parity Indebtedness, the Authority may provide, in lieu of the certificate described in paragraph (viii) above, a certificate duly executed by an Accountant (or an Authorized Representative of the Authority, to the extent permitted by the Indenture) stating that for the then current and each future Fiscal Year, the Debt Service Requirements for the refunding Bonds will be equal to or less than the Debt Service Requirements that would have existed for that Fiscal Year with respect to the portion of the Bonds or the Additional Parity Indebtedness being refunded; and

(xii) if the Additional Parity Indebtedness is being issued to finance a refunding (1) executed counterparts of such documents as are necessary or appropriate for the purposes of the refunding such as an escrow deposit agreement providing for the deposit and application of funds for the refunding, (2) unless all refunded indebtedness is to be redeemed or otherwise retired on the date of settlement for the refunding Bonds, such schedules, verified as to their mathematical accuracy by an Accountant, as are necessary to demonstrate the adequacy of funds deposited for the refunding and the income thereon for the purpose of paying, when due, the principal or redemption price of and interest on the refunded indebtedness, and (3) evidence satisfactory to the Trustee that notice of any necessary redemption has been properly given, or that provisions satisfactory to the Trustee have been made therefor, or that sufficient waivers of such notice have been duly filed with the Trustee.

The opinion(s) of Counsel described in (iii) above may be accepted by the Trustee as conclusive evidence that the requirements of the Indenture have been complied with, and the Trustee will thereupon be authorized to execute the Supplemental Indenture, to authenticate the Additional Parity Indebtedness and to deliver the same to or upon the order of the Chairman or Vice-Chairman of the Authority.

See Appendix B - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE -Additional Parity Indebtedness" for a complete description of the conditions precedent to the issuance of Additional Parity Indebtedness by the Authority.

SUBORDINATED INDEBTEDNESS

Subordinated Indebtedness may be issued under the Indenture for any lawful purpose of the Authority. No such Subordinated Indebtedness is currently outstanding or envisioned. See Appendix B - "SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE - Subordinated Indebtedness."

SOLID WASTE MANAGEMENT AGREEMENTS

The Authority has entered into Solid Waste Management Agreements (the "Agreements") with Oneida County and Herkimer County dated May 10, 1989 and December 28, 1989, respectively. The Agreements form part of the trust estate pledged in favor of bondholders pursuant to the Indenture. The Agreements call for the Counties to pay to the Authority, quarterly in arrears, the Service Fee, which is equal to the Operating Costs of the Authority plus Debt Service on its Bonds or other obligations, less amounts received by the Authority from its operations. To date, no payments have been made by the Counties nor have any payments been requested by the Authority. The obligation of the Counties to pay the Service Fee is joint and several and continues as long as any Bonds of the Authority remain Outstanding, so long as the Authority continues to provide to the Counties a Solid Waste Management Program and/or to perform the Study, which includes all study and planning activities of the Authority associated with addressing the System and the Solid Waste management needs of the Counties. The Counties do not, however, pledge their full faith and credit and taxing power to the payment of the Service Fee pursuant to the Solid Waste Management Agreements. The Counties have committed to deliver all Solid Waste originated within their respective jurisdictions to such facilities or transfer stations as the Authority directs (whether or not the facility is actually operated by the Authority).

By the terms of the Agreements, the Counties agree to pay the Service Fee for so long as the Bonds are outstanding. However, pursuant to the Authority's enabling legislation, no contract between the Authority and the Counties or any municipality within the Authority's area of operation can exceed a term of twenty-five years. This means that the Agreements with the Counties will expire by statute under the enabling legislation on May 9, 2014 and December 27, 2014, respectively, in each case prior to the final maturity of the Series 2011 Bonds. The Authority intends to renew the Agreements, but renewal is subject to approvals from the governing bodies of the Authority and the Counties. Given this uncertainty, investors should look to the Revenues of the Authority as the main source for payment of the Series 2011 Bonds. To date, the Revenues have been sufficient to pay principal and interest, other than interest capitalized in connection with Outstanding Bonds, and all operating and maintenance expenses on the Outstanding Bonds and to create a substantial cash reserve currently maintained by the Authority, without seeking payment from the Counties. The Ninth Supplemental Indenture to the Master Indenture provides that if and when the Agreements are renewed, they shall automatically be pledged as security for the Series 2011 Bonds. See "SUMMARY OF CERTAIN PROVISIONS OF THE SOLID WASTE MANAGEMENT AGREEMENTS" and Appendix A - "DEFINITIONS OF CERTAIN TERMS USED IN THIS OFFICIAL STATEMENT" for definitions of certain terms used in the Solid Waste Management Agreements.

Pursuant to the Service Fee Allocation Agreement (the "Service Fee Allocation Agreement") by and between the Counties, the Counties have agreed to apportion the Service Fee between them (i) in accordance with the ratio that the population of each County bears to the total population of the Counties, or (ii) in certain circumstances set forth in the Service Fee Allocation Agreement, such that Oneida County pays 75 percent and Herkimer County pays 25 percent. The Counties expressly acknowledge in the Service Fee Allocation Agreement that their respective obligations to pay the Service Fee is nevertheless joint and several. See "SUMMARY OF CERTAIN PROVISIONS OF THE SOLID WASTE MANAGEMENT AGREEMENTS" - The Service Fee Allocation Agreement."

Pursuant to the Solid Waste Management Agreements, the Counties have pledged that they will not limit or impair the rights of the Authority under the Act to, among other things, (i) own or operate projects for which Bonds have been issued, (ii) establish rates and collect fees and charges or (iii) fulfill the terms of agreements with holders of Bonds or with Persons relating to projects or impair the rights and remedies of holders of Bonds. See "SUMMARY OF SOLID WASTE MANAGEMENT AGREEMENTS" - The March 1990 Confirmation Agreement."

THE AUTHORITY

The Authority was created by the State Legislature at the request of the Counties by passage of the Act on September 1, 1988. The Authority is authorized to provide waste management services and to develop appropriate solid waste management facilities for the benefit of the Counties.

The Authority has developed a comprehensive, integrated system of facilities to serve all the residents, businesses, industries and institutions of the Counties. Its mission is to preserve the environment through recovery and disposal through its comprehensive solid waste management system.

The Authority's board is comprised of members appointed in accordance with the Act. The members of the Authority are listed below:

Name	Business Affiliation
Donald Gross, Chairman	Retired Manager of GE Aerospace and Member of Frankfort Zoning Board of Appeals
Neil C. Angell, Vice Chairman	Town of Verona Dairy Farmer and former Oneida County Legislator and Member of the Agricultural Economic Development Committee
Harry A. Hertline, Treasurer	Korean War Air Force Veteran, Retired GE Unit Contract Manager, and former Minority Leader Oneida County Board of Legislators

Vincent A. Casale	Owner of The Casale Group, a political consulting and strategic communications company and a member of the Mohawk School District Board of Education, Herkimer BOCES Board of Education, and Herkimer County Youth Advisory Board
Alicia Dicks	Director of National Grid, Upstate Community Investment and Member of the Mohawk Valley Economic Development Growth Enterprise, Oneida County School and Business Alliance, and Rob Esche “Save of the Day” Foundation
James M. D'Onofrio	President of Arlott Office Products and Member of Oneida County Board of Legislators
Barbara Freeman	Retired Teacher, After School Programs Director for Center for Family Living and Recovery, Inc., Member of Boonville Environmental Conservation Council
Kenneth A. Long	Business Manager of the Ilion Central School District and former Herkimer County Legislator
Robert J. Roberts, III	CEO/Executive Director of Kids Oneida, Inc.
James Williams	Retired from the United States Postal Service, Army Vietnam War Veteran and Member of the Ava Town Planning Board

STAFF

The Authority's management staff consists of:

William Rabbia, Executive Director - Mr. Rabbia has been with the Authority since May 1991. He was appointed Executive Director in March of 2009. Prior to becoming Executive Director he served as Deputy Executive Director since 2002. He is responsible for all Authority functions, including operations at the Recycling Center, green waste composting facilities, Transfer Stations, Household Hazardous Waste Collection Facility, as well as other Authority properties. He has overseen construction of the Authority's Landfill and has coordinated that operation since opening. Mr. Rabbia has a B.S. degree in Environmental Science and Planning from SUNY College of Environmental Science and Forestry, Syracuse.

Michael Wolak, Director of Engineering - Mr. Wolak was named Deputy Commissioner of Engineering for the Oneida County Department of Solid Waste Management in December 1987 and joined the Authority when it was formed. He has been responsible for the engineering aspects of the System plan including technology evaluations and cost estimates, and oversight of design and construction. Mr. Wolak has a B.S. degree in Mechanical Engineering from Syracuse University.

Patrick J. Donovan, Comptroller – Mr. Donovan has served as the Authority Comptroller since September 2007. Mr. Donovan also served as Comptroller from 1990-1993. Mr. Donovan serves as the CFO of the Authority and oversees all aspects of the Authority's financial operations. Mr. Donovan served as Oneida County Comptroller from 1993 until 1998. He is a graduate of State University at New York – Utica, with a degree in Accounting.

James Biamonte, Environmental Coordinator - Mr. Biamonte has been the Authority's Environmental Coordinator since March 1989. He is responsible for conducting and reviewing studies and analysis, in addition to providing recommendations on environmental, economic, and legislative impacts and developments as they relate to comprehensive solid waste management. Mr. Biamonte holds an A.A. degree from Mohawk Valley Community College and a B.A. and M.P.A. from the State University Center at Albany.

David Lupinski, Director of Recycling - Mr. Lupinski was appointed Recycling Coordinator in Herkimer County in November 1988 and became the Director of Recycling for the Authority in March 1993. He is responsible for planning and coordinating the Authority's recycling program, marketing processed recyclables, providing recycling education and information, and overseeing the enforcement of the Counties' Solid Waste Management Laws and the City of Utica Solid Waste Code. Mr. Lupinski has an A.A.S. degree from the SUNY College of Environmental Science and Forestry.

Joshua Olbrys, Environmental Compliance Coordinator – Mr. Olbrys has been with the Authority since March 2006. He is responsible for environmental compliance activities including regulatory reporting. He is the manager of the Authority's permanent household hazardous waste facility. He serves as the Authority's health and safety officer, as well as assisting the engineering and operations functions. Mr. Olbrys has a B.S. degree in Environmental Studies from SUNY Plattsburg.

Peter M. Rayhill, Authority Counsel – Mr. Rayhill has been Authority Counsel since December of 2000. He came in-house with the Authority in April 2010. Mr. Rayhill is a graduate of Bowdoin College and the University of Virginia School of Law. He was admitted to practice in New York in 1989.

THE COUNTIES

The Counties are located in central New York State between Syracuse and Albany and occupy an area of approximately 2,650 square miles. The Counties are mostly rural in character with population clusters in the villages and cities. The population of the Counties in 2009 was estimated to be 293,280 (Source: The U.S. Census Bureau).

The cities and major villages in the Counties, including Utica, Rome, Sherrill, Little Falls, Herkimer and Ilion, among others are primarily located in the Mohawk River Valley and are traversed by the New York State Thruway. For more information about the Counties, including respective financial information for each County, please visit <http://ocgov.net/oneida/comptroller> (Oneida County) and www.herkimercounty.org (Herkimer County).

THE CONSULTING ENGINEER

In connection with the proposed issuance of the Series 2011 Bonds, the Authority retained Barton & Loguidice, P.C., as consulting engineer (the "Consulting Engineer") to prepare the Consulting Engineer's Certificate concerning the Facility and the System, financial projections of operating results of the Facility and the System and the anticipated ability of the System to meet the rate covenant requirements through 2015. Further, the Engineer's Certificate addresses the Authority's compliance, operation and maintenance of the Facility and System. The Consulting Engineer is knowledgeable about the planning, permitting, design, construction and operation of the various types of solid waste management facilities that are included in the System. The Consulting Engineer has extensive detailed knowledge of the Authority's solid waste system and has been the Authority's solid waste engineering consultant since May 21, 1991. Prior to working with the Authority, the Consulting Engineer was the solid waste engineering consultant to Oneida County in developing facilities that are currently within the Authority's system.

The Consulting Engineer's Certificate includes, among other things, the following conclusions:

With respect to the Projected Operating Results and Project Debt Service Coverage set forth herein:

1. The Authority's estimate of the Operating Revenues and Operating Expenses for each of the Fiscal Years 2011 to 2015, calculated on the assumption that Revenues shall be charged and collected at the rates in effect on the date of this opinion are reasonable.
2. The quantities of waste and recyclables estimated to be received by the Authority are reasonable.
3. The Authority's cash flow projection takes into account and provides for the funding of required closure and post closure reserves and maintenance as required by 6 NYCRR Part 360.
4. The projections of financial information and related actions of the Authority will allow it to remain in compliance with all federal, state and local environmental statutes, regulations, ordinances, guidance documents and other provisions having the force or effect of law.

5. The estimates of costs that the Authority has utilized will be sufficient for it to acquire and construct the single-stream recyclables processing system facility (the "Facility"), including an allowance for contingencies.
6. The amount of estimated Operating Revenues for the 2011 to 2015 Fiscal Years as shown on Schedule I of the Engineer's Certificate will be sufficient to satisfy the Rate Covenant for each of the 2011 to 2015 Fiscal Years.
7. The amounts set aside in the Authority's unrestricted cash reserve accounts are sufficient to pay for future Landfill cell construction without the need for additional borrowings.

Further, with respect to the Facility and the System:

1. The Facility will be placed in commercial operation on or about December 5, 2011.
2. The existing facilities of the System have been designed and constructed, and are being operated and maintained in accordance with generally accepted engineering practices and in compliance with applicable permit conditions.
3. The System, as it currently exists and as it is proposed to be further developed, is a technically feasible, reasonable and achievable undertaking that can provide a long term, environmentally sound and economical method of solid waste management and disposal.
4. The Authority will continue to operate and maintain each of its facilities, including, without limitation, the System and the Facility once constructed, in accordance with good engineering practice, make all required permit renewal and equipment replacements in a timely manner, and will generally operate and further develop its System in a sound businesslike manner.
5. The Authority's plan for further development and operation of the System is consistent with applicable Federal and State requirements and policies.
6. The Authority's staff has demonstrated its capability to manage the development of additional system facilities, including, without limitation, the Facility, and to operate or contract for operation of such additional system facilities, in furtherance of the Authority's System plan.
7. The Authority's transfer stations are capable of receiving and transporting all of the acceptable municipal solid wastes generated in the Authority's service area for at least the next twenty years.
8. The Landfill is capable of receiving and disposing of all of the acceptable municipal solid wastes generated in the Authority's service area for at least the next seventy-six and 3/10 (76.3) years.
9. The conversion to a single stream Material Recovery Facility is expected to increase recycling participation rates, increase collection efficiency and improve the efficiency of the recycling operations. Furthermore, the proposed Material Recovery Facility will have excess capacity that can be utilized to process additional types or volumes of recyclable materials, up to its design capacity of approximately two hundred tons per eight hour shift. The Authority expects to realize significant saving through the use of the proposed processing system.
10. The Authority can expect to maintain continual access to markets for recyclable materials produced by the Material Recovery Facility, absent any unforeseen drastic changes in these markets.
11. The Authority's Green Waste Composting Facility is capable of continuing to receive, process, and divert from landfill disposal up to approximately 12,000 tons per year of leaves, grass clippings and brush. Based on our review of this facility's permit and method of operations, the Authority may expand its operation or change its methods of operation, if deemed necessary or desirable, to increase the amount of green waste received and composted at this facility.
12. No aspects of current solid waste management practices, geography, or any other feature of the Authority's service area would cause impediments to the proper functioning of the flow control measures taken by the Counties and the Authority, including the ordinances, contracts and associated regulations that the Authority has implemented to secure its waste stream.

The Consulting Engineer's Certificate is attached hereto as APPENDIX E. The results of the engineering review and financial forecasts were provided by Consulting Engineer for inclusion in this Official Statement.

THE SYSTEM

THE CURRENT SYSTEM

The Authority is dedicated to advancing solid waste solutions in an environmentally friendly way and has pioneered the greening of the Counties. This includes a regional recycling program that is regarded as one of the most expansive in the country that includes both school and community recycling programs.

The System is designed to dispose of solid waste generated in the Counties, including the management of all of the constituent parts of the Counties' waste stream, including municipal solid waste, household hazardous waste, recyclable materials, construction and demolition debris, tires, green waste, and sludge. Industrial hazardous wastes, which are heavily regulated by State and Federal agencies, are not handled by the Authority. Under the Act, the Authority is not permitted to accept solid waste (other than recyclable materials) from outside of the Counties.

Currently, the System includes the Landfill, the Transfer Stations, the Recycling Center, green waste compost facilities, a household hazardous waste facility, and a tire collection facility.

The Authority also provides solid waste and recyclables collection and disposal services for the City of Utica and the Villages of Ilion, Frankfort, Herkimer, Dolgeville and Mohawk. The Authority provides solid waste disposal services (other than for industrial hazardous wastes and infectious waste) for all residents and commercial establishments in the Authority's service area. The Authority provides free recycling services to all of the residents of its service area through the Recycling Center, located adjacent to the Eastern Transfer Station in Utica. Recycling is mandated by the Counties and curbside collection of recyclables is provided by private haulers.

THE LANDFILL

The Landfill is an important part of the environmental infrastructure that serves the Counties and is a critical part of the System. The Landfill employs the best available engineering systems to protect the environment and mitigate long-term liability. Additionally, the Landfill provides a local, cost effective and financially stable means of disposal.

The Landfill accepts solid waste directly from haulers and from the Transfer Stations. The Landfill also accepts wastewater treatment sludge and contaminated soil which is used as an approved source of cover material. The Authority owns and operates the Landfill.

The Landfill is located in the Town of Ava on State Route 294 in the northwest corner of Oneida County. The total site acreage is approximately 1,040 acres, and the Landfill site consists of an approximately 280 acre landfill development area which is surrounded by a 760 acre buffer. Of the 280 acres, approximately 150 total acres are scheduled to be developed as lined disposal areas (32.9 lined acres have been built to date) with the remainder in use for supporting facilities. The Authority has all of the permits required to operate the Landfill.

The Landfill is designed for 19 cells of double composite liner that will be built in stages. The first three cells were built in 2005 and 2006. A fourth cell of 9.3 acres was constructed in 2010, funded with surplus cash. This cell is anticipated for use beginning in 2013. The other 15 cells will be built in the future at such times as additional waste disposal capacity is required. This staged sequence of Landfill cell construction enables the Authority to set aside funds annually to pay for future cell construction and capping costs without additional debt.

The remaining Landfill life has been recently estimated by the Authority's engineers, Barton & Loguidice, P.C., at 76.3 years at the current utilization rate.

LANDFILL GAS AND CARBON CREDITS

In 2010, the Authority entered into a contract with WM Renewable Energy, L.L.C., a Waste Management subsidiary, to construct and operate a landfill gas to electricity generating facility at the Authority's Landfill. The contract calls for payments to the Authority for landfill gas as well as profit sharing related to electricity sales. Revenues from this project are expected to begin in 2011. Additionally, the Authority has installed an active gas collection system in an effort to collect all landfill gas generated. Since this is not a regulatory requirement, the Authority has been able to generate

carbon credits for sale. These revenues will be utilized to pay for the gas collection system construction costs as well as fund future maintenance and expansion of the gas collection system.

THE TRANSFER STATIONS

The Authority owns three Transfer Stations: (1) the Eastern Transfer Station, (2) the Western Transfer Station and (3) the Webb Transfer Station. At each Transfer Station, waste is inspected to first ensure that no dangerous or hazardous materials are received. If hazardous materials are discovered, actions are taken immediately for their safe and legal disposition. The inspection also facilitates compliance with recycling requirements. Certain industrial waste, construction and demolition debris, and tires are also delivered to the Transfer Stations. Waste from the Transfer Stations is transported to the Landfill.

Eastern Transfer Station. The Eastern Transfer Station is centrally located in the City of Utica. It became operational in 1991. During 2010, the Eastern Transfer Station handled approximately 142,563 tons. The Eastern Transfer Station is operated by the Authority. The Eastern Transfer Station adjoins the Recycling Center.

Western Transfer Station. The Western Transfer Station is located in the City of Rome. It became operational in 1995. During 2010, the Western Transfer Station handled approximately 66,562 tons. The Western Transfer Station is operated by the Authority.

Webb Transfer Station. The Webb Transfer Station is located in the Town of Webb, New York. It was constructed by the Authority and became operational in June 1994. The Webb Transfer Station handled approximately 2,300 tons of solid waste in 2010. The Town of Webb operates the Webb Transfer Station, owns the transfer trailers transporting solid waste from the facility, and transfers the solid waste from the Webb Transfer Station to the Landfill for disposal. The Webb Transfer Station serves primarily the northern portion of Herkimer County.

RECYCLING CENTER

The Authority owns and operates the Recycling Center, which is used for the centralized processing of recyclable materials. The current processing system manages two separate recycling streams and is nearing the end of its useful life. The facility is located on a 325-acre site in the central section of the City of Utica, near the eastern border of Oneida County just south of the Mohawk River, and north of an active Conrail railroad track. The facility buildings and ancillary roadways occupy approximately three acres of the site.

The proceeds of the Series 2011 Bonds will be used to fund costs related to the design, procurement and installation of the processing system within the Recycling Center. The new processing system will be capable of receiving a single stream of mixed fiber/container recyclables from municipal/commercial haulers and processing these recyclables into marketable commodities. The single stream recyclable operation is expected to increase recycling participation rates, increase collection efficiency, and improve the efficiency of recycling operations. The Authority expects to realize substantial savings through the use of the new processing system.

The following materials are recycled through the Recycling Center:

Newspapers & Inserts	Magazines & Catalogues
Telephone Books	Brown Grocery Bags & Kraft Paper
Junk Mail	Corrugated Cardboard
Lightweight Cardboard (i.e. cereal boxes)	Office & Computer Paper
Glass Containers (all colors)	Plastic Containers Coded #1,2,3,4,5
Metal Cans	Beverage Cartons & Drink Boxes
Aluminum Foil Wrap & Foil Plates	Aerosol Cans
Computer Equipment	Pizza Boxes
Soft & Hardcover Books	Electronics

The Recycling Center is regarded as one of the most expansive recycling facilities in the country. In addition to all the households in the region, approximately 200 businesses and industries use the facility. Since opening, over 689,433 tons of recyclable material have been processed for delivery to mills that manufacture new products. The Authority has

developed business relationships and contracts with 80 local and interstate buyers for these materials. The facility is designed to be capable of receiving up to 200 tons per day (per eight-hour shift) of commingled materials.

GREEN WASTE FACILITIES

The Authority owns and operates a green waste composting facility immediately adjacent to the Recycling Center and the Eastern Transfer Station. A graded pad and processing area is utilized to receive leaves, grass clippings and brush. This material is processed and placed in a series of windrow piles. Management of the windrows through control of temperature, moisture and oxygen provides for the biological breakdown of this organic material into a useable humus or compost.

Brush is ground into wood chips for use as mulch. Leaves and grass are processed through a windrow composting system into high quality compost. The Authority markets finished compost to residents, landscape companies and contractors in bulk or by the bag. The Authority also grinds clean wooden pallets and markets the processed material.

The Authority operates a compost/brush processing facility adjacent to the Western Transfer Station.

The green waste facilities serve approximately 17 municipalities and a number of private haulers, businesses, institutions and landscapers. The Authority's rate for 2011 is \$15.00 per ton for green waste disposal for commercial businesses and municipalities.

HOUSEHOLD HAZARDOUS WASTE

The Authority owns and operates a permanent, permitted household hazardous waste management facility. The facility provides a drop-off site for residents to dispose of, or recycle, pesticides, herbicides, oils, paints, solvents, photographic supplies and other household chemicals in the most environmentally sound manner.

A 25 by 40 foot building allows for the receipt, sorting and packaging of household hazardous waste. Packaged wastes are then stored in lockers until disposed of by a hazardous waste disposal contractor. In 2010, over 40,932 gallons from over 6,616 households were collected and shipped for proper disposal. Paint is recycled into sealer for dry wall or concrete blocks.

Conditionally-exempt small quantity generators of hazardous products that are permitted by the Authority to use the facility are charged a fee for using the facility. No fees are charged to residents for drop-off of household hazardous products.

The Authority began a computer recycling program in 2000, expanded to include electronics equipment in 2003. The program, which was operated as part of the expanded household hazardous waste program, allows residents, institutions and businesses to deliver outdated or damaged electronics equipment to the Authority for recycling and disposal. Over 177.2 tons of computer and electronics equipment were handled in 2010.

TIRE RECYCLING

In accordance with County law, tires are not accepted for disposal at any Authority facilities. The mandatory recycling of tires has been required by the Authority since 1989. Over 40,000 tires per year are recovered. Tire trailers are located at the Recycling Center and at the Western Transfer Station for the collection of tires.

The Authority is currently recycling tires through Casings, Inc., Catskill, New York. Reusable tires are sorted and resold as used tires. Tires with good sidewalls are sold or recapped on site. Tires are processed into crumb rubber for alternative uses, cut into bumper stops and other tire products, or chipped and sold as fuel.

CONVENIENCE STATIONS

The Authority's residential convenience stations provide residents with centrally-located drop-off areas for recyclables, green waste, solid waste, appliances, tires, used motor oil and antifreeze, auto batteries, empty propane cylinders and electronics equipment. The convenience stations are located at the Authority's Eastern and Western Transfer Stations and are open six days a week, Monday through Saturday.

Fees are charged to dispose of solid waste. Currently, there are no fees for residents for recyclables, green waste, used oil filters, antifreeze, auto batteries, computer components and propane tanks.

WASTE FLOW CONTROL

LEGAL FLOW CONTROL

Oneida County and Herkimer County each passed a respective flow control ordinance requiring private haulers of solid waste and recyclables within the Counties to deliver all of the solid waste (including recyclable materials) collected by such haulers within the Counties to the Authority's facilities. Under the flow control ordinances, every hauler of solid waste and/or recyclables is legally required to procure a permit from the Authority. The permit rules and regulations stipulate that all solid waste and recyclables collected within the two Counties must be delivered to a facility designated by the Authority.

After the *C&A Carbone v. Town of Clarkstown* decision by the United States Supreme Court, several local haulers challenged the Counties' flow control ordinances in the litigation known as *United Haulers Assoc. Inc., et. al. v. Oneida-Herkimer Solid Waste Management Authority, et. al.* ("United Haulers Litigation").

On April 30, 2007, the United States Supreme Court ruled that the Counties' flow control ordinances were constitutional, legal and binding. The Court concluded that waste disposal is both a typical and traditional local government concern, and that the flow control ordinances enable the Counties to pursue particular policies with respect to the handling and treatment of waste generated in the Counties, while allocating the costs of those policies on citizens and businesses according to the volume of waste they generate.

The Authority is responsible for enforcement of the Counties' flow control ordinances. Enforcement is accomplished through civil and criminal proceedings. Failure to comply with the permit rules and regulations is punishable civilly by fines and/or revocation of the permit. Criminal enforcement of the flow control ordinances is accomplished by the County Sheriffs and District Attorneys for both Counties upon the filing of a complaint by the Authority. Monthly monitoring of waste streams and deliveries by the haulers is conducted by the Authority to assure compliance with the flow control ordinances. Over approximately the last ten years, only three enforcement actions have been brought under the flow control ordinances.

Since the Supreme Court decision in 2007, there has been one enforcement proceeding involving less than one fifth of one percent of the waste stream for the two Counties.

ECONOMIC AND MANAGERIAL FLOW CONTROL

In addition to legal flow control, the Authority employs a variety of strategies to retain control of waste within the Counties:

1. The Authority contracts with each of its haulers and with almost all wholesale generators of waste within the Counties under which those haulers and generators agree to deliver all the waste that they collected or generated to the Authority's System. The contracts were originally for a term of ten years. They were renegotiated in 2006. Their expiration dates are staggered so that only a fraction expire in any year. The contracts provide that the Authority will provide disposal capacity at a cost that is determined each year, currently \$72.15 per ton of municipal solid waste, and that the Authority will provide free recycling services at the Recycling Center. See WASTE FLOW CONTROL - Private Hauler Contracts herein.
2. The Authority reemphasized the importance of providing convenient service to its haulers. While several of its haulers filed suit in the United Haulers Litigation, the vast majority did not. By working with these haulers, the Authority was able to implement the contracts discussed above and institute other changes in its operations that the haulers valued. This provided additional incentive for the haulers to deliver their waste to the Authority.
3. The Authority took an active role in providing services to municipalities that wished to provide trash collection to their residents. The Authority has contracted with the City of Utica and the Villages of Dolgeville, Herkimer, Ilion, Frankfort and Mohawk to manage the procurement of trash pick-up services within those

municipalities. The Authority competitively bids out collection contracts to haulers to serve those communities. This ensures that the Authority has direct control over the waste from approximately 25% of the region's population. See WASTE FLOW CONTROL - Municipal Collective and Disposal Contracts herein.

4. The completion of the Authority's regional landfill at the end of 2006 substantially reduced the cost of disposal for the Authority. The Authority passed along the benefits of its lower costs to its haulers and other users. The tipping fee was reduced by approximately \$8.00 per ton in 2007. The Authority believes that its tipping fees, which cover recycling and other services, are competitive with those charged by private landfills in the area, after allowing for transportation costs.
5. In addition to the County ordinances, the Counties executed the Solid Waste Management Agreements with the Authority to provide financial support to the Authority's obligations, if needed, during the term of the Agreements. See SUMMARY OF THE SOLID WASTE MANAGEMENT AGREEMENTS herein.

CURRENT COLLECTION PRACTICES IN THE COUNTIES

Waste collection for approximately 55% of the service area's population is provided directly by municipalities – either using municipal staff and equipment, or by subcontracting collection to third parties. See WASTE FLOW CONTROL – Municipal Collection Contracts.”

Most suburban and rural areas of the region are served by private haulers under individual arrangements with the homeowner; this constitutes about 40% of the region's population. Use of public drop off sites at transfer stations account for the remaining 5% of the population.

There are 78 towns, villages, and cities in the region. Currently, there are 8 localities which collect waste with municipal collection, and 17 which do so with public contracts with private haulers. The remaining 47 localities are served by private haulers. Six additional communities are served by municipal drop off centers and/or private haulers.

MUNICIPAL COLLECTION CONTRACTS

The Authority takes an active role to manage waste collection services for a number of municipalities who wish to provide trash collection services to residents. By controlling collection, the Authority is able to direct all such waste to Authority disposal facilities.

City of Utica Contract In 1996, the Authority and the City of Utica (the “City”) entered into a 25-year agreement pursuant to which the Authority collects and disposes of all solid waste generated within the City. This includes (i) weekly collection of recyclables from approximately 25,000 households and small businesses in the City and (ii) collection of solid waste from all properties within the City. The Authority receives revenue for its services from a solid waste service charge and sale of blue garbage bags (“blue bags”) which are required for solid waste disposal.

The City establishes service charges and user fees by ordinance. User fees are the amounts the City charges for blue bags. Currently, the user fees are \$0.95 for each small size bag (16 gallons) and \$1.55 for each large bag (32 gallons). Service charges are billed to property owners directly and currently range from \$79.00 per year to \$237.00 per year, depending on class of property (single family, two-family, religious, single business, other).

The City has assigned to the Authority the responsibility for (i) distributing and selling blue bags and (ii) implementing the annual solid waste service charge by assisting the City Comptroller in the billing and collection of the service charge. Bills for service charges are sent in March and payment is due by April 30. Failure of a property owner to make a payment within one year of the due date results in a lien on the property in favor of the City of Utica.

In 2007, the Authority completed a competitive bid process for the collection of recyclables and solid waste generated in the City of Utica for a five-year term, commencing April 1, 2008. Award was made to the low bidder, Feher Rubbish Removal, Inc.

Other Communities The Authority has similar contracts with the Villages of Ilion, Herkimer, Mohawk, Frankfort and Dolgeville to manage the procurement of trash pick-up services within those municipalities. Such activities provide revenues to the Authority, and assure that waste generated within these communities is delivered to Authority facilities.

PRIVATE HAULER CONTRACTS

Following the C&A *Carbone v. Town of Clarkstown* decision, the Authority implemented hauler contracts to ensure that solid waste generated within the Counties was delivered to its facilities. Commencing in 1996, in lieu of establishing waste collection districts, the Authority negotiated a form of standard contract to be entered into with private collectors of solid waste and recyclables within the Counties to ensure the flow of waste to Authority facilities. Each contract provides, among other things, for (i) the private collector to deliver all of the Solid Waste (including recyclable materials) collected within the Counties to the Authority's facilities, and (ii) the Authority to accept and dispose of such Solid Waste. Under each such contract, the 2011 tipping fees are \$72.15 per ton for residential and commercial municipal solid waste and \$58.00 per ton for construction and demolition debris. No tipping fee is charged for recyclable materials.

The Authority has entered into over 500 substantially identical contracts with private collectors of Solid Waste within the Counties. The contract expiration dates are staggered so only a fraction expires in any year.

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The following table shows the top ten haulers in terms of tons of solid waste delivered to the Authority facilities. No hauler accounts for a significant portion of the Authority's waste stream.

Private Haulers Municipality Contracts	2010 MSW	% 2010 MSW	Contract Expiration Date
Waste Management of NY - Utica	30,105	17.5%	12/31/2014
City of Utica	16,731	9.7%	3/1/2021
Feher Rubbish Removal	15,818	9.2%	2/6/2017
Spohn's Disposal	10,508	6.1%	12/31/2016
City of Rome	9,008	5.2%	12/31/2017
Hawkins & Hurlbut Sanitation	8,155	4.7%	12/31/2016
Bliss Environmental Services	7,640	4.4%	6/23/2014
Wheelock Disposal	5,755	3.3%	1/31/2017
Controlled Waste Systems Inc.	5,090	3.0%	9/8/2015
Przyluke Sanitation	4,516	2.6%	12/31/2016
Top 10 Hauler Totals	<u>113,326</u>	<u>65.7%</u>	
All Haulers	171,831	100%	

AUTHORITY OPERATIONS

Pursuant to the Rate Covenant and Authority policy, the Authority establishes tipping fees to generate revenues sufficient to cover all Authority Operating Expenses and Debt Service. Operating Expenses include costs of operating the Recycling Center, the Authority's household hazardous waste program, green waste composting facilities, the tire recycling program and other Authority programs, which services are currently provided without charge.

WASTE DELIVERIES

The following table sets forth the amount (tonnage) of municipal solid waste delivered to Authority facilities during the years 2005 through 2010. Waste deliveries increased after the Authority opened its Landfill. For 2011, the Authority budgets annual municipal solid waste and total waste deliveries at 172,000 tons and 301,000 tons respectively.

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Municipal Solid Waste	176,533	182,585	182,721	178,069	174,637	171,831
Construction & Demolition Debris	62,792	59,120	58,686	52,640	51,559	51,677
All Other	<u>18,276</u>	<u>20,885</u>	<u>58,746</u>	<u>89,648</u>	<u>96,590</u>	<u>104,086</u>
Total	257,601	262,590	300,153	320,357	322,786	327,594

HISTORICAL FEES CHARGED BY AUTHORITY

The following table sets forth the tipping fees charged by the Authority during the years 2005 through 2011 Budget. With the opening of the Authority Landfill, the Authority reduced its contract tipping fee for municipal solid waste from \$80 to \$72 per ton. The contract tipping fee has remained at or near this level since then.

	2005	2006	2007	2008	2009	2010	2011
Municipal Solid Waste							
Contract	\$80	\$80	\$72.15	\$72.15	\$72.15	\$72.15	\$72.15
Non-Contract	\$105	\$115	\$115	\$115	\$115	\$115	\$115
Construction and Demolition							
Contract	\$65	\$65	\$58	\$58	\$58	\$58	\$58
Non-Contract	\$105	\$115	\$115	\$115	\$115	\$115	\$115

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The following table sets forth the Authority statements of Revenues and Expenses for the years 2005 through 2010. Prior to the opening of the Authority's Landfill in 2007, the Authority paid waste transportation and disposal fees for the use of landfill capacity.

AUTHORITY REVENUES AND EXPENSES

Fiscal Year (Ending December 31)	2005	2006	2007	2008	2009	2010
Operating Revenues						
Tipping Fees	17,754,882	18,554,622	16,569,935	16,994,095	17,209,139	17,212,509
Solid Waste Service Charge	1,950,782	1,950,995	2,100,338	2,116,381	2,036,344	2,040,682
Refuse Bag Sales	1,729,232	1,779,836	1,921,866	2,043,343	2,026,384	2,016,755
Toter Revenues	-	-	311,807	575,556	611,924	629,632
Recyclable Sales	2,099,160	1,826,088	2,411,978	2,703,872	1,639,167	2,780,617
Miscellaneous	453,069	443,225	423,550	460,721	550,704	576,024
Total	23,987,125	24,554,766	23,739,474	24,893,968	24,073,662	25,256,219
Operating Expenses						
Waste Transportation and Disposal Fees	11,956,036	10,638,202	-	-	-	-
Personnel Services	3,526,708	3,673,973	4,388,303	4,725,306	4,854,598	5,200,181
Contractual Services	1,996,716	2,890,703	5,141,272	5,426,080	5,733,771	5,613,744
Materials and Supplies	450,846	701,658	1,241,880	1,643,880	1,022,951	1,246,185
Utilities	339,597	335,398	393,874	404,211	296,169	291,050
Repairs and Maintenance	119,766	136,363	155,358	102,381	126,848	130,061
Insurance	121,595	132,868	145,943	148,470	153,566	144,432
Other Rental	38,842	64,011	50,590	56,867	59,450	76,329
Depreciation	1,166,226	1,270,431	3,707,827	3,765,033	3,785,140	3,848,425
Post Closure	-	164,731	525,977	510,000	510,000	440,000
Miscellaneous	544,283	923,756	1,017,325	946,977	1,540,729	1,655,585
Total	20,260,615	20,932,094	16,768,349	17,729,205	18,083,222	18,645,992
Operating Income	3,726,510	3,622,672	6,971,125	7,164,763	5,990,440	6,610,227
Nonoperating Revenues(Expenses)						
Interest Income	545,062	650,932	657,532	729,337	574,286	474,906
Interest Expense	(1,707,253)	(2,165,980)	(2,385,557)	(2,226,387)	(2,033,364)	(1,821,502)
Amortization of Bond Discount	(217,980)	(215,822)	(240,309)	(226,722)	(202,789)	(176,107)
Grants	51,352	46,177	480,847	65,577	-	66,818
Total	(1,328,819)	(1,684,693)	(1,487,487)	(1,658,195)	(1,661,867)	(1,455,885)
Net Income	2,397,691	1,937,979	5,483,638	5,506,568	4,328,573	5,154,342

The following table sets forth the Historical Debt Service Coverage on Authority Bonds for the Fiscal Years 2005 through 2010.

HISTORICAL DEBT SERVICE COVERAGE

Fiscal Year (Ending December 31)	2005*	2006*	2007	2008	2009	2010
Operating Revenues	23,987,125	24,554,766	23,739,474	24,893,968	24,073,662	25,256,219
Operating Expenses	20,260,615	20,932,094	16,768,349	17,729,205	18,083,222	18,645,992
Nonoperating Revenues(Expenses)	(1,328,819)	(1,684,693)	(1,487,487)	(1,658,195)	(1,661,867)	(1,455,885)
Operating Income	2,397,691	1,937,979	5,483,638	5,506,568	4,328,573	5,154,342
(+) Depreciation	1,166,226	1,270,431	3,707,827	3,765,033	3,785,140	3,848,425
(+) Interest	1,707,253	2,165,980		2,226,387	2,033,364	1,821,502
(+) Amortization of Bond Discount	217,980	215,822	240,309	226,722	202,789	176,107
Cash Available for Debt Service	5,489,150	5,590,212	11,817,331	11,724,710	10,349,866	11,000,376
Prior Debt Service	5,752,253	6,120,980	6,515,557	6,651,387	6,640,039	6,636,000
Adjustments	(1,435,000)	(2,429,000)	-	-	-	-
2011 Debt Service	-	-	-	-	-	-
Total Debt Service	4,317,253	3,691,980	6,515,557	6,651,387	6,640,039	6,636,000
Debt Coverage Ratio	1.27	1.51	1.81	1.76	1.56	1.66

* Adjustments: In 2005 and 2006, debt service on 1992 Bonds was prepaid from reserves and the DSRF was released at final maturity.

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PROJECTED OPERATING RESULTS

The following table sets forth a summary of the Authority's unaudited 2010 financials, and Authority financial projections from Fiscal Years 2011 to 2015.

Assumptions. The Authority has conservatively estimated waste disposal volumes for the 2011 Budget and future years at 301,000 tons per year based on a historical budget analysis of its tonnage and consultations with its Consulting Engineer. Notably, since the Authority relies primarily on municipal waste rather than manufacturing or processing waste, the Authority has historically experienced less fluctuation in its tonnages due to the general level of economic activity compared to other solid waste management systems. The Authority projects constant operating revenues from tipping fees through 2013. In 2014, the Authority expects to reduce the gate rate it charges by 7% due to a substantial ongoing reduction in annual debt service payments which in turn will reduce the Authority's projected tipping fee revenues. Reduced recyclables sales are projected in 2011 due to the conversion to single stream processing, including shutting down the Recycling Center for approximately six months. The Authority's management agreements with the City of Utica and five Herkimer County Villages require that each municipality adjust rates as necessary to cover the cost of their respective programs. The projections include a rate increase for the City of Utica program in 2012 which will be subject to the City's budget process. Miscellaneous revenues include new revenues from the landfill gas to electricity project and carbon credits beginning in 2011. Miscellaneous expenses include, without limitation, host community benefits and the maintenance of other reserves. Personnel and contractual services are expected to decrease due to the conversion to single stream processing, since it will result in a decreased labor need, including the elimination of temporary laborers. However, scheduled increases under the Authority's collective bargaining agreements offset some of this savings. Further, depreciation will increase starting in 2013 due to planned utilization of a fourth landfill cell. Also, the Authority anticipates that it will have fully funded the required closure and post closure reserves for the Landfill in compliance with 6 NYCRR Part 360 by the end of 2013. As per regulation, the Authority's Consulting Engineer will continually reassess this to ensure that no additional funds will be necessary.

The following assumptions, forecasts and projections are "forward looking statements" and not necessarily indicative of future performance. No assurance can be given that projections presented herein will be achieved and actual results may differ materially from these projections.

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Fiscal Year (Ending December 31)	Projected 2011	Projected 2012	Projected 2013	Projected 2014	Projected 2015
Operating Revenues					
Tipping Fees	17,200,000	17,200,000	17,200,000	16,000,000	16,000,000
Solid Waste Service Charge	2,080,000	2,180,000	2,200,000	2,225,000	2,250,000
Refuse Bag Sales	2,035,000	2,200,000	2,225,000	2,250,000	2,275,000
Toter Revenues	620,000	625,000	635,000	640,000	645,000
Recyclable Sales	1,600,000	2,600,000	2,675,000	2,750,000	2,850,000
Miscellaneous	760,000	1,000,000	1,065,000	1,075,000	1,100,000
Total	24,295,000	25,805,000	26,000,000	24,940,000	25,120,000
Operating Expenses					
Personnel Services	5,180,000	5,300,000	5,500,000	5,700,000	5,950,000
Contractual Services	5,650,000	5,500,000	5,550,000	5,600,000	5,650,000
Materials and Supplies	1,325,000	1,375,000	1,425,000	1,475,000	1,525,000
Utilities	325,000	350,000	375,000	400,000	425,000
Repairs and Maintenance	150,000	165,000	175,000	185,000	195,000
Insurance	155,000	160,000	175,000	185,000	195,000
Other Rental	80,000	85,000	90,000	95,000	100,000
Depreciation	3,800,000	3,800,000	4,200,000	5,300,000	5,300,000
Post Closure	540,000	440,000	440,000	-	-
Miscellaneous	1,900,000	1,950,000	2,000,000	2,050,000	2,100,000
Total	19,105,000	19,125,000	19,930,000	20,990,000	21,440,000
Operating Income	5,190,000	6,680,000	6,070,000	3,950,000	3,680,000
Nonoperating Revenues(Expenses)					
Interest Income	475,000	475,000	475,000	375,000	350,000
Interest Expense	(1,970,000)	(1,914,000)	(1,650,000)	(1,411,000)	(1,282,000)
Amortization of Bond Discount	(160,000)	(115,000)	(75,000)	(60,000)	(45,000)
Grants	-	65,000	-	65,000	-
Total	(1,655,000)	(1,489,000)	(1,250,000)	(1,031,000)	(977,000)
Net Income	3,535,000	5,191,000	4,820,000	2,919,000	2,703,000

PROJECTED DEBT SERVICE COVERAGE

Based on projected operating results and estimates of Series 2011 debt service, the following table sets forth projected debt service coverage from Fiscal Years 2011 to 2015.

Fiscal Year (Ending December 31)	2011	2012	2013	2014	2015
Operating Revenues	24,295,000	25,805,000	26,000,000	24,940,000	25,120,000
Operating Expenses	19,105,000	19,125,000	19,930,000	20,990,000	21,440,000
Nonoperating Revenues(Expenses)	(1,655,000)	(1,489,000)	(1,250,000)	(1,031,000)	(977,000)
Operating Income	3,535,000	5,191,000	4,820,000	2,919,000	2,703,000
(+) Depreciation	3,800,000	3,800,000	4,200,000	5,300,000	5,300,000
(+) Interest	1,970,000	1,914,000	1,650,000	1,411,000	1,282,000
(+) Amortization of Bond Discount	160,000	115,000	75,000	60,000	45,000
Cash Available for Debt Service	9,465,000	11,020,000	10,745,000	9,690,000	9,330,000
Prior Debt Service*	6,677,847	6,675,007	6,674,293	5,357,088	2,495,649
Adjustments - 1998 DSRF Release	-	-	-	(3,184,000)	-
2011 Debt Service (estimated)	235,064	506,725	506,725	1,563,775	1,170,419
Total Debt Service	6,912,911	7,181,732	7,181,018	3,736,863	3,666,068
Projected Debt Coverage Ratio	1.37	1.53	1.50	2.59	2.54

* Includes the effect of the EFC interest subsidy and associated administrative costs.

SUMMARY OF THE SOLID WASTE MANAGEMENT AGREEMENTS

The Authority has entered into Solid Waste Management Agreements (the "Agreements") with Oneida County and Herkimer County dated May 10, 1989 and December 28, 1989, respectively. The Agreements call for the Counties to pay to the Authority, quarterly in arrears, the Service Fee, which is equal to the Operating Costs of the Authority plus Debt Service on its Bonds or other obligations, less amounts received by the Authority from its operations. To date, no payments have been made by the Counties nor have any payments been requested by the Authority. The obligation of the Counties to pay the Service Fee is joint and several and continues as long as any Bonds of the Authority remain Outstanding, so long as the Authority continues to provide to the Counties a Solid Waste Management Program and/or to perform the Study, which includes all study and planning activities of the Authority associated with addressing the System and the Solid Waste management needs of the Counties. The Counties do not, however, pledge their full faith and credit and taxing power to the payment of the Service Fee pursuant to the Solid Waste Management Agreements. The Counties have committed to deliver all Solid Waste originated within their respective jurisdictions to such facilities or transfer stations as the Authority directs (whether or not the facility is actually operated by the Authority).

By the terms of the Agreements, the Counties agree to pay the Service Fee for so long as the Bonds are outstanding. However, pursuant to the Authority's enabling legislation, no contract between the Authority and the Counties or any municipality within the Authority's area of operation can exceed a term of twenty-five years. This means that the Agreements with the Counties will expire by statute under the enabling legislation on May 9, 2014 and December 27, 2014, respectively, in each case prior to the final maturity of the Series 2011 Bonds. The Authority intends to renew the Agreements, but renewal is subject to approvals from the governing bodies of the Authority and the Counties. Given this uncertainty, investors should look to the Revenues of the Authority as the main source for payment of the Series 2011 Bonds. To date, the Revenues have been sufficient to pay principal and interest, other than interest capitalized in connection with Outstanding Bonds, and all operating and maintenance expenses on the Outstanding Bonds and to create

a substantial cash reserve currently maintained by the Authority, without seeking payment from the Counties. The Ninth Supplemental Indenture to the Master Indenture provides that if and when the Agreements are renewed, they shall automatically be pledged as security for the Series 2011 Bonds.

The following summarizes the provisions of the Solid Waste Management Agreements.

SERVICE FEE AGREEMENT

General Management Provisions

Pursuant to the Solid Waste Management Agreements, the Counties and the Authority acknowledge and agree that the primary objective of the Agreements is for the Authority to provide for the management of, including the planning and development of a program for, receiving, treating, and disposing of such Solid Waste, generated or originated within the Counties by receiving, treating and disposing of such Solid Waste, including Recyclables, at one or more Solid Waste Management Facilities leased, operated, owned or designated by the Authority. Accordingly, the Authority agrees that it will operate every Solid Waste Management Facility leased, operated or owned by the Authority and will cause any Solid Waste Management Facility designated by the Authority, but not leased, operated or owned by the Authority, to be operated in an environmentally sound manner and in full compliance with all environmental permits and approvals.

Solid Waste Management Program

The Authority agrees that it will use its best efforts to complete the construction of each Solid Waste Management Facility that the Authority deems necessary for the Solid Waste Management Program as soon as practicable and in accordance with any time schedule established in the Study (defined below), delays due to Force Majeure excepted, and that upon implementation of all phases of the Solid Waste Management Program, Solid Waste generated, originated or brought within all areas of the Counties, including Recyclables, delivered to any Solid Waste Management Facility leased, operated, owned or designated by the Authority will be received, treated and disposed of.

Pursuant to the Solid Waste Management Agreements, the Counties and the Authority further agree that if for any reason the completion of any or all phases of the Solid Waste Management Program is delayed or if all Solid Waste delivered to any Solid Waste Management Facility leased, operated, owned or designated by the Authority is not immediately received, treated and disposed of, or if the Solid Waste Management Program is not managed as provided in the Agreements, there shall be no resulting liability on the part of the Authority and, except as otherwise provided in the Solid Waste Management Agreements, no diminution or postponement of the amounts payable pursuant to the Solid Waste Management Agreements by either the County of Oneida or the County of Herkimer.

THE WASTE DELIVERY AGREEMENT

Commitment to Deliver

The Counties agree to deliver or cause to be delivered, and shall cause all Municipalities to deliver all Solid Waste originated or brought within their respective jurisdictions to the transfer station or stations or other facility designated by the Authority when said facility becomes available.

Operation of Facilities

The Authority agrees to operate and maintain all facilities required to accept Solid Waste delivered by the Counties and Municipalities including the Materials Recovery Facility. Pursuant to the Solid Waste Management Agreements, the Counties and the Authority agree that the Authority shall raise all revenues necessary for the operation and maintenance and associated expenses of all facilities, including the Materials Recovery Facility, which may be built by or for the Authority or by the Counties and leased to the Authority from tipping fees and any legally permissible user fees.

Enforcement

The Authority agrees to take all appropriate action to enforce any breach of statute or Authority rule or regulation by any Municipality or private hauler or hauler operating under contract or franchise from the Municipality. In the event the

Authority determines, or a judicial forum having appropriate jurisdiction determines, that the Authority lacks any or all such enforcement powers, the Counties agree to enforce any such breach upon request by the Authority or its Executive Director. To the extent the Authority is without such enforcement powers, the Authority and the Counties agree to exercise their best efforts to secure appropriate changes to the Act to provide the Authority with such powers.

THE MARCH 1990 AGREEMENT

Solid Waste Management Facilities Operated by the Authority

It is and has been the intent and understanding of the Authority and the Counties in executing the Solid Waste Management Agreements and the Service Fee Allocation Agreement (as described herein) that Solid Waste generated, originated or brought within the Counties be delivered to, and processed at any Solid Waste Management Facility designated by the Authority, whether or not the facility is actually operated by the Authority.

THE MARCH 1990 CONFIRMATION AGREEMENT

Pledge to Bondholders

The Counties pledge and agree with, and, for the benefit of, the Bondholders, that the Counties will not limit or impair the rights vested in the Authority by the Act to (i) purchase, construct, own, operate, maintain, repair, improve, increase, enlarge, extend, reconstruct, renovate, rehabilitate or dispose of any Project (within the meaning of the Act), or any part or parts thereof, for which Bonds of the Authority have been issued, (ii) establish and collect rates, rents, fees and other charges, or (iii) fulfill the terms of any agreements made with the Bondholders or with any public corporation or person with reference to such project or part thereof or in any way impair the rights and remedies of the Bondholders, until the Bonds, together with interest thereon, including interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of the Bondholders, are fully met and discharged. These pledges are expressly made pursuant to and under the authority of the Act.

THE SERVICE FEE ALLOCATION AGREEMENT

Pursuant to the Service Fee Allocation Agreement, any Service Fee to be charged to the Counties pursuant to the Solid Waste Management Agreements shall be apportioned between the Counties in accordance with the ratio that the population of each County shall bear to the total combined population of the Counties, such population to be annually determined by the most recent final Decennial United States Census. Based on the 2010 Census, the proportion of the Service Fee to be paid by Oneida County is 75 percent and the proportion to be paid by Herkimer County is 25 percent.

It is expressly acknowledged by the Counties that the apportionment of the Service Fee as provided in the Service Fee Allocation Agreement will not diminish the obligation contained in the Solid Waste Management Agreements and that the Service Fee shall be joint and several. The Service Fee Allocation Agreement remains in full force and effect so long as the obligation to pay the Service Fee shall remain outstanding.

UNDERWRITING

The Authority and the Underwriter entered into a Bond Purchase Contract with respect to the Series 2011 Bonds, pursuant to which the Underwriter has agreed to purchase (a) the Series 2011 Bonds for reoffering at a purchase price of \$10,744,662.58, which represents the aggregate principal amount of the Series 2011 Bonds, plus net original issue premium of \$120,879.75, and less an Underwriter's discount of \$101,217.17.

LITIGATION

No litigation is pending or, to the best of the Authority's knowledge, threatened, which seeks to restrain or enjoin the execution, issuance, sale, or delivery of the Series 2011 Bonds or that in any way contests the validity of the Series 2011 Bonds or any proceedings of the Authority taken with respect to the authorization, issuance, or sale of the Series 2011 Bonds or the pledge or application of any moneys provided for the payment of or security for the Series 2011 Bonds. Neither the creation, organization, or existence of the Authority, nor the title of the present directors or officers of the Authority to their respective office is being contested.

The Authority is engaged in routine litigation incidental to the conduct of its business.

BONDS AS SECURITY FOR DEPOSIT

Under the provisions of the Act, bonds and notes of the Authority are securities which may be deposited with and may be received by all public officers and bodies of the State and all municipalities in the State for any purpose for which the deposit of bonds or other obligations of the State is now or may hereafter be authorized by law.

LEGALITY OF THE BONDS FOR INVESTMENT

Under the provisions of the Act, bonds of the Authority are securities in which all public officers and public bodies of the State and all municipalities in the State, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, investment companies and other persons carrying on a banking business, and administrators, guardians, executors, trustees and other fiduciaries and all other persons whatsoever, who are now or may hereafter be authorized to invest in bonds or other obligations of the state, may properly and legally invest funds, including capital in their control or belonging to them.

CONTINUING DISCLOSURE UNDER SEC RULE 15C2-12

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the “Rule”), promulgated by the United States Securities and Exchange Commission (the “Commission”), a participating underwriter may not purchase or sell municipal securities in connection with an offering unless the participating underwriter has reasonably determined that the issuer or other obligated person has undertaken certain continuing disclosure obligations. In order to comply with the provisions of paragraph (b)(5) of the Rule, the Authority and the Counties (each an “Obligated Person”) will, respectively, enter into two separate written agreements with the Trustee. The continuing disclosure agreement by and between the Authority and the Trustee is referred to herein as the “Authority Continuing Disclosure Agreement.” The continuing disclosure agreement by and among the Counties and the Trustee is referred to herein as the “Continuing Disclosure Agreement with Oneida County and Herkimer County.” The Authority Continuing Disclosure Agreement and the Continuing Disclosure Agreement with Oneida County and Herkimer County (collectively, the “Continuing Disclosure Agreement”) are for the benefit of the Bondholders and beneficial owners of the Series 2011 Bonds to provide the Municipal Securities Rulemaking Board (“MSRB”) as the sole nationally recognized securities repository through the MSRB’s Electronic Municipal Market Access (“EMMA”) on an annual basis no later than (a) with respect to the Authority, on or before 180 days after the end of the Authority’s fiscal year, and (b) with respect to the Counties, on or before the latest to occur of, respectively, (x) 180 days after the end of its fiscal year, or (y) 60 days after receipt of its annual audit (but in no event later than the last business day of the following fiscal year), in each case commencing with the fiscal year ending December 31, 2011, certain financial and operating data (the “Annual Information”) (i) with respect to the Counties only, updates of the financial and operating data of the type incorporated by reference under the caption “THE COUNTIES” in this Official Statement, (ii) with respect to the Authority only, updates of the financial and operating data of the type included under the caption “THE AUTHORITY,” “THE SYSTEM,” “LITIGATION,” “AUTHORITY OPERATIONS — Authority Operating Data” and in APPENDIX D to this Official Statement and (iii) with respect to the Authority only, updated information on the extension, termination, continuation and/or expiration of the Solid Waste Management Agreements, by and among the Authority, Oneida County and Herkimer County, dated May 10, 1989 and December 28, 1989, respectively, and (iv) including annual audited financial statements of each Obligated Person, if then available, prepared in accordance with Generally Accepted Accounting Principles; provided, however, if such annual audited financial statements are not then available, unaudited annual financial statements shall be so provided and such annual audited financial statements shall be so delivered when they become available, and such financial and operating data specified in the Continuing Disclosure Agreement. In addition, pursuant to the Authority Continuing Disclosure Agreement, the Authority will undertake, for the benefit of the Bondholders of Series 2011 Bonds, to provide to the MSRB through EMMA, in a timely manner but in no event later than ten (10) days after such event, notice of the occurrence of any of the following events with respect to the Series 2011 Bonds:

- (a) principal and interest payment delinquencies;

- (b) non-payment related defaults, if material;
- (c) unscheduled draws on debt service reserves reflecting financial difficulties;
- (d) unscheduled draws on credit enhancements reflecting financial difficulties;
- (e) substitution of credit or liquidity providers, or their failure to perform;
- (f) adverse tax opinions, Internal Revenue Service (IRS) notices or material events affecting the tax status of the Series 2011 Bonds;
- (g) modifications to rights of Bondholders, if material;
- (h) Bond calls, if material;
- (i) tender offers;
- (j) defeasances;
- (k) release, substitution, or sale of property securing repayment of the Series 2011 Bonds, if material;
- (l) rating changes;
- (m) bankruptcy, insolvency, receivership or similar event;
- (n) consummation of a merger, consolidation, or acquisition involving the Authority, or the sale of all or substantially all of the assets of the obligated persons, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or termination of a definitive agreement relating to any such actions, other than pursuant to its term, if material; and
- (o) notices of failures to provide annual financial information on or before the date specified in the Authority Continuing Disclosure Agreement.

Notices of the aforesaid events and any filing to be made under the Continuing Disclosure Agreement may be made solely by transmitting such filing to the MSRB through EMMA as provided at <http://emma.msrb.org>. The nature of the information to be provided annually by the Authority and the notices of such events are more particularly set forth in “Appendix C-1 – FORM OF AUTHORITY CONTINUING DISCLOSURE AGREEMENT.” The nature of the information to be provided annually by the Counties and the notice of its failure to provide annual financial information are more particularly set forth in “Appendix C-2 – FORM OF CONTINUING DISCLOSURE AGREEMENT WITH ONEIDA COUNTY AND HERKIMER COUNTY.” Each Obligated Person may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the Obligated Person determines that any such other event is material with respect to the Series 2011 Bonds; but the Obligated Person does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The purpose of the undertakings in the Continuing Disclosure Agreement is to conform to the requirements of the Rule and not to create new contractual or other rights for the original purchasers of the Series 2011 Bonds, any registered owner or beneficial owner of the Series 2011 Bonds, any municipal securities broker or dealer, any potential purchaser of the Series 2011 Bonds, the Commission or any other person. The sole remedy in the event of any actual or alleged failure by an Obligated Person to comply with the Continuing Disclosure Agreement shall be an action in mandamus or for specific performance to compel performance by such Obligated Person of its obligations thereunder and not for money damages in any amount. Any failure by an Obligated Person to comply with any provision of the Continuing Disclosure Agreement shall not constitute an event of default with respect to the Series 2011 Bonds, or an Event of Default under the Indenture. Copies of the Continuing Disclosure Agreement when executed by the parties thereto on the date of the initial delivery of the Series 2011 Bonds will be on file at the office of the Trustee.

The Authority is in compliance with all prior undertakings pursuant to the Rule.

RATINGS

Moody's Investors Service, Inc. and Standard & Poor's have assigned the Series 2011 Bonds ratings of "A2" and "A+," respectively. The rating agencies may have obtained and considered information and material that have not been included in this Official Statement. Generally, the rating agencies base their ratings on information and material so furnished and on investigations, studies and assumptions made by them. The ratings are not a recommendation to buy, sell or hold the Series 2011 Bonds. The ratings reflect only the views of the rating agencies and an explanation of the significance of such ratings may be obtained from them. No assurance can be given that the ratings will be maintained for any given period of time or that the ratings may not be revised downward or withdrawn entirely by the rating agencies if, in their judgment, circumstances warrant. Any downward change in or withdrawal of the ratings may have an adverse effect on the market price of the Series 2011 Bonds. The Authority has undertaken no responsibility after the offering of the Series 2011 Bonds to assure the maintenance of the ratings or to oppose any such revision or withdrawal.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2011 Bonds in order that interest on the Series 2011 Bonds be and remain excludable from gross income for federal income tax purposes. These requirements include provisions which prescribe yield and other limits relative to the investment and expenditures of the proceeds of the Series 2011 Bonds and other amounts and require that certain earnings be rebated to the federal government. The Authority will agree to comply with certain provisions and procedures, pursuant to which such requirements can be satisfied. Non-compliance with such requirements may cause interest on the Series 2011 Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance thereof, irrespective of the date on which non-compliance is ascertained.

Interest on the Series 2011 Bonds will be included in the computation of "adjusted current earnings" for purposes of the computation of the alternative minimum taxable income used in calculating the alternative minimum tax that may be imposed with respect to corporations.

The Code imposes a 30% branch profits tax on the earnings and profits of a United States branch of certain foreign corporations attributable to its income effectively connected (or treated as effectively connected) with a United States trade or business. Included in the earnings and profits of the United States branch of a foreign corporation is income that would be effectively connected with the United States trade or business if such income were taxable, such as the interest on the Series 2011 Bonds. Existing United States income tax treaties may modify, reduce, or eliminate the branch profits tax, except in cases of treaty shopping.

The Code further provides that interest on the Series 2011 Bonds is included in the calculation of modified adjusted gross income in determining whether a portion of Social Security or railroad retirement benefits is to be included in taxable income of individuals. In addition, certain S Corporations may have a tax imposed on passive income, including tax-exempt interest, such as interest on the Series 2011 Bonds.

Prospective purchasers should consult their tax advisors with respect to the calculations of the alternative minimum tax or foreign branch profits tax liability, and the tax on passive income of S Corporations or the inclusion of Social Security or other retirement payments in taxable income.

The difference between the principal amount of the Series 2011 Bonds maturing in the years 2021, 2022 and 2025, respectively (collectively, the "Discount Bonds"), and the initial offering price to the public (excluding bond houses, brokers and other intermediaries, or similar persons acting in the same capacity of underwriters or wholesalers), at which price a substantial amount of such Discount Bonds of the same maturity is first sold, constitutes original issue discount, which is not included in gross income for federal income tax purposes to the same extent as interest on the discount Bonds. The Code provides that the amount of original issue discount accrues in accordance with a constant interest method based on the compounding of interest, and that the basis of a Discount Bond acquired at such initial offering price by an initial purchaser of such an owner's adjusted basis for purposes of determining an owner's gain or loss on the

disposition of a Discount Bond will be increased by the amount of such accrued original issue discount. A portion of the original issue discount that accrues in each year to an owner of a Discount Bond that is a corporation will be included in the calculation of such corporation's federal alternative minimum tax liability. Consequently, a corporate owner of any Discount Bond should be aware that the accrual of original issue discount each year may result in a federal alternative minimum tax liability, even though the owner of such Discount Bond has not received cash attributable to such original issue discount in such year.

The difference between the principal amount of the Series 2011 Bonds maturing in the years 2014 through and 2020, inclusive (collectively, the "Premium Bonds") are initially offered to the public at prices greater than the amounts payable thereon at maturity. As a result of the tax cost reduction requirements of the Code relating to amortization of bond premium, under certain circumstances, an initial owner of Premium Bonds may realize a taxable gain upon disposition of such Premium Bonds even though they are sold or redeemed for an amount equal to such owner's original cost of acquiring such Premium Bonds. Owners of Premium Bonds are advised that they should consult with their own tax advisors with respect to the tax consequences of owning such Premium Bonds.

In the opinion of Bond Counsel, assuming compliance with certain requirements of the Code, under existing laws, interest on the Series 2011 Bonds is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Interest on the Series 2011 Bonds will not be included in the calculation of the alternative minimum tax imposed on corporations. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Series 2011 Bonds.

The opinion of Bond Counsel described herein with respect to the federal income tax treatment of interest paid on the Series 2011 Bonds is based upon the current provisions of the Code. There can be no assurance that the Code will not be amended in the future so as to reduce or eliminate such favorable federal income tax treatment on the Series 2011 Bonds. Any such future legislation would have an adverse effect on the market value of the Series 2011 Bonds.

In addition, in the opinion of Bond Counsel, under existing laws, interest on the Series 2011 Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including The City of New York.

The form of the opinion of Bond Counsel is attached hereto as Appendix F. See "Appendix F – FORM OF OPINION OF BOND COUNSEL."

INDEPENDENT AUDITOR

Bollam, Sheedy, Torani & Co. LLP, the Authority's independent auditor (the "Auditor"), has not been engaged to perform, and has not performed, since the date of its report included herein as Appendix D to this Official Statement, any procedures on the Authority's financial statements addressed in that report. The Auditor also has not performed any procedures relating to this Official Statement. See "Appendix D – FINANCIAL STATEMENTS OF THE AUTHORITY."

FINANCIAL ADVISOR

Environmental Capital LLC, New York, New York, is serving as Financial Advisor to the Authority with respect to the issuance of the Series 2011 Bonds.

ADDITIONAL INFORMATION

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

The summaries or descriptions of provisions in the Indenture, the Solid Waste Management Agreements, and other agreements and documents described herein are only brief outlines of certain provisions thereof and do not constitute

complete statements of such provisions and do not summarize all pertinent provisions of such agreements and documents. All references herein to the Indenture, the Solid Waste Management Agreements and other agreements and documents referred to in this Official Statement are qualified in their entirety by reference to such agreements and documents, and references herein to the Series 2011 Bonds are qualified in their entirety by reference to the definitive form thereof and the information with respect thereto included in the aforesaid documents. For further information, reference should be made to the complete documents, copies of which will be on file at the corporate trust office of the Trustee in New York, New York. All agreements and documents are further qualified in their entirety by reference to bankruptcy laws and laws relating to or affecting generally the enforceability of creditors' rights.

The information on the cover hereof relating to the initial offering prices of the Series 2011 Bonds has been furnished by the Underwriter as the purchaser of the Series 2011 Bonds.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly stated, are set forth as such, and not as representations of facts. No representation is made that any of the opinions or estimates will be realized. This Official Statement is not to be construed as a contract or agreement between the Authority and the purchasers or holders of any of the Series 2011 Bonds.

The information contained in this Official Statement has been compiled from official and other sources deemed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

The execution and delivery of this Official Statement have been duly authorized by the Authority.

By: /s/ Donald Gross
Donald Gross
Chairman

DATED: April 8, 2011

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APPENDIX A

DEFINITIONS OF CERTAIN TERMS USED IN THIS OFFICIAL STATEMENT

“Accountant” shall mean such independent certified public accountant or accounting firm as shall at the time be employed by the Authority for the purpose of performing the functions and duties of the independent certified public accountant under the Indenture or the Act.

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

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

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

“Accrued Principal” shall mean for any calendar month, the principal component of Debt Service Requirements which has “accrued” or will “accrue” on a particular series of Outstanding Bonds during that month less any principal component which accrues during such period but is to be paid from money or Investment Securities or the earnings thereon which money or Investment Securities are on deposit in a separate fund or account or are otherwise segregated for such purpose. For purposes of this definition, it shall be assumed that the principal component accrues in twelve (12) equal monthly installments commencing on the twelfth month preceding the date on which payment is due, except that (i) with respect to the principal component of a series of Bonds which is payable more frequently than annually, the principal component shall accrue in equal monthly installments from one payment date to the next; (ii) if the first principal payment date on a series of Bonds is less than twelve (12) months after the issuance of such series of Bonds, the principal component due on such first payment date shall accrue in equal monthly installments from the date of issuance to the first payment date, and (iii) with respect to Balloon Indebtedness, the principal component maturing or payable on one date shall be deemed to accrue in the month in which such component matures or is payable and not in monthly installments prior to such date. In all events, principal shall be determined to accrue in monthly amounts sufficient to assure the full amount due on any principal payment date and to be paid from the Debt Service and Sinking Fund will be on deposit in the Debt Service and Sinking Fund on the payment date. If an Event of Default occurs and Bonds have been declared to be due and payable as provided in the Indenture, then, in each calendar month, the entire unpaid principal of all Bonds which have been accelerated shall be deemed to have accrued in that calendar month. A Supplemental Indenture authorizing the issuance of Additional Parity Indebtedness, with the consent of each Credit Facility Provider, may modify or amend this definition of Accrued Principal with respect to such Additional Parity Indebtedness.

“Act” shall mean (i) the Oneida-Herkimer Solid Waste Management Authority Act, being Title 13-FF of the Public Authority Law as enacted by Chapter 627 of the Laws of 1988 of the State, as it may from time to time be amended and (ii) any rules or regulations promulgated by the Authority pursuant to the Act as the same may from time to time be modified or amended.

“Act of Bankruptcy” shall mean with respect to any Person the occurrence of one of the following events: (i) the Person shall become insolvent or shall fail to pay its debts generally as they become due, or shall admit in writing its inability to pay any of its Indebtedness; (ii) the Person shall file a case under the Federal Bankruptcy Code to be declared a bankrupt or for reorganization; (iii) the Person shall consent to, or petition or apply to any authority for the appointment of a receiver, liquidator, trustee or similar official for itself or for all or any part of its properties; (iv) any such receiver, liquidator, trustee or similar official shall otherwise have been appointed and shall not have been removed, dismissed or stayed within sixty (60) days of such appointment; or (v) insolvency, reorganization, arrangement or liquidation proceedings (or similar proceedings) shall have been instituted by or against the Person, and if instituted against the Person, shall not have been dismissed within sixty (60) days of being instituted.

“Additional Indebtedness” shall mean any Indebtedness incurred by the Authority and issued under the Indenture subsequent to the issuance of the Series 2011 Bonds. Additional Indebtedness may constitute Additional Parity Indebtedness, Subordinated Indebtedness, Credit Notes or any combination thereof.

“Additional Parity Indebtedness” shall mean any Indebtedness of the Authority incurred pursuant to the Indenture secured by a Lien on the Trust Estate on a parity basis with the Series 2011 Bonds.

“Administrative Expenses” shall mean expenses incurred by the Authority in connection with the activities of the Authority that are comprised of auditing fees, legal fees, engineering fees, financial advisory fees, office expenses, general administrative and management expenses, compensation and expenses of the Trustee.

“Advance-Refunded Municipal Bonds” shall mean obligations the interest on which is excluded from gross income for purposes of Federal income taxation that have been advance-refunded prior to their maturity and that are fully and irrevocably secured as to principal and interest by Government Obligations held in trust for the payment thereof, which Advance-Refunded Municipal Bonds are rated in the highest rating category by each Rating Agency that, pursuant to the request of the Authority, maintains a credit rating with respect to such Advance-Refunded Municipal Bonds.

“Agreement Withdrawal Date” shall mean the date as of which the Agreements are withdrawn from the Trust Estate in accordance with the Trust Indenture and are therefore no longer available as security for Bonds.

“Agreements” shall mean, collectively, the Solid Waste Management Agreement, dated as of December 28, 1989, the Solid Waste Management Agreement, dated as of May 10, 1989, the Agreement, dated as of March 1, 1990, and the Confirmation Agreement, dated as of March 1, 1990, each as amended from time to time, by and among the Authority, the County of Oneida and the County of Herkimer.

“Annual Budget” shall mean the budget or amended budget for a Fiscal Year, as adopted by the Authority in accordance with the provisions of the Indenture as may be in effect from time to time.

“Authority” shall mean the Oneida-Herkimer Solid Waste Management Authority.

“Authority Budget” shall mean the budget or amended budget of the Authority for a Fiscal Year, as adopted in accordance with the provisions of the Indenture.

“Authority Facility” shall mean any Solid Waste Management-Resource Recovery Facility that is a Project, as such terms are defined in the Act, operated by or on behalf of the Authority, excluding therefrom, however, such facilities that are (i) intended to Process System Solid Waste that is waste water treatment plant sludge or regulated medical waste and (ii) identified for exclusion by the Authority.

“Authorized Denominations” shall mean (i) with respect to the Series 2011 Bonds, a minimum denomination of \$5,000 and integral multiples thereof and (ii) with respect to any Additional Indebtedness, a minimum denomination specified in the Supplemental Indenture under which such Additional Indebtedness is issued.

“Authorized Newspaper” shall mean a newspaper selected by the Trustee printed in the English language and customarily published at least five (5) days each week and generally circulated within the Borough of Manhattan, City

and State of New York, and when successive publications in an Authorized Newspaper are required, they may be made in the same or different Authorized Newspapers.

“Authorized Representative” or “Authorized Officer” shall mean, in the case of the Authority, the Chairman, Vice Chairman, Treasurer or Executive Director of the Authority, or any other officer or person authorized to perform specific acts or duties by resolution duly adopted by the Board of the Authority, and in the case of any Credit Facility Provider, the President or any Vice President of the Credit Facility Provider, or any other officer authorized to perform specific acts or duties by resolution duly adopted by the Board of Directors, or relevant committee thereof, of the Credit Facility Provider.

“Available Moneys” shall mean if there exists no Credit Facility securing the payment of the principal of an interest on the Series 2011 Bonds any moneys provided to the Trustee with directions that such moneys be applied to the payment of principal, premium, if any, and interest on the Series 2011 Bonds.

“Balloon Indebtedness” shall mean Indebtedness fifty percent (50%) or more of the initial principal amount of which matures or is payable at the option of the holders thereof on the same date, which portion of the principal is not required by the documents governing such Indebtedness to be amortized by redemption prior to such date. In calculating the Debt Service Requirement for purposes of determining the Debt Service Reserve Requirement or compliance with Additional Parity Indebtedness requirements, such Balloon Indebtedness shall be deemed to be Indebtedness which, from the date of its original issuance is payable over a term equal to twenty (20) years amortized with level annual Debt Service at a rate of interest equal to that set forth in writing as being a reasonable rate on such Balloon Indebtedness by a nationally recognized firm of investment bankers or financial advisors selected by the Authority.

“Beneficial Owners” shall mean purchasers of Bonds whose ownership interest is evidenced only in the Book-Entry System maintained by the Depository.

“Board of Directors” shall mean the board of directors of the Authority.

“Board of Legislators” shall mean the Board of County Legislators of Oneida County, constituting and acting as the governing body of the County of Oneida, or any successor body.

“Bond” or “Bonds” shall mean the Series 2011 Bonds and any Additional Parity Indebtedness issued pursuant to the Indenture.

“Bond Counsel” shall mean any nationally recognized counsel experienced in matters of municipal law and the Tax-Exempt status of obligations under the Code, acceptable to the Authority, the Trustee and the Credit Facility Provider.

“Bond Redemption and Improvement Fund” shall mean the fund so designated which is created by the Indenture.

“Bond Register System” shall mean a system of ownership and transfer of Bonds registered on the registration books of the Authority kept for that purpose by the Trustee, as Bond register.

“Bond Resolution” shall mean the resolution or resolutions adopted by the Authority authorizing the issuance and sale of Series 2011 Bonds and providing the terms and conditions thereof, including, collectively, any general resolution and any and all series resolutions and any trust indenture executed by the Authority and the Trustee with respect to the Bonds.

“Bondholder,” “Holder,” “holder” and “Registered Owner” shall mean the Depository or its nominee, if the Book-Entry System maintained by the Depository pursuant to the Indenture is in effect, or the person in whose name any Bond is registered in the Bond Register System maintained by the Trustee pursuant to the Indenture.

“Book-Entry System” shall mean a system for clearing and settlement of securities transactions among participants of a Depository (and other parties having custodial relationships with such participants) through electronic or

manual book-entry changes in accounts of such participants maintained by the Depository for recording ownership of the Bonds by Beneficial Owners and transfers of ownership interests in the Bonds.

“Business Day” or “business day” shall mean any day (other than Saturday or Sunday) during which (i) commercial banks located in the State or in any of the cities in which the Principal Office of the Trustee or the office of any then current Credit Facility Provider at which a draw or claim on the Credit Facility is to be made are located are not required or authorized by law to close; and (ii) The New York Stock Exchange, Inc. is not closed.

“Capital Appreciation Indebtedness” shall mean any Additional Indebtedness with a stated value at maturity, the interest on which is not payable until maturity or earlier redemption. In calculating the Debt Service Requirement in any Fiscal Year for Capital Appreciation Indebtedness for purposes of determining the Debt Service Reserve Requirement or compliance with Additional Parity Indebtedness requirements, the Debt Service Requirement for such Indebtedness during such Fiscal Year shall be determined in accordance with the provisions of the Supplemental Indenture authorizing the issuance of such Capital Appreciation Indebtedness.

“Closing Date” shall mean the date on which the Series 2011 Bonds are first authenticated and delivered pursuant to the Indenture.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and with respect to a specific section thereof, such reference shall be deemed to include (i) the regulations promulgated under such section, (ii) any successor provision of similar import hereafter enacted, (iii) any corresponding provisions of any subsequent Internal Revenue Code, (iv) the regulations prescribed under the provisions described in (ii) and (iii), and (v) any published revenue rulings applicable thereto.

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

“Cost” or “Costs” or “Costs of the Project” shall mean “Cost” as defined in the Act.

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

“Counsel” shall mean an attorney at law or law firm (who or which may be counsel for the Authority or a Credit Facility Provider) satisfactory to the Authority, the Trustee and the Credit Facility Provider.

“Counties” shall mean the County of Oneida and the County of Herkimer.

“County Administrator” shall mean the County Administrator of the County of Herkimer then in office, or the holder of any successor office.

“County of Herkimer” shall mean the County of Herkimer, New York, a municipal corporation having an office in Herkimer, New York.

“County of Oneida” shall mean the County of Oneida, New York, a municipal corporation having an office in Utica, New York.

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

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

“Credit Facility Default” shall mean either (i) failure by the Credit Facility Provider to pay any claim or draw under the Credit Facility when due in accordance with its terms or (ii) insolvency of the Credit Facility Provider according to applicable law.

“Credit Facility Provider” shall mean the provider of any Credit Facility.

“Credit Note” shall mean the promissory note or other instrument or agreement evidencing or setting forth the Authority’s obligations to a Credit Facility Provider pursuant to a Credit Agreement.

“Debt Service” shall mean the aggregate of all payments required to be made under the Bond Resolution during any Fiscal Year of the Authority into any fund or account established under the Bond Resolution, together with Trustees’ and Paying Agents’ fees, Remarketing Agents’ fees, letter of credit and other credit enhancement fees and all other amounts required to be paid under the Bond Resolution, reimbursement agreement or other credit enhancement agreement, less any moneys on deposit in any fund or account established under the Bond Resolution which are scheduled to be expended during such Fiscal Year and applied to any such payment.

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

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

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

“Debt Service Reserve Requirement” shall mean with respect to a particular series of Bonds as of a particular date, the least of: (i) the maximum annual Debt Service Requirements with respect to the Outstanding Bonds of such series in the then current and all future Fiscal Years (for the purposes of which calculation any Variable Rate Indebtedness shall be assumed to have the fixed interest rate which in the opinion of the remarketing agent therefor would be the rate of interest of such Indebtedness had it originally been issued as fixed rate debt); (ii) 125% of the average annual Debt Service Requirements with respect to the Outstanding Bonds of such series in the then current and all future Fiscal Years (for the purposes of which calculation any Variable Rate Indebtedness shall be assumed to have the fixed interest rate which in the opinion of the remarketing agent therefor would be the rate of interest of such Indebtedness had it originally been issued as fixed rate debt); and (iii) the maximum amount that may be held in the Debt Service Reserve Fund, in the opinion of Bond Counsel, with respect to a series of Bonds intended to be Tax-Exempt without adversely affecting the Tax-Exempt status of such Bonds. The Debt Service Reserve Requirement may be satisfied in whole or in part by a Reserve Fund Credit Facility. For purposes of calculating the Debt Service Reserve Requirement, the cost of any applicable Credit Facility shall be included as if it were interest on the Bond of the related series of Bonds.

“Depository” shall mean the Depository Trust Company, New York, New York, or any other entity performing substantially the same function under a Book-Entry System, and any successor depository designated pursuant to the Indenture.

“Depository Conversion Date” shall mean the date for conversion of the ownership of Series 1992 Bonds from the Book-Entry System in accordance with the Indenture.

“Disposal Agreement” shall mean, collectively, the agreement, or agreements, if any, entered into by the Authority with one or more other parties whereby such party or parties provide the Authority with disposal services for

System Solid Waste, interim or otherwise, at sanitary landfills, resource recovery facilities or any other facility, wherever located.

“Disposal Facility” shall mean a facility or facilities for the interim disposal of Solid Waste until permanent System facilities are developed.

“Eastern Time” shall mean the prevailing local time in The City of New York, New York.

“Engineer” shall mean such engineer or firm of engineers registered in the State as shall be at the time employed by the Authority for the purpose of performing the function and duties of an engineer under the Indenture or the Act and not unsatisfactory to the Trustee or any Credit Facility Provider. Except as otherwise expressly provided in the Indenture, the Engineer shall be Independent of the Authority.

“Event of Bankruptcy” shall mean: (i)(a) the Authority shall be adjudicated a bankrupt or become subject to an order for relief under Federal bankruptcy law, (b) the Authority shall institute any proceedings seeking an order for relief under Federal bankruptcy law or seeking to be adjudicated a bankrupt or insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy or insolvency, (c) there shall be appointed a receiver, liquidator or similar official for the Authority under any law relating to bankruptcy or insolvency, or (d) without the application, approval or consent of the Authority, a receiver, trustee, examiner, liquidator or similar official shall be appointed for the Authority, or a proceeding described in (b) above shall be instituted against the Authority and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of sixty (60) consecutive days; or

(ii) (a) the Authority shall make an assignment for the benefit of creditors, (b) the Authority shall apply for or seek the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its property, (c) the Authority shall fail to file an answer or other pleading denying the material allegations of any proceeding filed against it described under (i)(b) above, (d) the Authority shall take any action to authorize or effect any of the actions set forth in sections (i) and (ii) of this definition of Event of Bankruptcy, (e) the Authority shall fail to contest in good faith any appointment or proceeding described in sections (i) and (ii) of this definition of Event of Bankruptcy or (f) without the application, or approval or consent of the Authority, a receiver, trustee, examiner, liquidator or similar official shall be appointed for any substantial part of the Authority’s property and such appointment shall continue undischarged or such proceedings shall continue undismissed or unstayed for a period of sixty (60) consecutive days.

“Event of Default” shall mean any of the events described in the Indenture as such.

“Executive Director” shall mean the Executive Director of the Authority.

“Federal Bankruptcy Code” shall mean Title 11 of the United States Code.

“Fiscal Year” shall mean the period of twelve months beginning January 1 of each year and ending on December 31 of such year, or any other twelve (12) month period adopted by the Authority as their fiscal year for accounting purposes.

“Force Majeure” shall mean any cause beyond the reasonable control of the Authority, including, but not limited to, acts of God, strikes, lockouts or other industrial disturbances, orders of the Government of the United States or the State, or any agency or instrumentality of either the United States or the State, of any civil or military authority, acts of war, terrorism, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, hurricanes, storms, floods, washouts, droughts, explosions, power failure, breakage or accidents to machinery, pipelines, dams or canals, partial or entire failure of water supply, arrests, civil disturbances, acts of any public enemy, or the inability to obtain materials or equipment because of the effect of similar causes on suppliers or carriers.

“Generally Accepted Accounting Principles” shall mean those accounting principles applicable in the preparation of financial statements of municipalities, authorities, or corporations as appropriate, as promulgated by the

Financial Accounting Standards Board or such other body recognized as authoritative by the American Institute of Certified Public Accountants or any successor body.

“Government Obligations” shall mean United States Treasury bills or other interest-bearing direct obligations of (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), or obligations the principal and interest of which are unconditionally guaranteed as to full and timely payment by, the United States of America, but not mutual funds (including unit investment trusts) investing in such obligations other than money market funds that are rated in the highest category by Moody’s and S&P.

“Grants” shall mean any allocation of Federal funds offered to the Authority by the United States Environmental Protection Agency or by other departments or agencies of the United States or the State in connection with Authority Facilities or any improvements.

“Indebtedness” shall mean, as to the Authority, at a particular time, all items which would, in conformity with Generally Accepted Accounting Principles, be classified as liabilities on a balance sheet of the Authority at such time, but in any event including without limitation (i) indebtedness arising under acceptance facilities or in respect of all letters of credit issued for the account of the Authority and, without duplication, all drafts drawn thereunder, (ii) obligations under leases which have been, or under Generally Accepted Accounting Principles are required to be, capitalized, (iii) all indebtedness in effect guaranteed directly or indirectly, in any manner, or endorsed (other than for collection or deposit in the ordinary course of business) or discounted with recourse, (iv) all indebtedness in effect guaranteed, directly or indirectly, through agreement: (1) to purchase such indebtedness; or (2) to purchase, sell or lease (as lessee or lessor) property, products, materials or supplies or to purchase or sell services, primarily for the purpose of enabling the Person owing such indebtedness to make payment of such indebtedness or to assure the owner of the indebtedness against loss; or (3) to supply funds to or in any other manner invest in the Person owing such indebtedness, and (v) all indebtedness secured by (or for which the holder of such indebtedness has the right to be secured by) any mortgage, deed or trust, pledge, security interest or other lien, charge or encumbrance upon property owned or acquired subject to such mortgage, deed of trust, pledge, security interest, lien, charge or encumbrance, whether or not the liabilities secured thereby have been assumed. Indebtedness shall not in any event include (i) current obligations payable from current revenue, including current payments for the funding of pension or other employee benefit plans (which shall be considered Operating Expenses) but shall include the current portion of Indebtedness classified as a current obligation under Generally Accepted Accounting Principles; (ii) obligations under contracts for supplies, services and pensions, allocable to current operating expenses of future years in which the supplies are to be furnished, the services rendered or the pension benefits paid (which shall be considered Operating Expenses in such future years); and (iii) rentals payable in future years under leases, other than leases properly capitalized under Generally Accepted Accounting Principles (which shall be considered Operating Expenses in such future years).

“Independent” shall mean a Person who is not an officer, director or employee of a Credit Facility Provider or a member, officer or employee of the Authority; provided, however, that the fact that such Person is retained regularly by or transacts business with the Authority or the Credit Facility Provider shall not make such Person an employee within the meaning of this definition.

“Interest Payment Date” shall mean for Bonds of a series of Bonds the date on which interest on such Bonds is payable according to the Supplemental Indenture pursuant to which such Bonds were issued.

“Investment Securities” shall mean and includes any of the following if and to the extent the same are at the time legal for investment of Authority funds:

- (i) Government Obligations;
- (ii) Government Obligations which have been stripped of their unmatured interest coupons and interest coupons stripped from Government Obligations;
- (iii) Bonds, debentures, notes or other evidence of indebtedness issued by any of the following: Federal Home Loan Banks, Federal Home Loan Mortgage Corporation, Federal National Mortgage

Association, Government National Mortgage Association, Bank for Cooperatives, Federal Intermediate Credit Banks, Federal Financing Bank, Export-Import Bank of the United States, or Federal Land Banks;

(iv) All other obligations issued or unconditionally guaranteed as to the timely payment of principal and interest by an agency or Person controlled or supervised by and acting as an instrumentality of the United States government pursuant to authority granted by Congress;

(v) (a) Interest-bearing time or demand deposits, certificates of deposit, or other similar banking arrangements with any government securities dealer, bank, trust company, savings and loan association, national banking association or other savings institution (including the Trustee), provided that such deposits, certificates, and other arrangements are fully insured by the Federal Deposit Insurance Corporation or any successor federal deposit insurance corporation or entity or (b) interest-bearing time or demand deposits or certificates of deposit with any bank, trust company, national banking association or other savings institution (including the Trustee), provided such deposits and certificates are in or with a bank, trust company, national banking association or other savings institution which either (1) has an unsecured, uninsured and unguaranteed obligation rated "Prime-1" or "A3" or better by Moody's and "A-1" or "A-" or better by S&P or (2) is the lead bank of a parent bank holding company with an unsecured, uninsured and unguaranteed obligation meeting the rating requirements in (v)(b)(1) above, and provided further that with respect to (a) and (b) any such obligations are held by the Trustee or a bank, trust company or national banking association other than the issuer of such obligations (unless the issuer is the Trustee);

(vi) Repurchase agreements or investment agreements collateralized by securities described in subparagraphs (i), (ii), (iii) or (iv) above with any registered broker/dealer subject to the Securities Investors Protection Corporation or that is an approved Federal Reserve Bank primary dealer or with any commercial bank (including the Trustee), provided that (a) a specific written repurchase agreement or investment agreement governs the transaction, (b) the securities, free and clear of any lien, are held by the Trustee or an independent third party acting solely as agent for the Trustee, and such third party is (1) a Federal Reserve Bank, or (2) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$25 million, and the Trustee shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Trustee, (c) a perfected first security interest under the Uniform Commercial Code, or book entry procedures described in 31 CFR 306.1 et seq. or 31 CFR 350.0 et seq., in such securities is created for the benefit of the Trustee, (d) the Trustee will value the collateral securities no less frequently than monthly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two (2) Business Days of such valuation, or, in the case of a repurchase agreement, the agreement has a term of thirty (30) days or less, (e) the fair market value of the collateral securities in relation to the amount of the repurchase obligation securities in relation to the amount of the repurchase obligation or the payment obligation, depending on whether it is a repurchase agreement or an investment agreement, including principal and interest, is equal to at least 100% and (f) the collateral was not acquired by the broker/dealer pursuant to a repurchase agreement or reverse repurchase agreement;

(vii) Uncollateralized investment agreements issued by entities with debt obligations of comparable or longer maturity that are rated "A3" or better by Moody's and "A-" or better by S&P;

(viii) Money market funds rated "Am" or "Am-G" or better by Moody's and S&P;

(ix) Commercial paper rated "Prime-1" or better by Moody's and "A-1" or better by S&P;

(x) Obligations rated "A3" or better by Moody's and "A-" or better by S&P;

(xi) Shares of investment companies or cash equivalent investments which are authorized to invest only in assets or securities described in subparagraphs (i), (ii), (iii) and (iv) above; provided, however, that investment in obligations described in this clause (v) shall not exceed \$500,000;

(xii) Advance-Refunded Municipal Bonds;

(xiii) Tax-Exempt obligations that are rated “A” or better or V-MIG 1 by Moody’s and “A-“ or better or “A-1” by S&P, or shares of investment companies that invest only in such obligations;

(xiv) Certificates that evidence ownership of the right to payments of principal of or interest on Government Obligations, provided that (a) such obligations shall be held in trust by a bank or trust company or national banking association meeting the requirements for a successor Trustee under the Indenture, (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying Government Obligations, and (c) the underlying Government Obligations are held in a special account separate from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any Person claiming through the custodian or any Person to whom the custodian may be obligated; and

(xv) The Trustee’s “cash sweep account” or other short term investment fund of the Trustee, the assets of which consist of other Investment Securities defined above.

“Issuer” shall mean the Authority.

“Letter of Representations” shall mean the Letter of Representations furnished by each of the Counties to the Underwriters upon issuance and delivery of the Series 2011 Bonds.

“Lien” shall mean any sale, transfer, assignment, disposition, mortgage, pledge, security interest, lien, judgment lien, easement or other encumbrance on title, excluding Permitted Encumbrances.

“Materials Recovery Facility” shall mean the Materials Recovery Facility located in the City of Utica and County of Oneida.

“Maturity” when used with respect to any Series 2011 Bond shall mean the date on which the principal of such Series 2011 Bond becomes due and payable as set forth on the cover page to this Official Statement, or declaration of acceleration, call for redemption or otherwise.

“Members” shall mean the members of the Authority constituting and acting as the governing body of the Authority.

“Moody’s” shall mean Moody’s Investors Service, Inc., New York, New York, its successors and assigns, or if such corporation dissolves or no longer performs the functions of a security rating agency, such other nationally recognized securities rating agency designated by the Authority and not unacceptable to either the Trustee or the Remarketing Agent, if any.

“Non-Purpose Obligations” shall have the meaning given such term under Section 1.103-15AT(b)(2) of the Income Tax Regulations of the United States Department of the Treasury.

“Notice of Default” shall mean written notice of any Event of Default given by the Trustee to the Credit Facility Provider.

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

“Officer’s Certificate” shall mean a certificate or statement signed by an Authorized Representative or Authorized Officer of the Authority, or, as the context may require, of the Credit Facility Provider.

“Operating Costs” shall mean, with respect to any Fiscal Year, the aggregate of all costs of the Authority to be paid during such Fiscal Year for the management of Solid Waste generated, originated or brought within the Counties, including, but not limited to, the operation and maintenance of any Solid Waste Management - Resource Recovery Facility, and the administrative expenses of the Authority, exclusive of, (i) Debt Service, (ii) any costs to be paid from any fund or account established under the Bond Resolution, and (iii) any costs to be paid from the proceeds of Bonds which proceeds have been paid to the Authority and are not held in a fund or account established under the Bond Resolution.

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

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

“Operating Revenues” shall mean for any period the Revenues of the Authority, excluding any extraordinary gain or loss resulting from the extinguishment of Indebtedness, the sale of capital assets, the proceeds of insurance claims and settlements and of condemnation awards or payments in lieu thereof, and the proceeds of any Indebtedness, all determined in accordance with Generally Accepted Accounting Principles.

“Outstanding,” when used with reference to a series of Bonds, shall, subject to the provisions of the Indenture, mean as of any particular time all of the Bonds authenticated and delivered by the Trustee under the Indenture, except:

- (i) Bonds theretofore cancelled by the Trustee or delivered to the Trustee for cancellation;
- (ii) Bonds for the payment or redemption of which money in the necessary amount shall have been deposited with the Trustee, and with respect to Bonds to be redeemed prior to maturity, notice of such redemption shall have been given or provided for as provided in the Indenture;
- (iii) Bonds in substitution for which other Bonds shall have been authenticated and delivered pursuant to the terms of the Indenture; and
- (iv) Bonds which are deemed to have been paid pursuant to the Indenture.

“Paying Agent” shall mean the paying agent or paying agents appointed by the Authority under the First Supplemental Indenture and shall initially mean the Trustee.

“Payment Date” or “payment date” shall mean, (i) with respect to payments of principal or of interest on the Series 2011 Bonds or any Additional Indebtedness, including upon the redemption of any of the same, such dates as may be specified in the applicable Supplemental Indenture and (ii) in the case of payments to Bondholders after the occurrence of an Event of Default, such other date or dates as the Trustee shall establish for the payment of principal or interest.

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

“Permitted Encumbrances” shall mean, as of any particular time, (i) leases, encumbrances, mortgages, easements or rights of way with respect to real estate of the Authority which the Authority has determined by resolution to be necessary or desirable in connection with the development of Authority Facilities, (ii) liens for ad valorem taxes, assessments or other governmental charges, permitted to exist as provided in the Indenture or not then delinquent, (iii) any mortgage or security agreement security any Credit Facility Provider as permitted in the Indenture, (iv) any Lien created under the Indenture, (v) existing utility, access and other easements and rights of way, restrictions and exceptions and future encumbrances of like nature not arising out of the borrowing of money or the securing of advances of credit which will not interfere with or impair the operation of the property for its intended purpose, (vi) liens arising in connection with workers’ compensation, unemployment insurance, old age pensions and social security benefits and liens securing appeal and release bonds, provided that adequate provision for the payment of all such obligations has been made by the Authority, (vii) attachment and judgment liens, so long as the same are being contested in good faith and by appropriate legal proceedings, (viii) any mechanic’s, laborer’s, materialman’s, supplier’s or vendor’s lien or right or purchase money security interest in respect thereof if payment is not yet due and payable under the contract in question or which is being contested in accordance with the provisions of the Indenture and which is bonded of and to the extent required by law,

including without limitation the General Municipal Law, (ix) those matters which were in existence at the time of the issuance of the Series 2011 Bonds and (x) such minor defects, irregularities, encumbrances, easements, rights of way, and clouds on title as normally exist with respect to properties similar in character to the property and as do not, in the opinion of Counsel, have a materially adverse effect on the use of the property for the purposes intended.

“Person” shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization, a governmental body, political subdivision, municipality or authority or any other group or entity.

“Pledged Revenues” shall mean all Revenues of the Authority which have been pledged to the Trustee under the Indenture by the granting clauses thereof, whether or not they are held by the Trustee or its agent.

“Principal Office,” when referring to the Trustee or any Paying Agent, shall mean the office where any such institution maintains its principal corporate trust office, and when referring to a Credit Facility Provider means the office at which a demand for payment must be made.

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

“Project Study Expenses” shall mean any cost or expense associated with a Study.

“Property” means any real property and improvements owned, leased, used, operated or occupied by the Authority.

“Rate Covenant” shall mean the covenant of the Authority made in the Indenture and summarized under the heading “SOURCES OF PAYMENT AND SECURITY FOR THE SERIES 2011 BONDS — Rate Covenant.”

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

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

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

“Record Date” shall mean the fifteenth day of the month, whether or not a Business Day, immediately preceding each Interest Payment Date.

“Recyclables” shall mean any materials designated, from time to time, by the Authority, other than those materials determined to be hazardous under applicable law or regulation, separated from the waste-stream for its recycling or reuse value.

“Recycling Center” shall mean the Oneida-Herkimer Recycling Center.

“Registered Owner” shall mean the Depository or its nominee, if the Book-Entry System maintained by the Depository pursuant to the Indenture is in effect, or the Person or Persons in whose names any Bond is registered if the Bond Register System maintained by the Trustee pursuant to the Indenture is in effect.

“Regular Record Date” shall mean with respect to the Bonds or a series of Bonds the date specified as such in the Supplemental Indenture relating to such Bonds.

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

“Revenues” shall mean (i) all receipts, revenue, income, rates, rents, service and user fees, surcharges and other amounts received by or on behalf of the Authority from the operation of Authority Facilities, and all rights to receive the

same whether in the form of accounts receivable, general intangibles, contract rights, chattel paper, instruments or other rights, insurance proceeds or condemnation awards, whether now existing or hereafter coming into existence and whether now owned or held or hereafter acquired by the Authority, and all proceeds of the foregoing; (ii) all amounts paid or payable to the Authority under either of the Agreements, together with the right to receive the same; (iii) all income, interest and profits received from the investment of money held in any fund established under the Indenture and (iv) all grants and subsidies paid or payable to the Authority by the United States, the State or any agency or subdivision thereof or other person or entity on account of or in connection with the Processing of System Solid Waste except to the extent that any pledge thereof would violate or be inconsistent with the terms of the grant or subsidy and except to the extent otherwise provided in the Indenture.

“S&P” shall mean Standard & Poor’s Ratings Group, a division of The McGraw-Hill Companies, Inc., its successors and assigns, or if such corporation dissolves or no longer performs the functions of a security rating agency, such other nationally recognized securities rating agency designated by the Authority and not unacceptable to either the Trustee or the Remarketing Agent, if any.

“Secured Obligations” shall mean the various obligations secured by the Indenture.

“Serial Bonds” shall mean those Bonds other than the Term Bonds.

“Service Fee” shall mean the total of Operating Costs and Debt Service for each Fiscal Year.

“Sinking Fund Installments” shall mean for any Fiscal Year and any series of Bonds, the principal amount thereof subject to mandatory redemption pursuant to the Indenture.

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

“Solid Waste Management Agreements” shall mean the Agreements.

“Solid Waste Management Program” shall mean a program for the management of any or all, either by classification or quantity, Solid Waste generated, originated or brought within the Counties by receiving, treating and disposing of such Solid Waste, including Recyclables, or causing such Solid Waste to be received, treated and disposed of, including the Construction, operation and maintenance of one or more Solid Waste Management - Resource Recovery Facility.

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

“Special Operating Fund” shall mean the fund by that name established by the Indenture.

“Special Record Date” shall mean such date as may be fixed by the Trustee for the payment of defaulted interest in accordance with the Indenture.

“State” shall mean the State of New York.

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

“Study” shall mean all study and planning activities of the Authority associated with addressing the System Solid Waste management needs of the Counties including, but not limited to, studies concerning quantity, composition, source, growth rates and other characteristics of System Solid Waste generated or disposed of within the Counties, compliance with the applicable requirements of the State Environmental Quality Review Act and the Solid Waste Management Act of 1988, the procurement and contracting for Authority Facilities and/or services, the securing of all applicable permits, licenses, authorizations and approvals, the obtaining of financing adequate to develop any and all facilities and any administrative or judicial litigation involving any of the foregoing activities.

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

“Supplemental Indenture” shall mean any indenture amending, modifying or supplementing the Indenture made, signed and becoming effective in accordance with the terms thereof.

“System Solid Waste” shall mean all Solid Waste as defined in the Act.

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

“Term Bonds” shall mean those Bonds which shall be subject to retirement from Sinking Fund Installments.

“Termination Date” shall mean the earlier of (i) the Expiration Date or (ii) the date on which a Credit Facility terminates in accordance with its terms.

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

“Trustee” shall mean The Bank of New York Mellon in its capacity as trustee under the Indenture, or its successors in the trust.

“Variable Rate Indebtedness” shall mean any Bond, the rate of interest on which is subject to change prior to maturity and which cannot be determined in advance of such change, including but not limited to Bonds in a commercial paper mode. In calculating the Debt Service Requirement for purposes of compliance with Additional Parity Indebtedness requirements, such Variable Rate Indebtedness shall be deemed to be Indebtedness bearing interest at not less than the greater of: (i) the average rate borne over the preceding three (3) years by instruments substantially similar to those intended to be issued or, if such instruments do not exist, by such variable rate indebtedness for which the interest rate is computed by reference to an index comparable to those to be utilized for the proposed Variable Rate Indebtedness; (ii) the then current variable interest rate on such Variable Rate Indebtedness; or (iii) the average of the applicable variable interest rates for the preceding twelve (12) month period in the case of existing Variable Rate Indebtedness. Any ongoing liquidity activity charges and remarketing agent fees imposed in connection with such Variable Rate Indebtedness shall be deemed to be Operating Expenses.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following summarizes certain provisions of the Indenture. This summary is qualified in its entirety by reference to the document itself.

Transfer and Exchange of Bonds; Book-Entry System. Except as provided in the Indenture, each series of Bonds shall be subject to the Book-Entry System of ownership and transfer. Each series of Bonds subject to the Book-Entry System of ownership and transfer shall initially be evidenced by one certificate for each maturity, in an amount equal to the aggregate principal amount thereof. The Bonds so initially delivered shall be registered in the name of “Cede & Co.” as nominee for the Depository. The Bonds subject to the Book-Entry System of ownership and transfer may not thereafter be transferred or exchanged on the registration books of the Authority held by the Trustee as bond registrar except:

- (i) to any successor Depository designated pursuant to the Indenture;
- (ii) to any successor nominee designated by a Depository; or
- (iii) if the Authority shall, by resolution, elect to discontinue the Book-Entry System pursuant to the next succeeding paragraph, the Authority will cause the Trustee to authenticate and deliver replacement Bonds in fully registered form to such persons, and in such authorized denominations, as may be designated by the Depository, but without any liability on the part of the Trustee or the Authority for the accuracy of such designation; thereafter the section below entitled “Provisions for Bond Register System” shall apply.

Upon the resignation of any institution acting as Depository under the Indenture, or if the Authority determines that continuation of any institution in the role of Depository is not in the best interests of the Beneficial Owners or the Authority, the Authority will attempt to identify another institution qualified to act as Depository under the Indenture. If the Authority is unable to identify such successor Depository prior to the effective date of the resignation, the Authority shall, by resolution, discontinue the Book-Entry System, as provided in subsection (iii) above with respect to the applicable series of Bonds.

So long as the Book-Entry System is used for Bonds of a series of Bonds, the Authority and the Trustee shall treat the Depository (or its nominee) as the sole and exclusive owner of such Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the Indenture, registering the transfer of such Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, except as may otherwise be provided by law; and neither the Authority nor the Trustee shall be affected by any notice to the contrary. None of the Authority, any Credit Facility Provider or the Trustee shall have any responsibility or obligation to any participant in the Depository, any person claiming a beneficial ownership interest in Bonds subject to the Book-Entry System of ownership and transfer under or through the Depository or any such participant, or any other person which is not shown on the registration books of the Trustee as being a Bondholder, with respect to: (A) such Bonds; or (B) the accuracy of any records maintained by the Depository or any such participant; or (C) the payment by the Depository or any such participant of any amount in respect of the principal or redemption price of or interest on such Bonds; or (D) any notice which is permitted or required to be given to Bondholders under the Indenture; or (E) the selection by the Depository or any such participant or any person to receive payment in the event of a partial redemption of such Bonds; or (F) any consent given or other action taken by the Depository as Bondholder. The Trustee shall cooperate with the Depository in connection with any consent given or other action taken by the Depository as Bondholder if and to the extent the Depository has delegated by proxy such consent or action to other Persons.

Notwithstanding the payment provisions contained in the forms of Bonds subject to the Book-Entry System of ownership and transfer, so long as such Bonds or any portion thereof are registered in the name of the Depository or any nominee thereof, all payments of the principal or redemption price of or interest on such Bonds shall be made to the Depository or its nominee in New York Clearing House or equivalent next day funds on the dates provided for such payments under the Indenture. Each such payment to the Depository or its nominee shall be valid and effective to fully discharge all liability of the Authority or the Trustee with respect to the principal or redemption price of or interest on

such Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Bonds subject to the Book-Entry System of ownership and transfer Outstanding, the Trustee shall not require surrender by the Depository or its nominee of the Bonds so redeemed, but the Depository (or its nominee) may retain such Bond certificate as to the amount of such partial redemption; provided that, in each case the Trustee shall request, and the Depository shall deliver to the Trustee, a written confirmation of such partial redemption and thereafter the records maintained by the Trustee shall be conclusive as to the amount of the Bonds of such series and maturity which have been redeemed.

So long as the Bonds subject to the Book-Entry System of ownership and transfer or any portion thereof are registered in the name of the Depository or any nominee thereof, all notices required or permitted to be given to the Bondholders under the Indenture shall be given to the Depository.

Provisions for Bond Register System. The Bonds or any series of Bonds may be subject to a Bond Register System of ownership and transfer if so designated by the Authority in the Supplemental Indenture authorizing such series of Bonds or as provided in the preceding section entitled "Transfer and Exchange of Bonds; Book-Entry System." A Supplemental Indenture may provide that Bonds of the Series of Bonds authorized thereby will be subject to a Book-Entry System of ownership only at particular times or from time to time. If the Book-Entry System shall be discontinued for any series of Bonds, the conversion to a Bond Register System for each such series of Bonds shall be effected pursuant to arrangements for the surrender of a single Bond for the applicable series of Bonds by the Depository and the issuance of Bonds of such series to Registered Owners that are reasonably satisfactory to the Trustee, which arrangements shall be communicated by the Trustee to the Depository on behalf of the Beneficial Owners. The conversion shall become effective under the Indenture and binding upon the Authority, the Trustee and all Registered Owners and Beneficial Owners at such time as may be specified in a Supplemental Indenture authorizing such series of Bonds or as specified in a resolution of the Authority. The general provisions of such Bond Register System, after conversion from the Book-Entry System, are as follows.

Any Bond may be transferred at the principal corporate trust office of the Trustee by the Registered Owner in person or by his attorney duly authorized in writing, and thereupon, the Authority shall execute in the name of the transferee or transferees, and the Trustee shall authenticate and deliver, a new Bond or Bonds, of the same series, of the same maturity, and for the same aggregate principal amount registered in such name or names as shall be requested. The Trustee shall register any transfer and shall deliver an appropriately registered and authenticated Bond or Bonds within seventy-two (72) hours of the receipt of the Bond or Bonds to be transferred and such other necessary documentation.

All Bonds shall be exchangeable for like Bonds of the same series of Bonds but different Authorized Denominations, in the same aggregate principal amount, maturing on the same dates and bearing the same rate of interest as the Bonds to be exchanged, all in the manner hereinafter provided. The Registered Owner of any Bond or Bonds, desiring to exchange such Bond or Bonds, shall present such Bond or Bonds, accompanied by appropriate instruments of transfer, at the principal corporate trust office of the Trustee, together with a written request for exchange, in form approved by the Authority, setting forth the denomination or denominations thereof and the person or persons in whose name such Bond or Bonds are to be registered. Thereupon, the Trustee shall authenticate and deliver to the Registered Owner thereunto entitled a new Bond or new Bonds of the same series of Bonds in Authorized Denominations aggregating the principal amount of the Bond or Bonds surrendered, maturing as to principal on the same date or dates, bearing the same rate of interest and bearing the same designation as to series.

All Bonds issued upon transfer or in exchange for Bonds shall be dated the date of the Bonds surrendered for exchange or transfer and, if they bear interest, shall bear interest from their dated date payable in arrears, with credit being given for amounts theretofore paid.

Registration, transfer and exchanges of Bonds shall be without expense to the Registered Owners of such Bonds, except that any taxes or other governmental charges shall be paid by the Registered Owner requesting any such transaction, as a condition precedent to the exercise of such privilege.

The Trustee shall not be required to issue or transfer any Bonds during a period beginning at the opening of business on the fifth day (whether or not a Business Day) next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is given or to transfer any Bonds which have been selected or called for redemption in whole or in part.

All Bonds executed, authenticated and delivered in exchange for Bonds surrendered or upon the transfer of registered Bonds shall be valid obligations of the Authority, evidencing the same debt as the Bonds surrendered, and shall be secured by the lien of the Indenture to the same extent as such surrendered Bonds.

Ownership of Bonds. The Authority, the Trustee and any Paying Agent designated in any Bond may treat the Registered Owner of the Bond as the absolute owner of such Bond for all purposes whether or not such Bond shall be overdue, and neither the Authority, the Trustee nor any Paying Agent shall be affected by any notice to the contrary. Any consent, waiver or other action taken by the Registered Owner of any Bond shall be conclusive and binding upon such Registered Owner, his heirs, successors or assigns, and upon all transferees of such Bond whether or not notation of such consent, waiver or other action, shall have been made on such Bond or on any Bond issued in exchange therefor or upon registration or transfer thereof.

ISSUANCE OF ADDITIONAL INDEBTEDNESS

Purposes of Additional Parity Indebtedness. The Authority may issue from time to time, and the Trustee shall authenticate, Additional Parity Indebtedness for any lawful corporate purpose, including but not limited to providing all or part of the funds necessary (i) to refinance or refund all or any portion of any Indebtedness of the Authority, including accrued and unpaid interest and redemption premium, if any; (ii) to plan, develop, construct, acquire, complete, restore or replace any Authority Facility or any portion thereof; (iii) to conduct Studies; or (iv) to provide working capital for the Authority; including in each case the costs and expenses of the financing, any increase in the Debt Service Reserve Requirement incidental thereto and the funding of any reserves.

Conditions Precedent to the Issuance of Additional Parity Indebtedness. The Trustee shall not authenticate or deliver to the Authority on its order any Additional Parity Indebtedness unless theretofore or simultaneously therewith there shall have been delivered or paid to the Trustee the following:

(i) a certified copy of a resolution or resolutions of the Board of Directors authorizing the issuance of such Additional Parity Indebtedness, stating the purpose or purposes for the issuance of such Additional Parity Indebtedness, describing in brief and general terms the facilities to be financed by the issuance of such Additional Parity Indebtedness if any, authorizing the execution and delivery of the Supplemental Indenture, and fixing the terms of such Additional Parity Indebtedness;

(ii) a Supplemental Indenture executed by the Authority providing for the issuance of the Additional Parity Indebtedness, and containing such other necessary or proper terms, requirements and provisions which shall not be inconsistent with the Indenture or any previous Supplemental Indenture, unless all Bonds, the Registered Owners of which are entitled to the protection of the provision or provisions with which the Supplemental Indenture is inconsistent, have been paid or redeemed or provision therefor duly made. These provisions shall apply to any Additional Parity Indebtedness unless the relevant Supplemental Indenture explicitly provides otherwise;

(iii) a written opinion or opinions of Counsel with experience and recognized standing in matters of municipal finance and tax-exempt securities to the effect that: (1) all conditions precedent to the issuance of the Additional Parity Indebtedness pursuant to the Act, the Indenture and any relevant Supplemental Indenture have been satisfied; (2) the Additional Parity Indebtedness, when issued, will be valid and binding obligations of the Authority in accordance with their terms; (3) it is proper for the Trustee to authenticate the Additional Parity Indebtedness; and (4) if the Additional Parity Indebtedness is intended to be Tax-Exempt, an opinion to the effect that interest on the Additional Parity Indebtedness is Tax-Exempt;

(iv) the written order of the Authority, signed by the Chairman or Vice Chairman of the Authority, ordering the Trustee to authenticate and deliver such Additional Parity Indebtedness, stating the amount of the proceeds of sale thereof and directing the application of such proceeds;

(v) the proceeds of the Additional Parity Indebtedness in the amounts stated in the order of the Authority described above, to be applied as described in such order;

(vi) any additional deposit to the Debt Service Reserve Fund required with respect to the Additional Parity Indebtedness;

(vii) a certificate duly executed by the Accountant (or an Authorized Representative of the Authority, to the extent permitted by the Indenture) stating that, based upon an audit of the books and records of the Authority, for any twelve (12) consecutive month period of the eighteen (18) calendar months immediately preceding the month during which the Additional Parity Indebtedness is to be issued (1) the Authority complied with the Rate Covenant, (2) all deposits required to be paid into the Debt Service and Sinking Fund were made, and (3) either the Debt Service Reserve Fund Requirement was maintained in accordance with the Indenture or will be so maintained upon the issuance of the relevant Additional Parity Indebtedness;

(viii) a certificate duly executed by an Engineer (or an Authorized Representative of the Authority, to the extent permitted by the Indenture) setting forth in detail and based upon reasonable assumptions set forth therein (1) his estimate of the Operating Revenues and Operating Expenses of the Authority for each of the Fiscal Years immediately succeeding the issuance of such Additional Parity Indebtedness and up to but not including the completion of the facilities to be financed by such Additional Parity Indebtedness or the scheduled exhaustion of any capitalized debt service included in the Additional Parity Indebtedness, or the later of the scheduled completion of the Study to be financed by such Additional Parity Indebtedness or the scheduled exhaustion of any capitalized debt service included in the Additional Parity Indebtedness, as the case may be, calculated on the assumption that Revenues shall be charged and collected at the rates in effect on the date of such certificate or such higher rate, or rates, as the individual executing the certificate certifies to be reasonable, (2) the Debt Service Requirements for each such Fiscal Year, and (3) his opinion that the amount of estimated Operating Revenues for each such Fiscal Year as described above will be sufficient, together with amounts capitalized, and to be capitalized, from proceeds of the Additional Parity Indebtedness or otherwise made available and reserved, or to be made available and reserved in connection with the issuance of such Additional Parity Indebtedness, and not already taken into account under the Indenture by reduction of the obligation which Operating Revenues must cover, to satisfy the Rate Covenant for each such Fiscal Year. In the event the Additional Parity Indebtedness is not being issued prior to the completion of construction of the facilities being financed by such Additional Parity Indebtedness, or the completion of the Study to be financed by such Additional Parity Indebtedness, as the case may be, the individual executing the certificate shall examine the three (3) Fiscal Years immediately succeeding the Fiscal Year during which the Additional Parity Indebtedness is being issued;

(ix) a certificate duly executed by an Engineer (or an Authorized Representative of the Authority, to the extent permitted by the Indenture) setting forth in detail and based upon reasonable assumptions set forth therein (1) his estimate of the Operating Revenues and Operating Expenses of the Authority for each of the three (3) Fiscal Years immediately succeeding the completion of the facilities to be financed by such Additional Parity Indebtedness, or the completion of the Study to be financed by such Additional Parity Indebtedness, as the case may be, calculated on the assumption that Revenues shall be charged and collected at the rates in effect on the date of such certificate or such higher rate, or rates, as the individual executing the certificate certifies to be reasonable, (2) the Debt Service Requirements for each such Fiscal Year, and (3) his opinion that the amount of estimated Operating Revenues for each such Fiscal Year as described above will be sufficient, together with amounts capitalized, and to be capitalized, from proceeds of the Additional Parity Indebtedness or otherwise made available and reserved, or to be made available and reserved in connection with the issuance of the Additional Parity Indebtedness, and not already taken into account under the Indenture by reduction of the obligation which Operating Revenues must cover, to satisfy the Rate Covenant for each such Fiscal Year;

(x) if the Additional Parity Indebtedness is being issued to finance Authority Facilities, a certificate duly executed by an Engineer (or an Authorized representative of the Authority, to the extent permitted by the Indenture) (1) stating that such facilities will be useful or desirable in connection with the Processing of System Solid Waste; (2) setting forth in detail and based upon reasonable assumptions set forth therein the estimated costs of the acquisition or construction of such facilities including any financing expenses and, if judged necessary, a balance for contingencies, the sources of funds expected to be applied to finance such costs, and the time period which will be required for completion of the acquisition or construction of such facilities, (3) his opinion that the net proceeds of the Additional Parity Indebtedness, together with other moneys which are then available or are reasonably expected to be available therefore, will be sufficient to pay the costs of the acquisition or construction of such facilities, and (4) his opinion as to the date when such facilities will be placed in commercial operation;

(xi) if the Additional Parity Indebtedness is being issued to finance the refunding of Bonds or Additional Parity Indebtedness, the Authority may provide, in lieu of the certificate described in paragraph (viii) above, a certificate duly executed by an Accountant (or an Authorized Representative of the Authority, to the extent permitted by the Indenture) stating that for the then current and each future Fiscal Year, the Debt Service Requirements for the refunding Bonds will be equal to or less than the Debt Service Requirements that would have existed for that Fiscal Year with respect to the portion of the Bonds or the Additional Parity Indebtedness being refunded; and (xii) if the Additional Parity Indebtedness is being issued to finance a refunding (1) executed counterparts of such documents as are necessary or appropriate for the purposes of the refunding such as an escrow deposit agreement providing for the deposit and application of funds for the refunding, (2) unless all refunded indebtedness is to be redeemed or otherwise retired on the date of settlement for the refunding Bonds, such schedules, verified as to their mathematical accuracy by an Accountant, as are necessary to demonstrate the adequacy of funds deposited for the refunding and the income thereon for the purpose of paying, when due, the principal or redemption price of and interest on the refunded indebtedness, and (3) evidence satisfactory to the Trustee that notice of any necessary redemption has been properly given, or that provisions satisfactory to the Trustee have been made therefor, or that sufficient waivers of such notice have been duly filed with the Trustee.

The opinion(s) of Counsel described in (iii) above may be accepted by the Trustee as conclusive evidence that the requirements of this Section have been complied with, and the Trustee shall thereupon be authorized to execute said Supplemental Indenture, to authenticate the Additional Parity Indebtedness and to deliver the same to or upon the order of the Chairman or Vice-Chairman of the Authority.

Exceptions for Certain Additional Parity Indebtedness. Notwithstanding anything to the contrary in paragraphs (vii), (viii), (ix), (x) and (xi) above, the Authority may meet the requirements of those paragraphs by providing certificates as described in those paragraphs executed by an Authorized Representative of the Authority, so long as the aggregate principal amount of Additional Parity Indebtedness being issued pursuant to this paragraph, together with the Outstanding principal amount of Additional Parity Indebtedness previously issued pursuant to this section, does not exceed \$1,000,000.

Furthermore, notwithstanding anything to the contrary in paragraphs (vii), (viii), (ix), (x) and (xi) above, the Authority may issue Additional Parity Indebtedness without satisfying paragraphs (vii), (viii), (ix), (x) and (xi) above in any authorized amount if (1) all Outstanding Bonds and Additional Parity Indebtedness are secured as to the payment of the principal of and interest due on such Bonds and Additional Parity Indebtedness by a Credit Facility or Credit Facilities and (2) the Credit Facility Provider or Credit Facility Providers, as the case may be, of all such Bonds and Additional Parity Indebtedness consent to the issuance of the Additional Parity Indebtedness without satisfaction of such paragraphs.

Subordinated Indebtedness. The Authority may issue from time to time one or more series of Subordinated Indebtedness pursuant to the terms of a Supplemental Indenture for any lawful purpose of the Authority (including the provision of working capital), such Subordinated Indebtedness to be in substantially such form as may be approved by the Authority and specified in the Supplemental Indenture authorizing the same. The priority of payments of principal or redemption price and interest on such Subordinated Indebtedness and the security therefor shall be as provided in the applicable Supplemental Indenture, which shall make such provisions for payment of the Debt Service Requirements of the Subordinated Indebtedness from Pledged Revenues held in the Revenue Fund as shall be consistent with the subordination of the Lien thereon in favor of the Subordinated Indebtedness. In no event shall Subordinated Indebtedness be payable from or secured by amounts held in any funds or accounts established under the Indenture other than the Revenue Fund.

Credit Notes. The Authority may issue from time to time one or more Credit Notes pursuant to the provisions of a Supplemental Indenture. Any Credit Note that secures a Credit Facility with respect to Bonds or any Additional Parity Indebtedness shall be subordinate only to the Bonds of the Series of Bonds to which the Credit Facility relates. Therefore, a Credit Facility Provider shall be entitled to share in the Trust Estate only when all amounts due and payable on the Bonds of the Series of Bonds to which the Credit Facility it has issued relates have been fully paid. Any Credit Note that secures a Credit Facility with respect to Subordinated Indebtedness shall be likewise subordinated to such Subordinated Indebtedness.

FUNDS AND ACCOUNTS

Construction Fund. The Trustee shall establish and maintain a Construction Fund, which shall consist of separate accounts or subaccounts for each Authority Facility or portion thereof the construction of which is to be financed with Bonds or a particular series of Additional Parity Indebtedness and which shall be held separate and apart from all other funds and accounts established under the Indenture and from all other money of the Trustee. No disbursements of funds held from time to time in the Construction Fund shall be made except as permitted in the Indenture. The Trustee shall invest the money on deposit in the Construction Fund and shall apply the income from such investments, all as provided in the Indenture.

Revenue Fund. The Authority covenants to create and maintain one or more accounts in one or more banks or trust companies, including but not limited to the banking department of the Trustee or of any Credit Facility Provider, designated as the "Revenue Fund," separate and apart from the other funds and accounts of the Authority.

The Authority shall deposit or cause to be deposited into the Revenue Fund, as soon as possible after receipt, but in no event less frequently than monthly, all of its Revenues and any payments it may receive under the Solid Waste Management Agreements. Amounts held in the Revenue Fund shall be invested solely in Investment Securities, subject to the limitations imposed thereon by the Act.

The money from time to time in the Revenue Fund shall be applied by the Authority for the purpose of making the deposits required to be made to the following Funds or accounts in the following order of priority: the Operating Fund, the Debt Service and Sinking Fund, the Debt Service Reserve Fund, the Bond Redemption and Improvement Fund, such other funds or accounts as the Authority or the Trustee at the discretion of the Authority may from time to time create, whether within or outside of the Trust Estate, and such account as the Authority shall establish for the payment of Debt Service Requirements on Subordinated Indebtedness, if any, to the extent not otherwise established under the Indenture. No transfer of funds shall be made to an account established for the payment of Debt Service Requirements on Subordinated Indebtedness while the balance on deposit in the Debt Service Reserve Fund is less than the Debt Service Reserve Requirement. If on the last Business Day of the last calendar month of a Fiscal Year (i) the balance on deposit in the Debt Service Reserve Fund shall equal the Debt Service Reserve Fund Requirement, (ii) there shall not then exist and be continuing an Event of Default, (iii) the Authority shall have deposited to the Bond Redemption and Improvement Fund at least the minimum amount permitted and (iv) the Authority shall have transferred to other funds or accounts established under the Indenture any amounts required by the Indenture to be transferred thereto from the Revenue Fund as of such Business Day, then the Authority may withdraw from the Revenue Fund, free and clear of the Lien of the Indenture all amounts then on deposit in the Revenue Fund that are in excess of the total of (i) the amount to be transferred from the Revenue Fund to the Debt Service and Sinking Fund on the next ensuing Business Day, (ii) the amount to be transferred from the Revenue Fund to the Bond Redemption and Improvement Fund during the next ensuing calendar month and (iii) any amounts required by the Indenture to be transferred to other funds or accounts established under the Indenture from the Revenue Fund during the next ensuing calendar month.

Operating Fund. The Authority covenants to create and maintain one or more accounts in one or more banks or trust companies including but not limited to the banking department of the Trustee, designated as the "Operating Fund" separate and apart from the other funds and accounts of the Authority. Within the Operating Fund the Authority shall create, at a minimum, one separate account, entitled the "Costs of Issuance Account." In the event there occurs and continues an Event of Default under the Indenture, the Operating Fund shall immediately be transferred by the Authority to an account held in trust with the Trustee. During each Fiscal Year, the Authority will transfer from the General Administrative Account of the Special Operating Fund, the Revenue Fund or the Bond Redemption and Improvement Fund, in that order of priority, to the Operating Fund such amounts as may be necessary to pay, or reimburse the Authority for the payment of, Operating Expenses. Transfers from the Special Operating Fund shall be subject to special provisions of the Indenture; transfers from the Revenue Fund or the Bond Redemption and Improvement Fund shall be made by the Authority from time to time as necessary to pay Operating Expenses due or to become due during the month of transfer or to reimburse the Authority for having paid Operating Expenses otherwise than with funds constituting part of the Trust Estate.

The Operating Fund and the money from time to time on deposit therein shall be applied solely for the payment of Operating Expenses and Costs of Issuance. The cost of any Credit Facility shall be paid by the Authority from the Operating Fund without need of prior invoice from the Credit Facility Provider. Amounts held in the Operating Fund shall be invested solely in Investment Securities, subject to the limitations imposed thereon by the Act. The disbursement

of amounts in the Operating Fund shall be governed by such financial control standards and practices as are deemed prudent by the Authority.

Any money held by the Authority in the Operating Fund at the end of any Fiscal Year, not required to pay accrued but unpaid Operating Expenses for such Fiscal Year, and not intended to be applied to pay Operating Expenses during the next ensuing Fiscal Year quarter, shall be transferred to the Trustee and be deposited by the Trustee in the Bond Redemption and Improvement Fund.

Special Operating Fund. There is created under the Indenture a special fund known as the Special Operating Fund. Within the Special Operating Fund there are established the following separate accounts: (i) the General Administrative Account, (ii) the Project Studies Account and (iii) the Capitalized Interest Account. Within the Capitalized Interest Account there shall be established a separate sub-account for each series of Bonds for which there is to be a deposit of capitalized interest. The Authority shall pay to the Trustee for deposit in the Special Operating Fund such amounts as the Authority shall determine, including amounts that are proceeds of Bonds, for allocation to the various accounts according to the terms of the applicable Supplemental Indenture or resolution of the Authority, as the case may be. Amounts held in the Special Operating Fund shall be invested solely in Investment Securities.

The Authority may request (a) not more than fifteen (15) days before the beginning of each quarter that the Trustee pay, and the Trustee shall pay, from the General Administrative Account of the Special Operating Fund to the Authority for deposit in the Operating Fund an amount not greater than 110% of the Operating Expenses that are expected to be incurred during the next ensuing Fiscal Year quarter according to the Annual Budget, as amended from time to time; and (b) that the Trustee transfer, and the Trustee shall transfer, to or upon the order of the Authority amounts deposited in the Closing Transfer Subaccount.

The Authority may request from time to time, and the Trustee shall pay promptly to the Authority following the request to the extent available, amounts on deposit in the Project Studies Account of the Special Operating Fund if the request certifies that the amounts to be withdrawn and paid are for the purpose of paying, or reimbursing the Authority for the payment of, Project Study Expenses. Amounts paid from the Project Studies Account of the Special Operating Fund to the Authority shall not be deposited by the Authority in the Operating Fund but shall be held separately by the Authority and applied to the purposes for which they were withdrawn.

The Trustee shall transfer automatically on the first Business Day of each month from the Capitalized Interest Account of the Special Operating Fund to the Debt Service and Sinking Fund an amount equal to the interest component of the Debt Service Requirements for Bonds that has accrued through the last day of the immediately preceding month on each series of Bonds for which there has been a deposit of capitalized interest in the Capitalized Interest Account of the Special Operating Fund. Such amounts, to the extent available, shall be taken from the sub-account of the Capitalized Interest Account established with respect to the series of Bonds for which the transfer is made and shall be credited to the sub-account for such series of Bonds in the Debt Service and Sinking Fund.

Notwithstanding the foregoing, amounts held in the Closing Transfer Subaccount may be disbursed directly by the Trustee upon written direction by an Authorized Representative of the Authority in payment of Costs of Issuance and any Costs pertaining to credit enhancement to the parties and in the amounts specified in such direction.

Debt Service and Sinking Fund. There is created under the Indenture a special fund known as the Debt Service and Sinking Fund. The Debt Service and Sinking Fund shall include a separate account for each series of Bonds issued.

The Authority shall pay to the Trustee from available Pledged Revenues (after giving effect to deposits to the Operating Fund) for deposit in each relevant account of the Debt Service and Sinking Fund on or before the first Business Day of each calendar month, commencing December 31, 1992, an amount equal to the aggregate Accrued Debt Service for all Bonds. In the event such monthly payments are not timely received by the Trustee, the Trustee shall, without instruction or further direction from the Authority, promptly transfer the requisite amounts from the Debt Service Reserve Fund to the relevant accounts of the Debt Service and Sinking Fund to make good any resulting deficiency.

The money held from time to time in the Debt Service and Sinking Fund shall be applied by the Trustee without further direction from the Authority to the payment of the Debt Service Requirements on the Bonds as and when the

same shall become due and payable; provided that if the same shall have been paid under a Credit Facility (other than municipal bond insurance) relating to the series of Bonds on which the payments were due, amounts equal to such payments on deposit in the account of the Debt Service and Sinking Fund established with respect to Bonds of such series of Bonds shall be paid to the Credit Facility Provider as reimbursement. If a Supplemental Indenture provides that Debt Service Requirements on Bonds of a series of Bonds issued thereunder are to be paid in the first instance from the proceeds of a Credit Facility, the Trustee shall comply with the terms of such Supplemental Indenture in that regard and draw upon the Credit Facility to pay Debt Service Requirements on Bonds of such series of Bonds.

Debt Service Reserve Fund. There is created under the Indenture a special fund known as the Debt Service Reserve Fund. The Debt Service Reserve Fund shall include a separate account for each series of Bonds.

The Trustee shall be authorized, without further direction from the Authority, to apply the money in the Debt Service Reserve Fund toward the payment of the Debt Service Requirements from time to time becoming due and payable upon a series of Bonds, to the extent that the Debt Service and Sinking Fund shall at any time be insufficient with respect to such series of Bonds. The Trustee shall, for any particular series of Bonds, initially draw funds from the related account within the Debt Service Reserve Fund, and to the extent a deficiency in the Debt Service and Sinking Fund continues to exist subsequent to the exhaustion of such related account, the Trustee shall draw funds from all other accounts within the Debt Service Reserve Fund pro-rata on the basis of the amount held in each of the other accounts at the time of such draw.

In the event of any deficiency in the Debt Service Reserve Fund, the Authority shall thereafter make monthly transfers from the Revenue Fund, to the extent that money shall be available therein after making provision for other required payments and deposits, until the amount in each account in the Debt Service Reserve Fund in cash or investments shall equal the Debt Service Reserve Requirement for such account. Amounts held in each account of the Debt Service Reserve Fund shall be restored to their respective Debt Service Reserve Requirement within twelve (12) months after the occurrence of any deficiency therein. The investments of each account of the Debt Service Reserve Fund shall, for the purpose of determining the amount from time to time in the Debt Service Reserve Fund, be valued annually by the Trustee at amortized cost. The investments of the accounts of the Debt Service Reserve Fund shall include (i) investments that at the time of acquisition would constitute Investment Securities if the stated level of required ratings, if any, for Investment Securities were the second highest whole rating category (without regard to pluses or minuses) for the type of rating in question (e.g., short-term or long-term) and (ii) investments which can be liquidated by or on behalf of the Trustee within five (5) years of their acquisition for an amount at least equal to the principal thereof and all accrued interest (or amortized discount) thereon to the liquidation date, whether by maturity, redemption, tender or otherwise.

Upon written instructions of an Authorized Officer of the Authority during the twelve (12) month period prior to the final maturity date of any series of Bonds, money held in the related account shall be credited against the amount otherwise transferable from the Revenue Fund to the Debt Service and Sinking Fund in respect of Debt Service Requirements for such Bonds and shall be transferred to the Debt Service and Sinking Fund for the payment of such Debt Service Requirements; provided, however, that no such credit shall be given and no such transfer shall be made if, immediately prior to such crediting and transfer, the amount on deposit in the related Account is not at least equal to (i) the Debt Service Reserve Requirement with respect to such series of Bonds less (ii) the amounts previously transferred to the Debt Service and Sinking Fund for payment of such series of Bonds during such twelve (12) month period pursuant to this paragraph, and any amounts which are currently payable to the Rebate Fund.

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

Reserve Fund Credit Facility. The Authority may elect to satisfy in whole or in part the Debt Service Reserve Requirement by means of a letter of credit, insurance policy or surety bond (together with any substitute or replacement therefor, the "Reserve Fund Credit Facility"), subject to the following requirements:

(i) the Reserve Fund Credit Facility Provider must have a credit rating issued by a Rating Agency not less than the then current rating on the related series of Bonds and in any event equal to one of the Rating Agency's three highest long-term rating categories;

(ii) the Authority shall not secure any obligation to the Reserve Fund Credit Facility Provider by a Lien on the Trust Estate equal or superior to the Lien on the Trust Estate granted to the Bondholders;

(iii) Each Reserve Fund Credit Facility shall have a term of at least one (1) year (or, if less, the remaining term of the related series of Bonds) and shall entitle the Trustee to draw upon or demand payment at such times and for such purposes as the Trustee would be entitled to claim the funds and investments that would be on deposit in the Debt Service Reserve Fund were there no such Reserve Fund Credit Facility and receive the amount so requested in immediately available funds not later than five (5) Business Days after such draw or demand;

(iv) The Reserve Fund Credit Facility shall permit a drawing by the Trustee for the full Stated Amount in the event (1) the Reserve Fund Credit Facility expires or terminates for any reason prior to the final maturity of the related series of Bonds, and (2) the Authority fails to satisfy the Debt Service Reserve Requirement by the delivery to the Trustee of cash, obligations, a substitute Reserve Fund Credit Facility, or any combination thereof, for deposit in the related account in the Debt Service Reserve Fund on or before the date of such expiration or termination;

(v) If the rating issued by the Rating Agencies to the Reserve Fund Credit Facility Provider is withdrawn or reduced below the rating assigned to that of the related series of Bonds immediately prior to such action by the Rating Agencies, the Authority shall provide a substitute Reserve Fund Credit Facility within sixty (60) days after said rating change, and, if no substitute Reserve Fund Credit Facility is delivered to the Trustee by such date, shall fund the Debt Service Reserve Requirement in not more than twenty-four (24) equal monthly payments commencing not later than the first day of the month immediately succeeding the date representing the end of said sixty (60) day period; and

(vi) If the Reserve Fund Credit Facility Provider commences any insolvency proceedings or is determined to be insolvent or fails to make payments when due on its obligations, the Authority shall provide a substitute Reserve Fund Credit Facility within sixty (60) days thereafter, and, if no substitute Reserve Fund Credit Facility is delivered to the Trustee by such date, shall fund the Debt Service Reserve Requirement in not more than twenty-four (24) equal monthly payments commencing not later than the first day of the month immediately succeeding the date representing the end of said sixty (60) day period.

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

Bond Redemption and Improvement Fund. There is created under the Indenture a special fund to be known as the Bond Redemption and Improvement Fund. The Authority, after paying or making provision for the senior requirements of the Indenture, shall deposit the money remaining in the Revenue Fund from time to time in the Bond Redemption and Improvement Fund until such time as the balance in the Bond Redemption and Improvement Fund shall equal not less than five per cent (5%) of the amount of Operating Expenses which, pursuant to the Annual Budget, as amended, for the then current Fiscal Year, are projected to be incurred during such Fiscal Year, or such different amount

as an Engineer shall certify to the Trustee as being reasonable under the circumstances. The Authority may deposit less than all the money then remaining in the Revenue Fund at its option if the amount deposited in the Bond Redemption and Improvement Fund would cause the balance of such Fund to reach the aforementioned level were it repeated over the next ensuing thirty six (36) months.

The Authority shall also deposit in the Bond Redemption and Improvement Fund the net proceeds from the sale of any Authority property hereof as well as insurance and condemnation proceeds received as a result of damage, destruction or condemnation of a facility in the System. Any such sale, insurance or condemnation proceeds shall be applied solely for the purposes described in paragraphs (i), (iii), or (vi) below.

Whenever there shall be a deficiency in the Debt Service and Sinking Fund or Debt Service Reserve Fund, the Trustee shall forthwith and without instructions from the Authority, make good such deficiency from the Bond Redemption and Improvement Fund.

The money on deposit in the Bond Redemption and Improvement Fund may be used for any one or more of the following purposes:

- (i) to pay all or any part of the cost of constructing, acquiring, completing or restoring Authority Facilities;
- (ii) to transfer funds to the Operating Fund to meet unanticipated Operating Expenses or to provide or restore an operating reserve of the Authority;
- (iii) to pay the cost of renewals to or replacements of Authority Facilities or to pay the cost of extraordinary maintenance and repairs thereto;
- (iv) to repay the temporary loans, or any part thereof, incurred for the purpose of acquiring or constructing Authority Facilities, renewals and replacements or undertaking extraordinary maintenance and repairs;
- (v) to pay other debts and liabilities of the Authority incurred in connection with the Processing of System Solid Waste not otherwise provided for; or
- (vi) to purchase or redeem any Bonds of any series at a price not greater than 100% of the principal amount thereof (or, to the extent permitted by law, the then current optional redemption price for such series of Bonds) plus accrued interest.

Rebate Fund. There is created and established with the Trustee a fund to be known as the Rebate Fund which shall be used for the deposit of the Rebate Amount, and shall not be subject to the Lien of the Indenture.

The Authority covenants to determine the Rebate Amount or cause the same to be determined in the manner provided in Section 148(f) of the Code, the Treasury Regulations promulgated thereunder and any other rules which may be promulgated thereafter by the Treasury Department or Internal Revenue Service (the "Rules") and to transfer or cause to be transferred to the Trustee such determination for purposes set forth in the Indenture.

The Trustee shall deposit in the Rebate Fund the Rebate Amount which may be from deposits by the Authority or from available investment earnings on amounts held in the Construction Fund, the Debt Service Reserve Fund, the Special Operating Fund or the Bond Redemption and Improvement Fund, as directed in writing by the Authority. If the Authority fails to make any payment to the Trustee, the Trustee may, but shall not be required to, transfer money without requisition first from the Construction Fund, then from the Bond Redemption and Improvement Fund, or finally from the Debt Service Reserve Fund, to the Rebate Fund so that such payment can be made.

The Rebate Amount shall be paid to the United States by the Trustee on behalf of the Authority in installments as provided in the Rules.

Transfer to Bond Redemption and Improvement Fund. The Trustee shall on each December 31, transfer to the Bond Redemption and Improvement Fund (i) any funds remaining in the Debt Service and Sinking Fund not required to pay or provide for the payment of Debt Service Requirements for the Bonds, and (ii) any funds remaining in each account of the Debt Service Reserve Fund not required to maintain the Debt Service Reserve Requirement for said account. The Trustee shall also deposit in the Bond Redemption and Improvement Fund any amounts otherwise directed or required to be transferred thereto pursuant to the terms of the Indenture. The Trustee shall account for deposits into and transfers out of any account or fund on a first-in, first-out accounting basis.

INVESTMENT AND DEPOSIT OF FUNDS

Investment of Funds. The Trustee shall, pursuant to written or oral (promptly confirmed in writing) investment instructions from an Authorized Representative of the Authority, invest and reinvest money held in any fund or account held by the Trustee under the Indenture in Investment Securities.

The interest and income received upon such investments and any interest paid by the Trustee or any other depository of any fund or account and any profit or loss resulting from the sale of any investment shall be added or charged to the fund or account in question, provided however that the Trustee shall credit any investment income or loss with respect to any fund or account established under the Indenture to any other fund or account, as directed in writing by the Authority.

Valuation of Funds. Investments shall be valued at the face value or the current market value thereof, whichever is the lower, or at the redemption price thereof, if then redeemable at the option of the holder, provided however that the value of investments with respect to the Debt Service Reserve Fund shall be calculated in accordance with the special provisions of the Indenture governing such investment.

PARTICULAR COVENANTS OF THE AUTHORITY

Rate Covenant. The Authority covenants that it will fix, charge and collect tipping fees or user charges, including user surcharges, for the Processing of System Solid Waste that is undertaken at Authority Facilities so long as any Bonds shall remain Outstanding, which shall produce in the aggregate Operating Revenues which shall be sufficient in each Fiscal Year to provide for:

- (i) the Operating Expenses of the Authority as set forth in the Annual Budget for such Fiscal Year;
- (ii) an amount equal to one hundred percent (100%) of the Debt Service Requirements for all Indebtedness in such Fiscal Year; and
- (iii) any amount necessary to restore each account in the Debt Service Reserve Fund to the respective Debt Service Reserve Requirement as provided herein.

The Authority shall, not less frequently than once each year, review and adjust its tipping fees, including any surcharges, and user charges so as to produce Operating Revenues which shall be sufficient to comply with this paragraph. In the event the tipping fees, including any surcharges, and user charges in effect shall be inadequate to comply with this section, from time to time and as often as shall appear necessary, the Authority covenants that it will adjust its tipping fees, surcharges and user charges so as to produce Operating Revenues which shall be sufficient to comply with this paragraph.

Notwithstanding the foregoing, the Authority need not establish tipping fees or surcharges, including user charges, at each Authority Facility which is engaged in the Processing of System Solid Waste if the Authority satisfies the Rate Covenant by reason of the tipping fees, including any surcharges, and user charges which it does establish.

Operation of Authority Facilities. The Authority covenants that it will at all times:

- (i) maintain, or undertake its best efforts to cause to be maintained, which efforts shall be limited to seeking enforcement of legal rights in circumstances where the Authority does not operate an Authority Facility, all Authority Facilities and every part thereof in good repair, working order and condition;

(ii) continuously operate or undertake its best efforts to cause to be operated, which efforts shall be limited to seeking enforcement of legal rights in circumstances where the Authority does not operate an Authority Facility, all Authority Facilities; and

(iii) from time to time make all necessary and proper repairs, renewals and replacements, or undertake its best efforts to cause to be repaired, renewed and replaced, which efforts shall be limited to seeking enforcement of legal rights in circumstances where the Authority does not own and operate an Authority Facility, at or to all Authority Facilities

Processing of System Solid Waste. To the extent permitted by law, the Authority shall exercise its statutory powers, and promulgate such regulations, so as to provide that all System Solid Waste generated within the Counties is directed to the Authority, provided, however, that the Authority may permit the diversion of specified System Solid Waste away from the Authority if the Engineer certifies in writing that such diversion is not reasonably expected to materially affect the amount of Pledged Revenues to be received by the Authority and required by the Authority to meet its obligations under the Indenture. The diversion of System Solid Waste pursuant to this paragraph shall be authorized by a resolution adopted by the Board of Directors of the Authority and delivered to the Trustee, along with an executed copy of the Engineer's certificate described above, prior to any such diversion.

The Authority shall Process all System Solid Waste, or cause System Solid Waste to be Processed by other Persons, so as to entitle the Authority at all times to fix, impose and collect Revenues with respect thereto sufficient to satisfy the requirements of the Indenture. The Authority shall not release or modify the obligations of any customer that would in any way limit any such customer's obligation to make payment of such rents, rates, fees or other charges imposed by the Authority for the Processing of System Solid Waste; provided however, that the Authority shall not be precluded from releasing or modifying such obligations (by waiver of tipping fees or otherwise) upon receipt of a certificate from the Engineer that such release or modification is not reasonably expected to materially affect the amount of Pledged Revenues to be received by the Authority and required by the Authority to meet its obligations under the Indenture. The Authority shall take all reasonable measures permitted by law to enforce payment to it of all Pledged Revenues to which it is legally entitled, and shall at all times, to the extent permitted by law, defend, preserve and protect the rights, benefits and privileges of the Authority and of the Bondholders under the Indenture.

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

Maintenance of Agreements and the Disposal Agreement. The Authority covenants and agrees to take all steps legally within its power to maintain in full force and effect, for its part, each of the Agreements and the Disposal Agreement.

EVENTS OF DEFAULT AND REMEDIES

Events of Default. Each of the following shall be an "Event of Default" under the Indenture:

(i) payment of the principal of any Bond is not made when it becomes due and payable at maturity or upon redemption, or otherwise or if payment of any installment of interest on any Bond is not made when it becomes due and payable;

(ii) if the Authority defaults in the due and punctual performance of any other covenant in the Bonds or in the Indenture, and such default continues for thirty (30) days after written notice requiring the same to be remedied shall have been given to the Authority by the Trustee; provided that if any such default cannot be cured within thirty (30) days the period shall be extended for such period as is reasonable to cure the same with due diligence if the Authority commences the cure within thirty (30) days and proceeds diligently;

- (iii) the occurrence of any Act of Bankruptcy with respect to the Authority;
- (iv) the failure of timely payment of the Purchase Price of any tendered Bond required to be paid according to the Supplemental Indenture authorizing such Bond; or
- (v) such additional Events of Default as may be set forth in a Supplemental Indenture duly executed in connection with the issuance of the Series 2011 Bonds or any Additional Parity Indebtedness.

Bonds Declared Due and Payable. Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may, and upon the written request of the Registered Owners of not less than twenty-five percent (25%) in principal amount of the Bonds Outstanding shall (but in all events only after giving thirty (30) days' notice in writing to the Authority), declare the principal of all the Bonds Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Bonds or in the Indenture to the contrary notwithstanding; provided, however, that if at any time after the principal of the Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under the Indenture, money shall have accumulated in the Debt Service and Sinking Fund sufficient to pay the principal of all Bonds which have matured and which should have been called for redemption from money in the Debt Service and Sinking Fund and all matured Bonds, if any, and all arrears of interest, if any, upon all the Bonds Outstanding (except the principal of any Bonds not then due by their terms except as provided above and the interest accrued on such Bonds since the last interest payment date), and the charges, compensation, expenses, disbursements, advances and liabilities of the Trustee, and all other amounts then payable by the Authority under the Indenture shall have been paid or a sum sufficient to pay the same shall have been deposited with the Trustee, and every other default known to the Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in the Indenture (other than a default in the payment of the principal of such Bonds) then due only because of a declaration under this paragraph shall have been remedied to the satisfaction of the Trustee, then and in every such case the Trustee may, and upon the written request of the Registered Owners of not less than twenty-five percent (25%) in principal amount of the Bonds not then due by their terms and then Outstanding shall, by written notice to the Authority, rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any right consequent thereon.

Enforcement of Remedies by Trustee. Upon the happening and continuance of any Event of Default, then and in every such case the Trustee may, and upon the written request of the Registered Owners of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding under the Indenture, shall:

- (i) by mandamus or other suit, action or proceeding at law or in equity enforce all rights of the Registered Owners, including the right to require the Authority to collect revenue, rates, rentals, fees and other charges adequate to carry out any agreement as to, or pledge of such revenue, rates, rentals, fees and other charges and to require the Authority to carry out any other agreements with the Registered Owners of such Bonds and to perform its duties under the Indenture and the Act whether directly or through operators duly qualified to process System Solid Waste; and/or
- (ii) bring suit upon such Bonds; and/or
- (iii) by action or suit in equity, require the Authority to account as if it were the trustee of an express trust for the Registered Owners of such Bonds; and/or
- (iv) make demand for payment, or draw under, any Credit Facility that may be available for the payment of the Debt Service Requirements of Bonds of any series of Bonds; and/or
- (v) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the Registered Owners of such Bonds.

Control of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Registered Owners of not less than twenty-five percent (25%) in principal amount of the Bonds then Outstanding shall have the right, subject to the provisions of the following paragraph, by an instrument in writing executed and delivered to the Trustee, to direct the

method and place of conducting all remedial proceedings to be taken by the Trustee, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Indenture.

Restriction on Bondholders' Action. No Registered Owner of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust or for any other remedy unless (i) any Registered Owner previously shall have given to the Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted; (ii) the Registered Owners of not less than twenty-five percent (25%) in principal amount of the Bonds then outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceeding in its or their name; (iii) there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby; (iv) the Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are declared, in every such case at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Indenture or for any other remedy. It is understood and intended that no one or more Registered Owners of the Bonds hereby secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture, or to enforce any right under the Indenture except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Registered Owners of such Outstanding Bonds.

Nothing, however, shall affect or impair the right of any Registered Owner to enforce the payment of the principal of and interest on his Bonds, or the obligation of the Authority to pay the principal of, interest on and premium, if any, on each Bond to the Registered Owners thereof at the time and place expressed in said Bond.

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

Modifications With Respect to Credit Facilities Pursuant to Supplemental Indentures. If so specified in the Supplemental Indenture relating to a particular series of Bonds, any action that may be taken by and any consent that must be received from the Registered Owners of all or some lesser percentage of the Bonds Outstanding of such series of Bonds under the Indenture shall instead and in lieu thereof be taken by or received from the Credit Facility Provider of a Credit Facility under which Debt Service Requirements for Bonds of such series of Bonds are payable if and when there does not exist a Credit Facility Default with respect to such Credit Facility. If any such action or consent requires a vote by the Registered Owners of the Bonds of such series of Bonds because there are then Outstanding Bonds of more than one series of Bonds, the Supplemental Indenture may also specify that the Credit Facility Provider shall have the right to vote pursuant to the Indenture with respect to the action or consent fully as if it were the Registered Owner of all of the Bonds of the series of Bonds unless there shall then exist a Credit Facility Default with respect to the Credit Facility.

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

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

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

Second: To the payment to the persons entitled thereto of the unpaid principal of any Bonds which shall have become due (with interest on such Bonds at their rate from the respective dates upon which they became due) whether at maturity or by call for redemption, in the order of their due dates and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, together with such interest, then to the payment ratably, according to the amounts of principal and interest due on such dates, to the persons entitled thereto, without any discrimination or preference except as to the difference, if any, in the respective rates of interest on the Bonds; and

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

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

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

CONCERNING THE TRUSTEE

Acceptance of Trust; Abrogation of Right to Appoint Trustee. Under the Indenture the Trustee accepts and agrees to execute the trust thereby created, but only upon the additional terms set forth therein, to all of which the parties and the respective holders of the Bonds agree. The Trustee shall perform only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations shall be read into the Indenture against the Trustee. **The right of the holders of Bonds to appoint a trustee under the Act is abrogated as permitted by the Act.**

Resignation of Trustee. The Trustee may resign and be discharged of the trusts created by the Indenture by written resignation filed with the Chairman of the Authority not less than sixty (60) days before the date when it is stated to take effect; provided notice of such resignation is given to the Bondholders in the same manner as notice of redemption. Such resignation shall take effect on the day specified therein unless a successor trustee is previously appointed, in which event the resignation shall take effect immediately on the appointment of such successor, and unless no successor has been appointed as of the day specified therein, in which event the resignation shall not take effect until the successor is in fact appointed. Simultaneously with the effectiveness of the appointment of a successor Trustee, the former Trustee shall transfer to the successor Trustee any existing Credit Facility then in favor of the former Trustee.

Removal of Trustee. Any Trustee may be removed at any time upon thirty (30) days written notice by an instrument appointing a successor to the Trustee so removed, executed by either (i) the Registered Owners of a majority in principal amount of the Bonds then Outstanding and filed with the Trustee and the Authority or (ii) so long as no Event of Default has occurred and is continuing, by an Authorized Representative of the Authority and filed with the Trustee. Such Trustee shall continue to act as Trustee until the successor is in fact appointed. Simultaneously with the effectiveness of the appointment of a successor Trustee, the former Trustee shall transfer to the successor Trustee any existing Credit Facility then in favor of the former Trustee.

SUPPLEMENTAL INDENTURES

Supplemental Indentures without Bondholders' Consent. The Authority and the Trustee from time to time, and at any time, subject to the conditions and restrictions of the Indenture may enter into indentures supplemental thereto, which indentures thereafter shall form a part of the Indenture, for any one or more of the following purposes:

- (i) to add to the covenants and agreements of the Authority under the Indenture or to surrender any right or power therein reserved or conferred upon the Authority and which shall not adversely affect the interests of the Registered Owners of the Bonds;
- (ii) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective or inconsistent provisions contained in the Indenture, or in regard to matters or questions arising under the Indenture, or to include provisions relating to the administration of any Credit Facility or the funds and accounts established under the Indenture or under any Supplemental Indenture, as the Authority and the Trustee may deem necessary or desirable and not inconsistent with the Indenture and which shall not adversely affect the interests of the Registered Owners of the Bonds, or for other purposes as the Authority and the Trustee may deem desirable but only if and to the extent that such Supplemental Indenture does not in any manner adversely affect or impair the rights of the Bondholders under the Indenture;
- (iii) to subject, describe or redescribe any property subjected or to be subjected to the lien of the Indenture;
- (iv) to provide for the issuance of Additional Indebtedness or the issuance of a Credit Facility;
- (v) to modify, amend or supplement the Indenture or any indenture supond of such series at least thirty (30) days prior to the effective date of the Supplemental Indenture and if each such Holder shall have had at least one opportunity to require the purchase of such Bond pursuant to the terms of the Supplemental Indenture under which the particular Bonds were issued during a period beginning thirty (30) days after the giving of such notice and ending on the effective date of the Supplemental Indenture.

Supplemental Indentures with Bondholders' Consent. With the consent of the Registered Owners of a majority in aggregate principal amount of Bonds as of the relevant Record Date, the Authority and the Trustee, may from time to time and at any time enter into an indenture or indentures supplemental to the Indenture for the purpose of adding any provisions or changing in any manner or eliminating any of the provisions of the Indenture or of any Supplemental Indenture; provided, however, that no such supplemental indenture shall (i) extend the fixed maturity of the Bonds or reduce the rate of interest thereon or extend the time of payment of interest, or reduce the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the Registered Owner of each Bond so affected or (ii) reduce the aforesaid percentage of Registered Owners of Bonds required to approve any such Supplemental Indenture. Upon receipt by the Trustee of certified resolutions authorizing the execution of any such Supplemental Indentures, and upon the filing with the Trustee of evidence of the consent of Bondholders, as aforesaid, the Trustee shall join with the Authority in the execution of such Supplemental Indenture unless such Supplemental Indenture will affect the Trustee's own rights, duties and immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such Supplemental Indenture.

DEFEASANCE

Defeasance. Subject to the provisions of a Supplemental Indenture that may modify this provision regarding defeasance, if the Authority shall pay or cause to be paid, in accordance with the provisions of the Indenture, to the Registered Owners of any Bond, the principal and interest and premium, if any, to become due thereon, at the times and in the manner stipulated therein and in the Indenture, then the pledge of the Trust Estate and any other money and securities pledged under the Indenture and all other rights granted thereby shall be discharged and satisfied with respect to such Bond. In the event the Authority so provides for all Outstanding Bonds issued under the Indenture, the Trustee shall, upon the request of the Authority, execute and deliver to the Authority, all such instruments as may be desirable to evidence such discharge and satisfaction and the Trustee shall pay over or deliver, first to each Credit Facility Provider to the extent of any unreimbursed Payment Obligations, and then to the Authority, all money or securities held by it pursuant to the Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Notwithstanding the release and discharge of the Lien of the Indenture as provided above, those provisions of this Indenture and any applicable Supplemental Indenture relating to the maturity of the Bonds, interest payments and dates thereof, tender and purchase provisions, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, nonpresentment of Bonds, the holding of moneys in trust, and the duties of the Trustee, Tender Agent and the Remarketing Agent in connection with all of the foregoing, remain in effect and shall be binding upon the Trustee, Tender Agent, Remarketing Agent, the Issuer and the Bondholders.

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

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

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APPENDIX C-1
FORM OF AUTHORITY CONTINUING DISCLOSURE AGREEMENT

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CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of April 1, 2011 (the “**Disclosure Agreement**”) is executed and delivered by the Oneida-Herkimer Solid Waste Management Authority, a New York public benefit corporation (the “**Authority**”), and The Bank of New York Mellon, a New York banking corporation (the “**Trustee**”), in connection with the issuance of \$10,725,000 Solid Waste System Revenue Bonds, Series 2011 (the “**Series 2011 Bonds**”) pursuant to a certain Trust Indenture, dated as of November 1, 1992 (the “**Trust Indenture**”) by and between the Authority and the Trustee, and the Ninth Supplemental Trust Indenture, dated as of April 1, 2011 (the “**Ninth Supplemental**”) by and between the Authority and the Trustee (together with the Trust Indenture, the “**Indenture**”) and the Authority’s Resolution No. 34 Authorizing the Issuance and Sale of the Authority’s Solid Waste Management System Revenue Bonds, Series 2011A in an Aggregate Principal Amount Not to Exceed \$11,000,000 and the Execution of Related Documents, adopted by the Authority on December 20, 2010, as amended and supplemented (the “**Resolution**”). The Authority and the Trustee covenant and agree as follows:

SECTION 1. **Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Authority and the Trustee for the benefit of the Bondholders of the Series 2011 Bonds and in order to assist Jefferies & Company, Inc. (the “**Underwriter**”) in complying with the Rule (defined below).

SECTION 2. **Definitions.** In addition to the definitions set forth in the Indenture, which are hereby incorporated herein by reference, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Authority pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Bondholder” shall mean any holder of the Series 2011 Bonds.

“Disclosure Representative” shall mean any officer of the Authority or his, her or its designee, or such other person as the Authority shall designate in writing to the Trustee from time to time; the initial Disclosure Representative is Peter M. Rayhill, Esq., Counsel to the Authority.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access system.

“Fiscal Year” shall mean the period from January 1 through the following December 31, or such other period of twelve (12) consecutive calendar months designated by the Authority as its fiscal year.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as the same may be amended from

time to time, or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Repository” shall mean the MSRB as the sole repository of information required to be provided pursuant to the Rule, in each instance through and in accordance with EMMA.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the U.S. Securities and Exchange Commission.

“Tax-Exempt” shall mean that interest on the Series 2011 Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

SECTION 3. Provision of Annual Reports.

(a) On an annual basis, the Authority shall, or shall cause the Trustee to, not later than one hundred eighty (180) days following December 31, 2011 and at the end of each Fiscal Year of the Authority thereafter, and the Trustee shall, upon receipt thereof, provide to the Repository an Annual Report. Not later than ten (10) Business Days prior to said date, the Authority shall provide the Annual Report to the Trustee which is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement.

(b) If by ten (10) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Authority to determine if the Authority is in compliance with subsection (a) above.

(c) If the Trustee is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Trustee shall send notice to the Repository in substantially the form attached hereto as Exhibit A.

(d) The Trustee shall file a report with the Authority certifying one of the following: (A) the Annual Report was provided to the Repository by the Trustee pursuant to this Disclosure Agreement and stating the date it was provided, or (B) that to the best of its knowledge, the Annual Report has not been provided to the Repository pursuant to this Disclosure Agreement.

SECTION 4. Content of Annual Reports. The Authority’s Annual Report shall contain or incorporate by reference the following categories or similar categories of information updated to incorporate information for the most recent Fiscal Year (the tables referred to below are those appearing in the Official Statement, as defined herein):

(a) Audited financial statements and operating data for the Authority of the type included in the Financial Statements of the Authority set forth in Appendix D of the Official Statement of the Authority, dated April 8, 2011 (the “**Official Statement**”) prepared in accordance with Generally Accepted Accounting Principles (“GAAP”), which shall include, without limitation: (1) for prior fiscal years, an analysis of cash-basis results for the Authority’s three most recent fiscal years, and a presentation of the Authority’s results in accordance with GAAP for at least the two most recent fiscal years for which that information is currently available; and (2) for financing activities, a presentation of the outstanding debt issued by the Authority, as well as information concerning debt service requirements on that debt, together with such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial and operating data concerning the Authority; provided, however, that if audited financial statements are not available in accordance with the dates described above, unaudited financial statements shall be provided and such audited financial statements shall be delivered to the Trustee and Repository when they become available;

(b) Updated information comparable to the information contained under the following headings in the Official Statement listed under the captions “THE AUTHORITY,” “THE SYSTEM,” “THE AUTHORITY OPERATIONS— Authority Operating Data,” “LITIGATION,” and APPENDIX D to the Official Statement; and

(c) Updated information on the extension, termination, continuation and/or expiration of the Solid Waste Management Agreements, by and among the Authority, Oneida County and Herkimer County, dated May 10, 1989 and December 28, 1989, respectively.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Authority is an “obligated person” (as defined by the Rule), which have been filed with the Repository or the SEC. If the document incorporated by reference is a final official statement, it must be available from the Repository. The Authority shall clearly identify each other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this section, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2011 Bonds in a timely manner not more than ten (10) Business Days after the occurrence of such event:

1. Principal or interest payment delinquencies.
2. Unscheduled draws on the debt service reserves reflecting financial difficulties.
3. Unscheduled draws on any credit enhancements reflecting financial difficulties.
4. Substitution of the credit or liquidity providers or their failure to perform.

5. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2011 Bonds.
6. Tender offers.
7. Defeasances.
8. Rating changes.
9. Failure to provide the required Annual Report.
10. Bankruptcy, insolvency, receivership or similar event of the Authority.

For purposes of any event described in the immediately preceding clause (10), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Authority in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

(b) Pursuant to the provisions of this section, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2011 Bonds, if material, in a timely manner not more than ten (10) Business Days after the occurrence of such event:

1. Consummation of a merger, consolidation, or acquisition involving the Authority, or the sale of all or substantially all of the assets of the obligated persons, other than in the ordinary course of business, the entry into a definitive agreement to undertake such action or termination of a definitive agreement relating to any such actions, other than pursuant to its term.
2. Appointment of a successor or additional Trustee or the change of the name of a Trustee;
3. Non-payment related defaults.
4. Bond calls.
5. Modifications to rights of Bondholders.

6. A notice of prepayment.

7. Release, substitution, or sale of property securing repayment of the Series 2011 Bonds.

(c) Whenever the Authority obtains knowledge of the occurrence of a Listed Event described in Section 5(b) of this Disclosure Agreement, the Authority shall as soon as possible determine if knowledge of such event would be material under applicable federal securities laws.

(d) If either (1) the Authority determines that knowledge of the occurrence of a Listed Event described in Section 5(b) of this Disclosure Agreement would be material under applicable federal securities laws or (2) upon the occurrence of any event listed under Section 5(a) of this Agreement, the Authority shall promptly notify the Trustee in writing and instruct the Disclosure Representative to report the occurrence pursuant to Section 5(e) in a timely manner not more than ten (10) Business Days after the occurrence of the event.

(e) If the Authority determines that knowledge of the occurrence of a Listed Event described in Section 5(b) of this Disclosure Agreement would not be material under applicable federal securities laws, the Authority shall so notify the Trustee in writing and instruct the Trustee not to report the occurrence pursuant to subsection (f) hereof.

(f) If the Trustee has been instructed by the Authority to report the occurrence of a Listed Event, the Trustee shall file a notice of such occurrence with the Repository with a copy to the Authority.

(g) The Trustee shall file notice if the Authority fails to direct the Trustee pursuant to subparagraph (e) above, unless the Trustee has received an Opinion of Counsel to the effect that such event is not material.

SECTION 6. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Series 2011 Bonds.

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Authority) and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Authority and the Trustee to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event,

in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default. In the event of a failure of the Authority to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of the Underwriter or the owners of at least 25% aggregate principal amount of Outstanding Bonds shall) or any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority or the Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolutions or any other Bond or Note document, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 10. Duties, Immunities and Liabilities of Trustee. Article XI of the Trust Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Trust Indenture. The Trustee shall have only such duties hereunder as are specifically set forth in this Disclosure Agreement and such duties are purely ministerial in nature. By way of example and not of limitation, the Trustee shall be under no obligation or responsibility at any time (i) to review the contents of an Annual Report; (ii) to ascertain whether an Annual Report, provided directly to the Repository or to the Trustee to provide to the Repository, is in compliance with the requirements of Section 4 hereof; or (iii) to inquire into the Authority's determination of whether a Listed Event constitutes material information for Bondholders pursuant to Sections 5(d) or 5(e) hereof. The Authority agrees to indemnify and save the Trustee and its agents harmless against any loss, expense or liabilities which it or they may incur arising out of or in the exercise or performance of its or their powers and duties hereunder, including the costs and expenses (including reasonable attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Trustee's gross negligence or willful misconduct hereunder. The obligations of the Authority under this Section 10 shall survive resignation or removal of the Trustee and payment of the Series 2011 Bonds.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Trustee, and owners from time to time of the Series 2011 Bonds, and shall create no rights in any other person or entity.

SECTION 12. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 13. Non-Recourse. The obligations of the Authority hereunder are obligations exclusively of the corporate entity only and are not obligations of any past, present or future director or officer of the Authority.

IN WITNESS WHEREOF, the parties have caused this Continuing Disclosure Agreement to be duly executed as of this 1st day of April, 2011.

ONEIDA-HERKIMER SOLID WASTE
MANAGEMENT AUTHORITY

By: _____
Name: Donald Gross
Title Chairman

THE BANK OF NEW YORK MELLON

By: _____
Name: Michael C. White
Title Vice President

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Authority (Issuer): Oneida-Herkimer Solid Waste Management Authority

Name of Bond Issue:

\$10,725,000 Solid Waste System Revenue Bonds, Series 2011 (the "Series 2011 Bonds")

Date of Issuance: April ____, 2011

NOTICE IS HEREBY GIVEN that the Authority has not provided an Annual Report with respect to the above-named Series 2011 Bonds as required by its Continuing Disclosure Agreement dated as of April 1, 2011. The Authority anticipates that the Annual Report will be filed by _____.

Dated: _____

THE BANK OF NEW YORK MELLON,
on behalf of the Authority

By: _____
Name:
Its:

APPENDIX C-2
FORM OF CONTINUING DISCLOSURE AGREEMENT WITH ONEIDA COUNTY AND
HERKIMER COUNTY

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CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of April 1, 2011 (the “**Disclosure Agreement**”) is executed and delivered by the County of Oneida in the State of New York (“**Oneida County**”), the County of Herkimer in the State of New York (“**Herkimer County**”) and together with Oneida County, collectively, the “**Counties**”) and The Bank of New York Mellon, a New York banking corporation (the “**Trustee**”), in connection with the issuance by the Oneida-Herkimer Solid Waste Management Authority (the “**Authority**”) of its \$10,725,000 Solid Waste System Revenue Bonds, Series 2011 (the “**Series 2011 Bonds**”) pursuant to a certain Trust Indenture, dated as of November 1, 1992 (the “**Trust Indenture**”) by and between the Authority and the Trustee, and the Ninth Supplemental Trust Indenture, dated as of April 1, 2011 (the “**Ninth Supplemental**”) by and between the Authority and the Trustee (together with the Trust Indenture, the “**Indenture**”) and the Authority’s Resolution No. 34 Authorizing the Issuance and Sale of the Authority’s Solid Waste Management System Revenue Bonds, Series 2011A in an Aggregate Principal Amount Not to Exceed \$11,000,000 and the Execution of Related Documents, adopted by the Authority on December 20, 2010, as amended and supplemented (the “**Resolution**”). The Counties and the Trustee covenant and agree as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Counties and the Trustee for the benefit of the Bondholders of the Series 2011 Bonds and in order to assist Jefferies & Company, Inc. (the “**Underwriter**”) in complying with the Rule (defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which are hereby incorporated herein by reference, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by Oneida County or Herkimer County, respectively, pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Bondholder” shall mean any holder of the Series 2011 Bonds.

“Disclosure Representative” shall mean any officer of Oneida County or Herkimer County, respectively, or his, her or its designee, or such other person as such County shall designate in writing to the Trustee from time to time; the initial Disclosure Representative for Oneida County is Joseph J. Timpano, Comptroller and the initial Disclosure Representative for Herkimer County is Kim Enea, Treasurer.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access system.

“Fiscal Year” shall mean the period from January 1 through the following December 31, or such other period of twelve (12) consecutive calendar months designated by each of the Counties, respectively, as its fiscal year.

“Listed Event” shall mean the event listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, as the same may be amended from time to time, or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the SEC, filings with the MSRB are to be made through the EMMA website of the MSRB, currently located at <http://emma.msrb.org>.

“Repository” shall mean the MSRB as the sole repository of information required to be provided pursuant to the Rule, in each instance through and in accordance with EMMA.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the U.S. Securities and Exchange Commission.

“Tax-Exempt” shall mean that interest on the Series 2011 Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

SECTION 3. Provision of Annual Reports.

(a) On an annual basis, each of the Counties shall, respectively, or shall cause the Trustee to, by the later of the following: (i) one hundred eighty (180) days after the end of its Fiscal Year, or (ii) sixty (60) days after receipt of such County’s annual audit (but in no event later than the last Business Day of the following Fiscal Year), in each case commencing with the Fiscal Year ending December 31, 2011 and at the end of each Fiscal Year of such County thereafter, and the Trustee shall, upon receipt thereof, provide to the Repository an Annual Report for each of the Counties. Not later than ten (10) Business Days prior to said date, each of the Counties shall provide an Annual Report to the Trustee for the respective County which is consistent with the requirements of Section 4 of this Disclosure Agreement. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement.

(b) If by ten (10) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the Repository, the Trustee has not received a copy of the Annual Report from either of the Counties, the Trustee shall contact such County to determine if the County in question is in compliance with subsection (a) above.

(c) If the Trustee is unable to verify that an Annual Report has been provided to the Repository by the date required in subsection (a), the Trustee shall send notice to the Repository in substantially the form attached hereto as Exhibit A.

(d) The Trustee shall file a report with each of the Counties certifying one of the following: (A) the Annual Report was provided to the Repository by the Trustee pursuant to this Disclosure Agreement and stating the date it was provided, or (B) that to the best of its knowledge, the Annual Report has not been provided to the Repository pursuant to this Disclosure Agreement.

SECTION 4. Content of Annual Reports. Each of the Counties' Annual Report shall, respectively, contain or incorporate by reference the following categories or similar categories of information updated to incorporate information for the most recent Fiscal Year:

(a) Audited financial statements and operating data for such County prepared in accordance with Generally Accepted Accounting Principles ("GAAP"); provided, however, that if audited financial statements are not available in accordance with the dates described above, unaudited financial statements shall be provided and such audited financial statements shall be delivered to the Trustee and Repository when they become available; and

(b) Updated financial information comparable to the information incorporated by reference in the Official Statement of the Authority dated April 8, 2011 (the "**Official Statement**") under the heading in the Official Statement listed under the caption "THE COUNTIES."

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Counties are an "obligated person" (as defined by the Rule), which have been filed with the Repository or the SEC. If the document incorporated by reference is a final official statement, it must be available from the Repository. The Authority shall clearly identify each other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notice of the following event: Failure by either or both of the Counties to provide the required Annual Report in accordance with this Disclosure Agreement.

(b) The Trustee shall, within three (3) Business Days of the occurrence of the Listed Event, contact the Disclosure Representative in writing, inform such person of the event, and require that such County promptly notify the Trustee in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever a County obtains knowledge of the occurrence of the Listed Event, because of a notice from the Trustee pursuant to subsection (b) or otherwise, such County shall as soon as possible determine if such event would constitute material information for Bondholders.

(d) If a County has determined that knowledge of the occurrence of the Listed Event would be material, such County shall promptly notify the Trustee in writing. Such notice shall instruct the Trustee to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), a County determines that the Listed Event would not be material, such County shall so notify the Trustee in writing and instruct the Trustee not to report the occurrence pursuant to subsection (f).

(f) If the Trustee has been instructed by a County to report the occurrence of the Listed Event, the Trustee shall file a notice of such occurrence with the Repository, with a copy to such County.

(g) The Trustee shall file notice if a County fails to direct the Trustee pursuant to subparagraph (e) above, unless the Trustee has received an Opinion of Counsel to the effect that such event is not material.

SECTION 6. Termination of Reporting Obligation. Each of the Counties' respective obligations under this Disclosure Agreement shall terminate if and when such County no longer remains an "obligated person" with respect to the Series 2011 Bonds within the meaning of the Rule, including but not limited to upon the (1) the defeasance, prior redemption or payment in full of all of the Series 2011 Bonds; or (2) termination of each of the Counties' respective obligations to pay the Service Fee under the Solid Waste Management Agreements (as such terms are respectively defined in the Official Statement).

SECTION 7. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Counties and the Trustee may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the Counties and the Trustee to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Counties from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of the Listed Event, in addition to that which is required by this Disclosure Agreement. If the Counties choose to include any information in any Annual Report or notice of occurrence of the Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Counties shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of the Listed Event.

SECTION 9. Default. In the event of a failure of either of the Counties to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the request of the Underwriter or the owners of at least 25% aggregate principal amount of Outstanding Bonds shall) or any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause either of the Counties or the Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture or any other Bond or Note document, and the sole remedy under this Disclosure Agreement in the event of any failure of either of the Counties or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 10. Duties, Immunities and Liabilities of Trustee. Article XI of the Trust Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Trust Indenture. The Trustee shall have only such duties hereunder as are specifically set forth in this Disclosure Agreement and such duties are purely ministerial in nature. By way of example and not of limitation, the Trustee shall be under no obligation or responsibility at any time (i) to review the contents of an Annual Report; (ii) to ascertain whether an Annual Report, provided directly to the Repository or to the Trustee to provide to the Repository, is in compliance with the requirements of Section 4 hereof; or (iii) to inquire into either of the Counties' determination of whether the Listed Event constitutes material information for Bondholders pursuant to Sections 5(d) or 5(e) hereof. The Counties agree to indemnify and save the Trustee and its agents harmless against any loss, expense or liabilities which it or they may incur arising out of or in the exercise or performance of its or their powers and duties hereunder, including the costs and expenses (including reasonable attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Trustee's gross negligence or willful misconduct hereunder. The obligations of the Counties under this Section 10 shall survive resignation or removal of the Trustee and payment of the Series 2011 Bonds.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Trustee, the Counties and owners from time to time of the Series 2011 Bonds, and shall create no rights in any other person or entity.

SECTION 12. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 13. Non-Recourse. The obligations of the Counties hereunder are obligations exclusively of the corporate entity only and are not obligations of any past, present or future director or officer of the Counties.

[The remainder of this page is intentionally left blank, with signature page to follow.]

IN WITNESS WHEREOF, the parties have caused this Continuing Disclosure Agreement to be duly executed as of this 1st day of April, 2011.

THE BANK OF NEW YORK MELLON

By: _____
Name: Michael C. White
Title: Vice President

COUNTY OF ONEIDA, NEW YORK

By: _____
Name: Joseph J. Timpano
Title: Comptroller

COUNTY OF HERKIMER, NEW YORK

By: _____
Name: Kim Enea
Title: Treasurer

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of Authority (Issuer): Oneida-Herkimer Solid Waste Management Authority

Names of Obligated Persons: County of Oneida, New York; County of Herkimer, New York

Name of Bond Issue:

\$10,725,000 Solid Waste System Revenue Bonds, Series 2011 (the "Series 2011 Bonds")

Date of Issuance: April ____, 2011

NOTICE IS HEREBY GIVEN that an Obligated Person has not provided an Annual Report with respect to the above-named Series 2011 Bonds as required by its Continuing Disclosure Agreement dated as of April 1, 2011. The Obligated Person anticipates that the Annual Report will be filed by _____.

Dated: _____

THE BANK OF NEW YORK MELLON,
on behalf of the Authority

By: _____
Name:
Its:

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APPENDIX D
FINANCIAL STATEMENTS OF THE AUTHORITY

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**ONEIDA-HERKIMER
SOLID WASTE MANAGEMENT AUTHORITY**

FINANCIAL REPORT

December 31, 2010 and 2009

**ONEIDA-HERKIMER
SOLID WASTE MANAGEMENT AUTHORITY**

FINANCIAL REPORT

December 31, 2010 and 2009

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BOLLAM, SHEEDY, TORANI & CO. LLP
Certified Public Accountants
Albany, New York

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Oneida-Herkimer Solid Waste Management Authority
Utica, New York

We have audited the accompanying balance sheets of the Oneida-Herkimer Solid Waste Management Authority (a New York public benefit corporation) as of December 31, 2010 and 2009, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Oneida-Herkimer Solid Waste Management Authority as of December 31, 2010 and 2009, and the related changes in financial position and results of its cash flows for the years 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 March 14, 2011, on our consideration of the Oneida-Herkimer Solid Waste Management Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

The Management's Discussion and Analysis on pages 2 through 9 is not a required part of the basic financial statements but is supplemental 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 supplemental information. However, we did not audit the information and express no opinion on it.

Bollam Sheedy Torani & Co LLP

Albany, New York
March 14, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

On behalf of the Oneida-Herkimer Solid Waste Management Authority (Authority), I am pleased to submit this 2010 Annual Financial Report developed in compliance with accounting standards generally accepted in the United States of America (GAAP). This year marks the 22nd anniversary since the formation of the Authority.

In 2010, the Authority continued to make progress on the planned beneficial use of landfill gas to generate electricity. We also advanced our efforts to convert our dual stream recycling center to single stream. RFPs were completed and contracts were awarded for both of these exciting projects. The single stream conversion will begin in July 2011, and the landfill gas to electricity plant should be completed in late 2011.

Although 2010 continued to be challenging, considering the national and global economic downturn, the Authority remained in a very stable financial position. While continuing to cut costs, the Authority continued to provide a full range of services to handle all categories of waste generated by the region's individuals, businesses, industries, and institutions. The Authority continued its emphasis on reduction and recycling. The Authority remains committed to maintaining and enhancing the regions self reliant integrated solid waste management system.

During 2010, Standard & Poors Rating Services (S&P) upgraded the Authority's credit rating from A- to A and provided the Authority with a stable outlook. S&P cited such areas as (1) sound operation of the Authority's landfill, which has positively affected the Authority's operating expenses, and (2) satisfactory historical debt service coverage.

The Authority was able to reduce its annual operating budget by approximately \$1 million from 2009. The Authority reduced expenses by not filling vacant positions, reducing overtime, and reducing other budgeted expense items.

The Authority's Board remains committed to long-term stable rates. The 2010 operating surplus and corresponding positive net asset position is a result of careful planning and the decision to establish reserves for future capital projects. Specifically, the Authority continued reserves for major landfill equipment replacement (\$275,000) and the extension of the landfill liner for new waste disposal cells (\$1,540,000). By reserving these funds from current disposal fees, it will reduce or eliminate the need to borrow for these projects in the future. Although the revenue is being collected now, it is not recorded as an expense until the equipment is purchased or the construction is started. Therefore, the Authority will show significant budget surpluses until the years in which these capital projects are started.

While we continue to manage the region's waste and recyclables in a safe, reliable, and efficient manner, I invite you to review this summary of our operations and feel free to call anytime.

Donald Gross
Chairman

**ONEIDA-HERKIMER
SOLID WASTE MANAGEMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010**

AUTHORITY PROFILE

The Oneida-Herkimer Solid Waste Management Authority was created by the State Legislature at the request of the two Counties by passage of Article 8, Title 13-FF of the New York Public Authority Law on September 1, 1988. The Authority is authorized to provide waste management services and to develop appropriate solid waste management facilities for the benefit of Oneida and Herkimer Counties.

The Authority has developed a comprehensive, integrated system of facilities to serve all the residents, businesses, industries, and institutions of Oneida and Herkimer Counties.

The Authority's 2010 annual budget was approximately \$26.1 million and covered expenses for disposal of waste, recycling, household hazardous waste, composting, public education, administration, collection of waste, and recyclables in the City of Utica and Villages of Ilion, Frankfort, Herkimer, Mohawk, and Dolgeville, capital purchases, operations, maintenance, and debt service. The Authority currently owns nine operational solid waste management facilities and one closed facility. These facilities are as follows: an administration facility, a recycling center, three solid waste transfer stations, a green waste composting facility, a land clearing debris facility, a household hazardous waste facility, and a regional landfill; and a closed ash landfill.

The Authority revenue structure is primarily a fee for service system. A system tip fee is charged for all non-recyclable waste delivered to the Authority to cover the majority of expenses in the Authority budget. The Authority receives the remaining revenue from other sources such as investments, sale of recyclables, and grants and user fees. The Authority receives no funds from the Counties.

Authority Board of Directors for 2010

Name

Business Affiliation

Donald Gross, Chairman

Retired Manager of GE Aerospace and Member of Frankfort Zoning Board of Appeals

Neil C. Angell, Vice Chairman
Vice Chairman, Finance Committee

Town of Verona Dairy Farmer and former Oneida County Legislator and Member of the Agricultural Economic Development Committee

Harry A. Hertline, Treasurer
Chairman, Finance Committee
Chairman, Audit Committee

Korean War Air Force Veteran, Retired GE Unit Contract Manager, and former Minority Leader Oneida County Board of Legislators

Vincent A. Casale

Owner of The Casale Group, a political consulting and strategic communications company and a member of the Mohawk School District Board of Education, Herkimer BOCES Board of Education, and Herkimer County Youth Advisory Board

Alicia Dicks
FOIL Appeals Committee

Director of National Grid, Upstate Community Investment and Member of the Mohawk Valley Economic Development Growth Enterprise, Oneida County School and Business Alliance, and Rob Esche "Save of the Day" Foundation

James M. D'Onofrio
FOIL Appeals Committee

President of Arlott Office Products and Member of Oneida County Board of Legislators

Barbara Freeman
Governance Committee
Chair, FOIL Appeals Committee

Retired Teacher, After School Programs Director for Center for Family Living and Recovery, Inc., Member of Boonville Environmental Conservation Council

Kenneth A. Long
Finance Committee
Vice Chairman, Audit Committee
Chairman, Governance Committee

Business Manager of the Ilion Central School District and former Herkimer County Legislator

**ONEIDA-HERKIMER
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Robert J. Roberts, III
*Audit Committee
Finance Committee*

CEO/Executive Director of Kids Oneida, Inc.

James Williams
Governance Committee

Retired from the United States Postal Service, Vietnam War Army Veteran, and Member of the Ava Town Planning Board

RESPONSIBILITY AND CONTROLS

The Authority has prepared and is responsible for the financial statements and related information included in this report. A system of internal accounting controls is maintained to provide reasonable assurance that assets are safeguarded and that the books and records reflect only authorized transactions. Limitations exist in any system of internal controls. However, based on recognition that the cost of the system should not exceed its benefits, management believes its system of internal accounting controls maintains an appropriate cost/benefit relationship.

The Authority's system of internal accounting controls is evaluated on an ongoing basis by the Authority's financial staff. Independent external auditors also consider certain elements of the internal control system in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements.

The Finance Committee of the Authority Board of Directors is composed of four members of the Board who are not employees and who provide a broad overview of management's financial reporting and control functions. This Committee meets regularly with management to discuss financial issues.

The Audit Committee of the Authority Board of Directors is composed of three members of the Board who are not employees and who have responsibilities including the hiring of the independent auditor, the compensation to be paid to the auditing firm, and to meet with the independent auditor regarding the Authority's annual audit.

Management believes that its policies and procedures provide guidance and reasonable assurance that the Authority's operations are conducted according to management's intentions and to a high standard of business ethics. In management's opinion, the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the Authority in conformity with accounting principles generally accepted in the United States of America.

AUDIT ASSURANCE

Since the Authority has been established, we have received an unqualified opinion with each annual independent audit commonly referred to as a clean opinion. The current unqualified opinion from our auditors, Bollam, Sheedy, Torani & Co. LLP, CPAs, is included in this report.

This section of the report presents management's discussion and analysis of the Authority's financial position as of December 31, 2010, and other significant financial information pertinent to fiscal year 2010.

FINANCIAL HIGHLIGHTS

The 2010 audit continues to reflect the strong operating results of the Authority. The Authority had a \$5,154,342 addition to its net asset position for 2010. This was the result of several factors including:

- The Authority's Municipal Solid Waste, C&D, and other material received were consistent with 2009.
- Recycling markets continued to be strong throughout 2010, and the Authority earned about \$2,780,000 for sales, which is an increase of over \$1.1 million dollars compared to 2009.
- Expenses were closely monitored and several budgeted positions were left vacant.

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- The Authority, once again, fully funded its closure and post-closure funds for the Ash Landfill and Regional Landfill.
- The Authority also funded reserves for landfill equipment (\$275,000) and for the extension of the landfill liner (\$1,540,000).

In addition to the above, the Authority had the following capital expenses:

- The Authority constructed an additional landfill cell in 2010 that is anticipated to begin use in 2013.
- The Authority constructed an active gas system at the Landfill that will generate electricity. The Authority has entered into a contract with WM Renewal Energy that will construct a plant to generate electricity utilizing landfill gas. The Authority is projected to begin collecting revenue in 2011. In addition, the Authority will be selling carbon credits from this project.

FINANCIAL ANALYSIS

The balance sheets and statements of revenues, expenses, and changes in net assets and other selected information provide information to management for analysis and planning. These two statements report the Authority's net assets and changes in them.

**TABLE A-1
CONDENSED BALANCE SHEETS**

	December 31,			
	2010	2009	\$ Change	% Change
ASSETS				
Current assets	\$ 12,817,553	\$ 14,648,779	\$ (1,831,226)	-12.50%
Restricted assets	17,300,725	16,851,135	449,590	2.67%
Property, plant, and equipment, net	41,723,377	38,915,954	2,807,423	7.21%
Other assets	841,303	1,057,802	(216,499)	-20.47%
Total assets	\$ 72,682,958	\$ 71,473,670	\$ 1,209,288	1.69%
LIABILITIES AND NET ASSETS				
Current liabilities	\$ 7,686,170	\$ 7,119,482	\$ 566,688	7.96%
Long-term liabilities	45,354,397	49,866,139	(4,511,742)	-9.05%
Total liabilities	53,040,567	56,985,621	(3,945,054)	-6.92%
Net assets invested in capital assets, net of related debt	(5,818,552)	(13,487,821)	7,669,269	-56.86%
Net assets, restricted	17,300,725	16,851,135	449,590	2.67%
Net assets, unrestricted	8,160,218	11,124,735	(2,964,517)	-26.65%
Total net assets	19,642,391	14,488,049	5,154,342	35.58%
Total liabilities and net assets	\$ 72,682,958	\$ 71,473,670	\$ 1,209,288	1.69%

**ONEIDA-HERKIMER
SOLID WASTE MANAGEMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
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**TABLE A-2
CONDENSED STATEMENTS OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS**

	Years Ended December 31,			
	2010	2009	\$ Change	% Change
Operating revenue	\$ 25,256,219	\$ 24,073,662	\$ 1,182,557	4.91%
Non-operating revenue	541,724	574,286	(32,562)	-5.67%
Total revenues	<u>25,797,943</u>	<u>24,647,948</u>	<u>1,149,995</u>	<u>4.67%</u>
Depreciation expense	3,848,425	3,785,140	63,285	1.67%
Other operating expense	14,797,567	14,298,082	499,485	3.49%
Non-operating expense	1,997,609	2,236,153	(238,544)	-10.67%
Total expenses	<u>20,643,601</u>	<u>20,319,375</u>	<u>324,226</u>	<u>1.60%</u>
Change in net assets	5,154,342	4,328,573	825,769	19.08%
NET ASSETS, beginning net assets	<u>14,488,049</u>	<u>10,159,476</u>	<u>4,328,573</u>	<u>42.61%</u>
NET ASSETS, ending net assets	<u>\$ 19,642,391</u>	<u>\$ 14,488,049</u>	<u>\$ 5,154,342</u>	<u>35.58%</u>

BUDGETARY HIGHLIGHTS

The Authority Board of Directors adopts an annual operating budget and a five-year capital plan after thorough review by the Audit and Finance Committee of the Authority Board and a public hearing. Management periodically reviews the budget and informs the Board and Finance Committee if it becomes apparent that the budget as adopted is not in line with actual revenue and expenditures. Variations from the budget are dealt with through budget transfers or amendments. Transfer amounts under \$5,000 are done by the Treasurer of the Board. Those in excess of \$5,000 are done by resolution of the full Board.

The 2010 budget is compared to 2010 actual in Table A-3.

**TABLE A-3
CONDENSED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS VS. BUDGET**

	Year Ended December 31, 2010		
	Actual	Amended Budget	\$ Change
Operating revenue	\$ 25,256,219	\$ 25,719,800	\$ (463,581)
Non-operating revenue	541,724	420,200	121,524
Total revenues	<u>25,797,943</u>	<u>26,140,000</u>	<u>(342,057)</u>
Operating expenses			
Personal	5,200,181	5,109,377	90,804
Contractual services	5,613,744	5,736,475	(122,731)
Materials and supplies	1,246,185	1,436,530	(190,345)
Utilities	291,050	357,300	(66,250)
Repairs and maintenance	130,061	154,400	(24,339)
Insurance	144,432	149,050	(4,618)
Other rental	76,329	75,800	529
Depreciation and amortization	3,848,425	-	3,848,425
Other operating expense	2,095,585	6,413,068	(4,317,483)
Non-operating expenses	<u>1,997,609</u>	<u>6,708,000</u>	<u>(4,710,391)</u>
Total expenses	<u>20,643,601</u>	<u>26,140,000</u>	<u>(5,496,399)</u>
Net income	<u>\$ 5,154,342</u>	<u>\$ -</u>	<u>\$ 5,154,342</u>

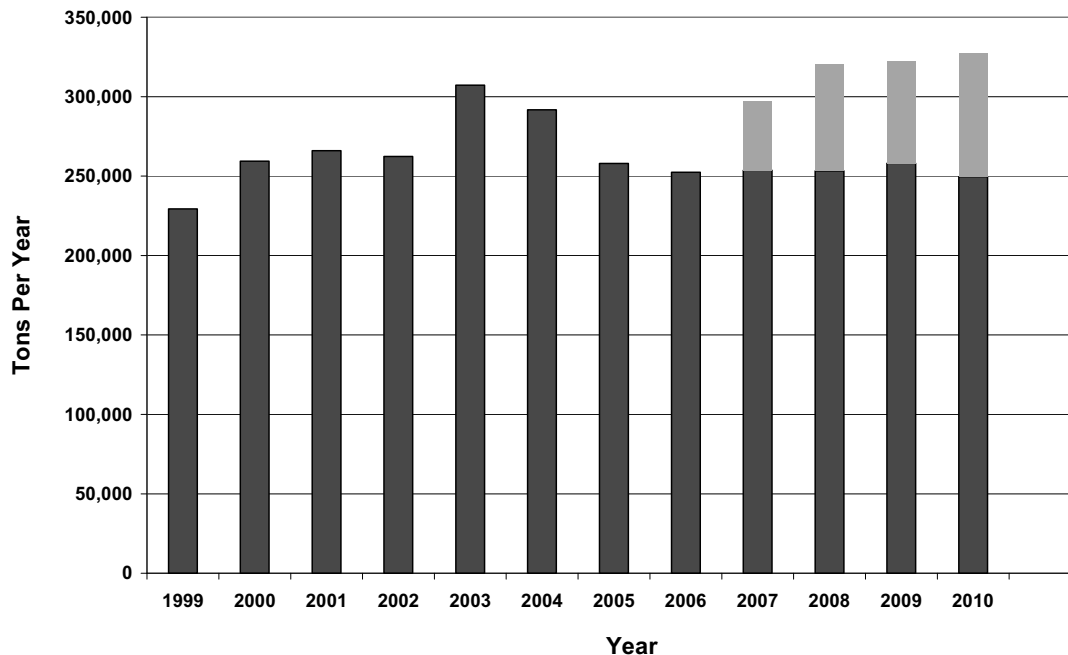
**ONEIDA-HERKIMER
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To make an accurate comparison of actual expenditures to budget, the items discussed above, as well as principal payments on outstanding bonds, depreciation and amortization, and acquisition of capital assets, need to be adjusted to allow for comparison with the 2010 amended budget. These adjustments are as follows:

Net income	\$ 5,154,342
Deduct: principal payments made on bonds	(4,815,000)
Add: depreciation expense	3,848,425
Deduct: acquisition of capital assets, net	<u>(6,662,302)</u>
Budget deficit	<u><u>\$ (2,474,535)</u></u>

GENERAL TRENDS AND SIGNIFICANT EVENTS

**Oneida-Herkimer Solid Waste Authority
All Non-Recyclable Solid Waste
(MSW, C & D, Sludge and Other)
1999 - 2010**



FLOW CONTROL

1. United Haulers Assoc. Inc., et al. v. Oneida-Herkimer Solid Waste Management Authority, et al. - 95-CV-0516, U.S. Dist. Ct., N.D.N.Y., Mordue, J.

In 1995, the Authority and the Counties of Oneida and Herkimer were sued by six local waste hauling firms. They alleged, among other things, that the laws which require them to use specific facilities are violative of the Commerce Clause of the U.S. Constitution. The laws are legislative acts of each of the Counties. Pursuant to certain Agreements made in May 1989 and December 1989 between the Authority and the Counties, the Authority is charged with the disposal of solid waste and recyclables in the Counties and with the administration of an integrated system of waste management in accordance with New York State law. The Local Laws operate to ensure the continuity of the integrated system.

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1. United Haulers Assoc. Inc., et al. v. Oneida-Herkimer Solid Waste Management Authority, et al. - 95-CV-0516, U.S. Dist. Ct., N.D.N.Y., Mordue, J. - Continued

During 2007, the case was finally and definitively decided.

The Oneida and Herkimer Counties Solid Waste Management Laws were upheld by the United States Supreme Court in a Decision issued April 30, 2007. The Decision written by Chief Justice John Roberts validates the integrated solid waste management system owned and operated by the Oneida-Herkimer Solid Waste Management Authority.

The Court recognized that local communities are entitled to develop the kinds of facilities and programs that meet their unique needs and that local communities can set up a fee structure that encourages waste reduction, recycling, and detoxification.

CAPITAL ASSETS

At the end of 2010, the Authority had \$41.7 million invested in capital assets as indicated in Table A-4.

**TABLE A-4
CAPITAL ASSETS**

	December 31,			
	2010	2009	\$ Change	%Change
Land	\$ 2,934,937	\$ 2,377,473	\$ 557,464	23.45%
Land improvements	32,100,594	31,249,064	851,530	2.72%
Building and improvements	22,184,239	21,974,049	210,190	0.96%
Machinery and equipment	5,676,461	5,600,802	75,659	1.35%
Vehicles	6,293,058	5,803,104	489,954	8.44%
Office equipment	401,356	399,856	1,500	0.38%
	<u>69,590,645</u>	<u>67,404,348</u>	<u>2,186,297</u>	<u>3.24%</u>
Less: accumulated depreciation and amortization	<u>32,314,649</u>	<u>28,488,394</u>	<u>3,826,255</u>	<u>13.43%</u>
Capital assets in service, net	37,275,996	38,915,954	(1,639,958)	-4.21%
Construction work in progress	<u>4,447,381</u>	<u>-</u>	<u>4,447,381</u>	
Total capital assets, net	<u>\$ 41,723,377</u>	<u>\$ 38,915,954</u>	<u>\$ 2,807,423</u>	<u>7.21%</u>

The Authority adopted a five-year capital plan with the passage of its annual budget. The five-year plan beginning in 2011 projects spending on capital projects between \$587,000 and \$11,131,000 per year. The funds for capital projects are covered by the system tipping fee, reserves, and/or debt issuance.

DEBT ADMINISTRATION

The Authority had \$47,475,000 in outstanding Revenue Bonds at the end of 2010. Although Oneida and Herkimer Counties guarantee debt service payments in the event that the Authority defaults, the Authority is contractually obligated to set its rates to cover 100% of debt service and operating expenses. Pursuant to the Authority's enabling legislation, which limits contracts to a period not to exceed 25 years, the Agreements with Oneida County and Herkimer County will expire on May 9, 2014, and December 27, 2014, respectively, the Authority intends to renew the Agreements, subject to the approvals from the governing bodies of the Authority and the Counties. As part of the renewal process, the security and guarantee of the debt service payments afforded by the original Agreements, will automatically apply to any renewal of the Agreements prior to the final maturity of the Authority's existing and future revenue bonds.

**ONEIDA-HERKIMER
SOLID WASTE MANAGEMENT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2010**

DEBT ADMINISTRATION - Continued

Since its inception, the Authority has always raised sufficient revenue to cover operating expenditures, capital purchases, and debt service payments. Because the United States Supreme Court affirmed the County laws and validated the Authority's system, and because the Authority has fostered an extensive working relationship with generators and haulers, and because the Authority has significantly diversified its operations, management is confident that revenues will continue to be sufficient to maintain the integrated solid waste system without assistance from either County. The Authority has never made a request of the Counties for a subsidy.

FINAL COMMENTS

The preceding report summarizes the financial activity for the Authority during 2010. Attached is a more detailed picture developed during the audit process by Bollam, Sheedy, Torani & Co. LLP. The management and staff of the Authority are happy to answer any other questions that may arise after reviewing this report. We can be reached as follows:

Phone: (315)733-1224 7:30 AM - 5:00 PM
Website: ohswa.org

Management Staff

William A. Rabbia, Executive Director
Patrick J. Donovan, Comptroller
Michael V. Wolak, Director of Engineering

James V. Biamonte, Environmental Coordinator
David E. Lupinski, Director of Recycling

**ONEIDA-HERKIMER
SOLID WASTE MANAGEMENT AUTHORITY**

BALANCE SHEETS

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,811,311	\$ 8,724,286
Certificates of deposit	-	4,022,240
Accounts receivable, net	1,899,382	1,786,106
Prepaid expenses	106,860	116,147
Total current assets	<u>12,817,553</u>	<u>14,648,779</u>
RESTRICTED ASSETS		
Cash and cash equivalents	6,442,828	5,907,854
Other investments	10,783,448	10,868,359
Accrued interest receivable	74,449	74,922
Total restricted assets	<u>17,300,725</u>	<u>16,851,135</u>
OTHER ASSETS		
Property, plant, and equipment, net	41,723,377	38,915,954
Intangible assets, net	841,303	1,057,802
Total other assets	<u>42,564,680</u>	<u>39,973,756</u>
	<u>\$ 72,682,958</u>	<u>\$ 71,473,670</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current installments of revenue bonds	\$ 5,030,000	\$ 4,815,000
Accounts payable and accrued liabilities	1,562,056	1,142,211
Deferred revenue	636,503	650,185
Accrued interest payable	457,611	512,086
Total current liabilities	<u>7,686,170</u>	<u>7,119,482</u>
LONG-TERM LIABILITIES		
Revenue bonds, less current installments	42,445,000	47,475,000
Premium on revenue bonds, net	66,929	113,775
Accrued closure and post closure costs	2,552,521	2,131,956
Accrued postemployment benefits, less current amounts	289,947	145,408
Total long-term liabilities	<u>45,354,397</u>	<u>49,866,139</u>
Total liabilities	<u>53,040,567</u>	<u>56,985,621</u>
NET ASSETS		
Invested in capital assets, net of related debt	(5,818,552)	(13,487,821)
Restricted	17,300,725	16,851,135
Unrestricted	8,160,218	11,124,735
Total net assets	<u>19,642,391</u>	<u>14,488,049</u>
	<u>\$ 72,682,958</u>	<u>\$ 71,473,670</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

**ONEIDA-HERKIMER
SOLID WASTE MANAGEMENT AUTHORITY**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	Years Ended December 31,	
	2010	2009
OPERATING REVENUES		
Tipping fees, net	\$ 17,212,509	\$ 17,209,139
Solid waste service charge, City of Utica	2,040,682	2,036,344
Refuse bag sales	2,016,755	2,026,384
Toter revenues	629,632	611,924
Recyclable sales	2,780,617	1,639,167
Miscellaneous	576,024	550,704
	<u>25,256,219</u>	<u>24,073,662</u>
OPERATING EXPENSES		
Personal services	5,200,181	4,854,598
Contractual services	5,613,744	5,733,771
Materials and supplies	1,246,185	1,022,951
Utilities	291,050	296,169
Repairs and maintenance	130,061	126,848
Insurance	144,432	153,566
Other rental	76,329	59,450
Depreciation	3,848,425	3,785,140
Change in postclosure accrual estimate	440,000	510,000
Miscellaneous	1,655,585	1,540,729
	<u>18,645,992</u>	<u>18,083,222</u>
Operating income	<u>6,610,227</u>	<u>5,990,440</u>
NONOPERATING REVENUES (EXPENSES)		
Interest income	474,906	574,286
Interest expense	(1,821,502)	(2,033,364)
Amortization of bond issuance costs	(176,107)	(202,789)
Operating grants	66,818	-
	<u>(1,455,885)</u>	<u>(1,661,867)</u>
Change in net assets	5,154,342	4,328,573
NET ASSETS, beginning of year	<u>14,488,049</u>	<u>10,159,476</u>
NET ASSETS, end of year	<u>\$ 19,642,391</u>	<u>\$ 14,488,049</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

**ONEIDA-HERKIMER
SOLID WASTE MANAGEMENT AUTHORITY**

STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2010	2009
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Received from customers	\$ 24,923,575	\$ 24,204,540
Paid to suppliers and vendors	(8,556,338)	(8,921,816)
Paid to employees, including benefits	(5,055,642)	(4,709,190)
	<u>11,311,595</u>	<u>10,573,534</u>
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments of revenue bond principal	(4,815,000)	(4,606,675)
Interest paid	(1,875,977)	(2,084,980)
Proceeds from sale of capital assets	14,335	30,615
Acquisition of capital assets	(6,662,302)	(544,878)
Operating grants	66,818	-
	<u>(13,272,126)</u>	<u>(7,205,918)</u>
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Interest received	475,379	602,391
Change in restricted cash and cash equivalents	(534,974)	(517,902)
Purchase of certificates of deposit, net	-	(635,074)
Proceeds from maturities of certificates of deposit, net	4,022,240	-
Purchase of restricted investments, net	-	(534,901)
Sale of restricted investments, net	84,911	-
	<u>4,047,556</u>	<u>(1,085,486)</u>
Net increase in cash and cash equivalents	2,087,025	2,282,130
CASH AND CASH EQUIVALENTS, beginning of year	8,724,286	6,442,156
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 10,811,311</u>	<u>\$ 8,724,286</u>
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	\$ 6,610,227	\$ 5,990,440
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	3,848,425	3,785,140
Gain on sale of capital assets	(14,335)	(30,597)
Provision for landfill closure costs	420,565	489,920
Provision for bad debts	191,351	203,936
(Increase) decrease in		
Accounts receivable	(304,627)	158,780
Prepaid expenses	9,287	62,186
Increase (decrease) in		
Accounts payable and accrued liabilities	419,845	(234,374)
Deferred revenue	(13,682)	2,695
Other post employment benefits	144,539	145,408
	<u>\$ 11,311,595</u>	<u>\$ 10,573,534</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

**ONEIDA-HERKIMER
SOLID WASTE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization

The Oneida-Herkimer Solid Waste Management Authority (Authority) was created September 1, 1988, as a public benefit corporation under New York State Public Authorities Law §2049, by the New York State Legislature with powers to construct, operate, and maintain solid waste management facilities for the benefit of Oneida and Herkimer Counties (the Counties). As of December 31, 2010, the Authority owns and operates nine facilities, the Western Transfer Station (WTS), the Eastern Transfer Station (ETS), Materials Recovery Facility (MRF), Green Waste Compost Site (GWC), Household Hazardous Waste Facility (HHW), the Webb Transfer Station, Regional Landfill Facility (RLF), the Land Clearing Debris Facility, Administration Building, and owns one closed facility, the Ash Landfill (ALF) (closed during 1998).

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

b. Accounting Method

The Authority's financial statements are prepared using the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP) for public authorities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included on the balance sheets. Net assets (i.e., total assets net of total liabilities) are segregated into restricted and unrestricted components, as follows:

- *Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation reduced by the net outstanding debt balances.
- *Restricted net assets* have constraints placed on use, either externally or internally.
- *Unrestricted net assets* consist of assets and liabilities that do not meet the definition of "restricted net assets" or "invested in capital assets, net of related debt."

Revenues are recognized when earned and expenses are recognized when incurred. The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the disposal of solid waste. The principal operating revenues of the Authority are charges to customers for user services. Tipping fees are presented net of disposal fees incurred by the Authority in relation to the waste brought to the Authority's facilities. Disposal fees totaled \$1,787,418 and \$1,785,679 for the fiscal years ended December 31, 2010 and 2009, respectively. Operating expenses include the cost of personal and contractual services, materials and supplies, utilities, change in post-closure accrual estimate, administrative expenses, and depreciation on property, plant, and equipment. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

In preparing financial statements in conformity with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**ONEIDA-HERKIMER
SOLID WASTE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

c. Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of cash deposits in banks, and other short-term investments, whether unrestricted or restricted, with an original maturity of three months or less.

Statutes authorize the Authority to maintain deposits with financial institutions and to invest in certificates of deposit, obligations of New York State, the United States Government and its agencies, and repurchase agreements collateralized by U.S. obligations.

Unrestricted and restricted cash equivalents and certificates of deposit, are either adequately covered by federal depository insurance, or collateralized by securities held by the pledging bank's trust department in the Authority's name, or U.S. Government and/or federal agency securities held by the Trustee.

d. Accounts Receivable, Net

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. The allowance for doubtful accounts was \$342,553 and \$325,053 at December 31, 2010 and 2009, respectively. Accounts receivable are written off when deemed uncollectible. During 2010 and 2009, the Authority wrote off \$1,401 and \$13,936, respectively, of waste accounts. During both 2010 and 2009, the Authority wrote off \$190,000 of City of Utica user fees. Recoveries of accounts receivable previously written off are recorded as a recovery of bad debt when received.

An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. Interest is charged on accounts receivable that are outstanding for more than 30 days and is recognized as it is charged. After the receivable becomes past due, accrual of interest continues until the receivable is written off, or a payment agreement is reached with the customer.

e. Property, Plant, and Equipment, Net

Property, plant, and equipment, net, are recorded at cost, except for contributed property and equipment, which are recorded at fair market value or the contributor's net book value if fair market value is not readily ascertainable. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. The Authority uses a capitalization threshold of \$1,000 to analyze expenditures for capitalization. When equipment is retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation and any resultant gain or loss is credited or charged to income.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives, using the straight-line method. The estimated useful lives used in determining depreciation are as follows:

Plant	20 years
Machinery and equipment	3 - 20 years
Vehicles	5 years
Land improvements	15 years
Regional landfill	8 - 50 years

The Authority evaluated prominent events or changes in circumstances affecting property, plant, and equipment to determine if impairment of any capital assets has occurred. A capital asset is considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset. There were no impaired capital assets at December 31, 2010 and 2009.

**ONEIDA-HERKIMER
SOLID WASTE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

f. Intangibles Assets, Net

Intangible assets, net, include financing costs incurred related to various revenue bonds' issuances and a bond premium. These amounts are being amortized over the lives of the respective bonds using the effective interest method.

g. Accrued Closure and Post-Closure Monitoring Costs

The Authority maintains the Ash Landfill (ALF) which reached full capacity at December 31, 1996, and the Regional Landfill (RLF), which began operating in late 2006. The Regional Landfill has a useful life of over sixty-two years, and is based upon an engineering estimate and actual usage. In accordance with New York State Department of Environmental Conservation (NYSDEC) Regulations, the Authority has, and will, implement landfill closure and post-closure requirements. At December 31, 2010 and 2009, the Authority accrued \$2,552,521 and \$2,131,956, respectively, for estimated closure and post-closure costs. Due to changes in technology or changes in regulations, actual costs may be different from the current accrual. Based on NYSDEC requirements, \$2,772,255 and \$2,317,602 in cash, certificates of deposit, and U.S. obligations have been restricted by the Authority for this purpose at December 31, 2010 and 2009, respectively.

h. Deferred Revenue

Revenues billed in advance under contracts with the City of Utica and the Villages of Ilion, Frankfort, Herkimer, Mohawk and Dolgeville (Note 8) are deferred and recorded in income in the period in which the related services are rendered.

i. Accrued Postemployment Benefits

In addition to providing pension benefits, the Authority provides health insurance coverage for certain retired employees. The Authority provides a 50% monthly premium contribution toward the health insurance cost for certain retirees. Eligible retirees may also have a spouse and dependents covered at the retired employees' expense. Healthcare benefits are provided through insurance companies whose premiums are based on the benefits provided.

Beginning in 2009, the Authority reports its postemployment benefits in accordance with GASB No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB No. 45 views a postemployment benefit plan as a deferred compensation arrangement, whereby an employer promises to exchange future benefits for employees' current services. GASB No. 45 specifies that accounting for these benefits should be determined under an accrual basis, where the expected value of the benefit is actuarially calculated and recognized as a cost over the working lifetime of employees.

j. Federal Income Taxes

The Authority is exempt from federal income taxes under Internal Revenue Service Code Section 115.

k. Reclassifications

Certain reclassifications have been made to the 2009 financial statements to conform to the 2010 presentation. These reclassifications had no effect on previously reported results of operations or net assets.

l. Subsequent Events

In preparing the financial statements and notes thereto, the Authority has considered subsequent events through March 14, 2011, the date the financial statements were available to be issued.

**ONEIDA-HERKIMER
SOLID WASTE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 2 - RESTRICTED ASSETS

In accordance with the terms of the Authority's bond indentures, the use of certain Authority assets is restricted for specific purposes as summarized below:

	December 31,	
	2010	2009
<i>Debt Service Reserve Fund</i>		
Contingency fund to be utilized in case of default	\$ 9,641,549	\$ 9,561,788
<i>Construction Projects Fund and Bond Redemption and Improvement Fund</i>		
Additional capital expenditures which may be incurred by the Authority	1,937,983	2,116,898
<i>Rebate Fund</i>		
Interest earned required to be paid to the United States	9,352	9,352
Restricted assets required for debt service	2,865,137	2,770,489
Restricted assets for landfill planning design and construction	-	84
Restricted assets for post-closure monitoring costs	2,772,255	2,317,602
Accrued interest on restricted assets	74,449	74,922
	<u>\$ 17,300,725</u>	<u>\$ 16,851,135</u>

The investments related to these restricted assets, are stated at fair value, and are classified as follows:

	December 31, 2010	
	Cost	Market Value
Cash and cash equivalents	<u>\$ 6,442,828</u>	<u>\$ 6,442,828</u>
Investments		
Repurchase agreements	\$ 3,184,000	\$ 3,184,000
U.S. obligations	7,557,758	7,599,448
	<u>\$ 10,741,758</u>	<u>\$ 10,783,448</u>
Accrued interest	<u>\$ -</u>	<u>\$ 74,449</u>
	December 31, 2009	
	Cost	Market Value
Cash and cash equivalents	<u>\$ 5,907,854</u>	<u>\$ 5,907,854</u>
Investments		
Repurchase agreements	\$ 3,184,000	\$ 3,184,000
Certificates of deposits	1,000,000	998,993
U.S. obligations	6,622,761	6,685,366
	<u>\$ 10,806,761</u>	<u>\$ 10,868,359</u>
Accrued interest	<u>\$ -</u>	<u>\$ 74,922</u>

**ONEIDA-HERKIMER
SOLID WASTE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 3 - PROPERTY, PLANT, AND EQUIPMENT, NET

Property, plant, and equipment, net, is as follows:

	December 31, 2010					
	MRF, GWC, and HHW	ETS and WTS	Regional Landfill	Other	Total 2010	Total 2009
Land	\$ -	\$ -	\$ 2,537,967	\$ 396,970	\$ 2,934,937	\$ 2,377,473
Land improvements	571,561	230,177	31,292,747	6,109	32,100,594	31,249,064
Buildings and improvements	7,531,380	7,629,959	6,713,873	309,027	22,184,239	21,974,049
Equipment and machinery	4,871,935	357,434	349,743	97,349	5,676,461	5,600,802
Vehicles	781,963	1,443,408	3,374,366	693,321	6,293,058	5,803,104
Office equipment	65,767	42,163	65,038	228,388	401,356	399,856
	13,822,606	9,703,141	44,333,734	1,731,164	69,590,645	67,404,348
Less accumulated depreciation and amortization	12,580,097	8,373,742	10,082,047	1,278,763	32,314,649	28,488,394
Capital assets in service, net	1,242,509	1,329,399	34,251,687	452,401	37,275,996	38,915,954
Construction in progress	-	-	4,447,381	-	4,447,381	-
Total capital assets, net	<u>\$ 1,242,509</u>	<u>\$ 1,329,399</u>	<u>\$ 38,699,068</u>	<u>\$ 452,401</u>	<u>\$ 41,723,377</u>	<u>\$ 38,915,954</u>
	December 31, 2009					
	MRF, GWC, and HHW	ETS and WTS	Regional Landfill	Other	Total 2009	Total 2008
Land and improvements	\$ 546,436	\$ 584,324	\$ 32,476,429	\$ 19,348	\$ 33,626,537	\$ 33,368,409
Buildings and improvements	7,531,380	7,436,298	6,712,320	294,051	21,974,049	21,970,760
Equipment and machinery	4,819,758	315,169	397,281	133,632	5,665,840	5,605,371
Vehicles	581,525	1,438,509	2,806,309	976,761	5,803,104	5,678,759
Office equipment	65,767	42,163	-	226,888	334,818	352,430
	13,544,866	9,816,463	42,392,339	1,650,680	67,404,348	66,975,729
Less accumulated depreciation and amortization	11,846,815	7,966,683	7,510,528	1,164,368	28,488,394	24,813,042
	<u>\$ 1,698,051</u>	<u>\$ 1,849,780</u>	<u>\$ 34,881,811</u>	<u>\$ 486,312</u>	<u>\$ 38,915,954</u>	<u>\$ 42,162,687</u>

A summary of changes in the Authority's property and equipment is as follows:

	December 31, 2010				
	2009	Additions	Retirement/ Disposal	Adjustment	2010
Land	\$ 2,377,473	\$ 557,464	\$ -	\$ -	\$ 2,934,937
Land improvements	31,249,064	851,530	-	-	32,100,594
Buildings and improvements	21,974,049	210,190	-	-	22,184,239
Equipment and machinery	5,600,802	75,659	-	-	5,676,461
Vehicles	5,803,104	518,578	(10,726)	(17,898)	6,293,058
Office equipment	399,856	1,500	-	-	401,356
	67,404,348	2,214,921	(10,726)	(17,898)	69,590,645
Less accumulated depreciation and amortization	28,488,394	3,848,425	(10,726)	(11,444)	32,314,649
Capital assets in service, net	38,915,954	(1,633,504)	-	(6,454)	37,275,996
Construction in progress	-	4,447,381	-	-	4,447,381
Total capital assets, net	<u>\$ 38,915,954</u>	<u>\$ 2,813,877</u>	<u>\$ -</u>	<u>\$ (6,454)</u>	<u>\$ 41,723,377</u>

**ONEIDA-HERKIMER
SOLID WASTE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 3 - PROPERTY, PLANT, AND EQUIPMENT, NET

	December 31, 2009				
	Balance December 31, 2008	Additions	Retirement/ Disposal	Adjustment	2009
Land and improvements	\$ 33,368,409	\$ 258,128	\$ -	\$ -	\$ 33,626,537
Buildings and improvements	21,970,760	3,289	-	-	21,974,049
Equipment and machinery	5,605,371	60,469	-	-	5,665,840
Vehicles	5,678,759	234,133	(109,788)	-	5,803,104
Office equipment	352,430	-	-	(17,612)	334,818
	<u>66,975,729</u>	<u>556,019</u>	<u>(109,788)</u>	<u>(17,612)</u>	<u>67,404,348</u>
Less accumulated depreciation and amortization	<u>24,813,042</u>	<u>3,785,140</u>	<u>(109,788)</u>	<u>-</u>	<u>28,488,394</u>
	<u>\$ 42,162,687</u>	<u>\$ (3,229,121)</u>	<u>\$ -</u>	<u>\$ (17,612)</u>	<u>\$ 38,915,954</u>

NOTE 4 - INTANGIBLE ASSETS, NET AND PREMIUM ON REVENUE BONDS

A summary of intangible assets and premium on revenue bonds, net of accumulated amortization, is as follows:

	December 31, 2010		
	Cost	Accumulated Amortization	Net Book Value
Financing costs (a)	\$ 1,657,272	\$ 984,738	\$ 672,534
Deferred amount on remainder of defeased 1992 Revenue Bonds (b)	<u>3,020,986</u>	<u>2,852,217</u>	<u>168,769</u>
Intangible assets, net	<u>\$ 4,678,258</u>	<u>\$ 3,836,955</u>	<u>\$ 841,303</u>
Premium on revenue bonds (b)	<u>\$ 1,198,044</u>	<u>\$ 1,131,115</u>	<u>\$ 66,929</u>

	December 31, 2009		
	Cost	Accumulated Amortization	Net Book Value
Financing costs (a)	\$ 1,657,272	\$ 886,365	\$ 770,907
Deferred amount on remainder of defeased 1992 Revenue Bonds (b)	<u>3,020,986</u>	<u>2,734,091</u>	<u>286,895</u>
Intangible assets, net	<u>\$ 4,678,258</u>	<u>\$ 3,620,456</u>	<u>\$ 1,057,802</u>
Premium on revenue bonds (b)	<u>\$ 1,198,044</u>	<u>\$ 1,084,269</u>	<u>\$ 113,775</u>

- (a) Includes financing costs incurred relative to the 1992, 1998, 2006, and 2007 Revenue Bonds. These costs include insurance, underwriter's discount, and other Bond related costs and are being amortized over the life of the Bonds using the effective interest method. During 1998, \$246,879 of 1992 Revenue Bond financing costs was expensed in connection with the partial defeasance of the Bonds. Amortization of financing costs was \$98,375 and \$108,011 during 2010 and 2009, respectively.

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SOLID WASTE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 4 - INTANGIBLE ASSETS AND PREMIUM ON REVENUE BONDS - Continued

- (b) The 1998 Bonds were issued at a premium of \$1,198,044, which is amortized over the life of the Bonds. The difference between the net carrying amount of defeased bonds and the reacquisition price of the Bonds is deferred and amortized over the life of the new bond. The deferred amount of the refunding of the 1992 Bonds was \$3,020,986. The premium and deferred amounts are being amortized over the life of the Bonds using the effective interest method. Amortization expense, net of premium amortized, was \$71,280 and \$88,326 for the years ended December 31, 2010 and 2009, respectively.

Future amortization, net of premium on the 1998 Serial Bonds, required on intangible assets is as follows for the next five years and thereafter:

2011	\$ 141,601
2012	112,084
2013	81,026
2014	57,883
2015	54,376
Thereafter	<u>327,404</u>
Total	<u>\$ 774,374</u>

NOTE 5 - REVENUE BONDS

At December 31, 2010 and 2009, the Authority has outstanding \$5,165,000 and \$5,370,000, respectively, of 2007 Revenue Bonds. The bond was originally issued at \$5,730,000 to finance the costs incurred in connection with the issuance of the bond, to fund the debt service reserve fund, and to refinance outstanding notes. Interest is payable semi-annually at interest rates ranging from 4.125% to 4.20%. Principal payments range from \$165,000 to \$430,000 payable annually on April 1.

At December 31, 2010 and 2009, the Authority has outstanding \$13,925,000 and \$17,255,000, respectively, of 1998 Revenue Bonds. The bond was originally issued at \$31,840,000 to defease a portion of the 1992 Revenue Bonds, to finance costs incurred in connection with the issuance and to fund the debt service reserve fund. Interest is payable semi-annually at interest rates ranging from 4.20% to 5.50%. Principal installments range from \$245,000 to \$3,955,000 payable annually on April 1 through 2014 (a)(b).

At December 31, 2010 and 2009, the Authority has outstanding \$28,385,000 and \$29,665,000, respectively, of 2006 New York State Environmental Facilities Corporation State Clean Water and Drinking Water Revolving Funds Revenue Bonds. The bond was originally issued at \$33,396,675 to finance certain improvements to the Authority's landfill located in the Town of Ava, New York and to refinance certain outstanding indebtedness of the Authority. Interest is payable semi-annually at interest rates ranging from 3.626% to 4.769%. The Authority receives a subsidy credit toward its annual debt service cost from New York State Environmental Facilities Corporation. Principal installments range from \$1,240,000 to \$5,275,000 payable annually on April 1 through 2026 (a).

- (a) All assets and revenues of the Authority are pledged as collateral for the Bonds. In addition, the Counties guarantee debt service payments by means of the Solid Waste Management Agreement (Agreement) between the Authority and the Counties. Pursuant to the Authority's enabling legislation, which limits contracts to a period not to exceed 25 years, the Agreements with Oneida County and Herkimer County will expire on May 9, 2014, and December 27, 2014, respectively, the Authority intends to renew the Agreements, subject to the approvals from the governing bodies of the Authority and the Counties. As part of the renewal process, the security and guarantee of the debt service payments afforded by the original Agreements, will automatically apply to any renewal of the Agreements prior to the final maturity of the Authority's existing and future revenue bonds.

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SOLID WASTE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 5 - REVENUE BONDS - Continued

- (b) During June 1998, the Authority defeased a portion of the 1992 Revenue Bonds by placing the proceeds of the 1998 Revenue Bonds in an irrevocable trust to provide for all future debt service payments on a portion of the 1992 Bonds. Accordingly, the trust account assets and the liabilities for the defeased Bonds are not included in the Authority's financial statements. \$28,345,000 in 1992 Bonds outstanding are considered defeased. The defeased Bonds were payable on April 1, 2003, at a redemption price of 102%.

Future debt service payments required on Revenue Bonds are as follows:

		Principal	Interest	Total
For the year ending December 31,	2011	\$ 5,030,000	\$ 2,126,913	\$ 7,156,913
	2012	5,260,000	1,867,560	7,127,560
	2013	5,505,000	1,594,774	7,099,774
	2014	4,410,000	1,344,950	5,754,950
	2015	1,665,000	1,200,280	2,865,280
For the years ending December 31,	2016 through 2020	9,030,000	4,870,626	13,900,626
	2021 through 2025	10,460,000	2,672,328	13,132,328
	2026 through 2027	6,115,000	161,482	6,276,482
		<u>47,475,000</u>	<u>\$ 15,838,913</u>	<u>\$ 63,313,913</u>
Less current installments		<u>5,030,000</u>		
Revenue Bonds, less current installments		<u>\$ 42,445,000</u>		

Interest expense related to the Revenue Bonds was \$1,814,002 and \$2,025,864 for the years ended December 31, 2010 and 2009, respectively.

On December 20, 2010, the Board of Directors authorized the issuance of system revenue bonds to fund the costs of designing, procuring, and installing a single-steam recyclables processing system, to fund any necessary reserves, and to fund the costs of issuance. The original principal amount is not to exceed \$11,000,000.

NOTE 6 - NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM

The Authority participates in the New York State and Local Employees' Retirement System (System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, 110 State Street, Albany, New York 12244.

The Systems are noncontributory except for (1) employees who joined the New York State and Local Employees' Retirement System after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and (2) employees who join after January 1, 2010, will contribute 3% of their salary for their entire career. Under the authority of the NYSRSSL, the Comptroller annually certifies the rates expressed used in computing the employers' contributions..

The required contributions to the System for the current year and two preceding years were:

2010	\$ 388,528
2009	239,807
2008	297,422

**ONEIDA-HERKIMER
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**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 6 - NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM - Continued

The Authority's contributions made to the System were equal to 100 percent of the contributions required for each year.

NOTE 7 - ACCRUED POSTEMPLOYMENT BENEFITS

Plan Description - The Authority provides health care insurance benefit programs for certain retired employees. The program provides for continuation of medical, prescription drug, and dental insurance benefits for certain retirees and can be amended by action of the Authority. Employees covered include the employees of the administration, nonrepresented employees, and select employees who transferred employment from a local government to the Authority. There were approximately 22 and 24 active employees as of December 31, 2010 and 2009, respectively. The program is open to new entrants in these categories.

Funding Policy - Currently, the Authority's cost of its postemployment benefits program is determined on a pay-as-you-go basis and is, therefore, unfunded. However, to demonstrate financial responsibility, the Authority established a Postretirement Benefits Reserve to designate certain cash balances to fund the program's future liabilities. The balance of this designation was \$77,000 and \$-0- at December 31, 2010 and 2009, respectively. Although these funds are designated for this purpose, they are reflected in unrestricted net assets and can be used for operations if needed. During 2010 and 2009, premiums paid by the Authority on behalf of current retirees totaled \$7,120 and \$2,124, respectively.

Annual OPEB Cost and Net OPEB Obligation - The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount of premiums actually paid, and changes in the Authority's net OPEB obligation:

Annual required contribution and OPEB expense cost	\$ 147,405
Net OPEB obligation, beginning of year	<u>142,542</u>
Net OPEB obligation, end of year	<u><u>\$ 289,947</u></u>

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year ended December 31, 2010, was as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Expected Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
December 31, 2009	\$ 147,532	\$ 4,990	3.40%	\$ 142,542
December 31, 2010	156,637	9,232	5.90%	289,947

Funded Status and Funding Progress. As of May 19, 2010, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$1,339,905 and \$1,219,100 at December 31, 2010 and 2009, respectively, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$1,265,328 and \$1,186,832 at December 31, 2010 and 2009, respectively, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 105.9 percent and 102.7 percent, respectively.

**ONEIDA-HERKIMER
SOLID WASTE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 7 - ACCRUED POSTEMPLOYMENT BENEFITS - Continued

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information at the end of this note, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial computations under GASB No. 45 were provided by the Authority's independent actuaries for the year ended December 31, 2010 and 2009.

The following simplifying assumptions were made:

Retirement Age for Active Employees - Based on the historical average retirement age for the covered group according to the New York State Retirement System schedule, active plan members were assumed to retire as early as age fifty-five.

Marital Status - 70% of employees are assumed married. Females are assumed to be three years younger than males. Actual spouse coverage information was used for retirees where available.

Mortality - Life expectancies were based on RP 2000 mortality tables for Males and Females.

Turnover and Retirement Incidence - The turnover rates were based on the experience under the New York State and Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled, *Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation Tables*. These tables were used as the basis for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare and Medicaid Services. A rate of 10% initially, reduced to an ultimate rate of 5% after ten years, was used. The dental trend rate used was 4%.

Health Insurance Premiums - 2009 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Payroll Growth Rate - No salary increases were assumed since benefits are not based on compensation.

Based on the historical and expected returns of the Authority's short-term investment portfolio, a discount rate of 4% was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010, was twenty-nine years.

**ONEIDA-HERKIMER
SOLID WASTE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 7 - ACCRUED POSTEMPLOYMENT BENEFITS - Continued

REQUIRED SUPPLEMENTARY INFORMATION
Schedule of Funding Progress
for the Retiree Health Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Simplified Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2010	\$ -	\$ 1,339,905	\$ 1,339,905	0%	\$ 1,265,328	105.90%
December 31, 2009	-	1,219,100	1,219,100	0%	1,186,832	102.70%

NOTE 8 - COMMITMENTS AND CONTINGENCIES

a. City of Utica Contract

Prior to the approval of the current contract with the City of Utica, in 1991 the Authority passed a resolution to pay the City of Utica in recognition of Utica being host to the Recycling Center, Eastern Transfer Station, and Green Waste Compost Facility. The resolution established a payment of \$1 per ton by the Authority to Utica for all materials delivered to the facilities in Utica, and it guaranteed a minimum of \$100,000 per year. The resolution specified the payment for as long as the Authority uses the Eastern Transfer Station for transport of waste out of the region. The Authority made a Host Community Benefit payment in the amount of \$177,772 and \$173,607 during the years ended December 31, 2010 and 2009, respectively. There was \$461,517 and \$43,005 due to the City of Utica at December 31, 2010 and 2009, respectively, and is included in accounts payable and accrued liabilities.

During 1996, the Authority and the City of Utica entered into a comprehensive contract for the Authority to provide for collection of waste and recyclables and associated billing. In the 1996 Agreement, the \$1 per ton payment by the Authority to the City was confirmed.

The Agreement is effective for a twenty-five year period beginning April 1, 1996. Under the Agreement, the Authority receives the City's solid waste service charge revenue to cover the costs of waste removal plus the revenues generated from the sale of refuse bags to residents used to dispose of residential waste. For the years ended December 31, 2010 and 2009, the cost of waste removal was \$3,708,467 and \$3,660,052, offset by solid waste service charge revenues of \$2,038,478 and \$2,035,265 and refuse bag sales of \$1,423,563 and \$1,424,772, respectively.

b. Villages of Ilion, Mohawk, Herkimer, Dolgeville, and Frankfort Contracts

The Authority and the Villages of Ilion, Frankfort, Herkimer, Dolgeville, and Mohawk entered into separate agreements for the coordination of waste and recyclables collection. The Authority provides the coordination services for annual fees of between \$3,500 and \$5,500.

The Authority receives revenue from the sale of refuse bags to residents used to dispose of residential waste, and from the rental of toters to Village residences. These revenues are then applied to the fees for delivery of waste to the Authority's transfer stations, fees for waste collection, and for the purchase of refuse bags.

**ONEIDA-HERKIMER
SOLID WASTE MANAGEMENT AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009**

NOTE 8 - COMMITMENTS AND CONTINGENCIES - Continued

b. Villages of Ilion, Mohawk, Herkimer, Dolgeville, and Frankfort Contracts - Continued

In the event that revenues do not cover expenses related to this contract, the Villages will reimburse the Authority on a quarterly basis. At the end of the fiscal year, if revenues exceed expenses, the Authority will reimburse the Villages. For the years ended December 31, 2010 and 2009, the cost of waste removal was \$1,200,211 and \$1,199,264, offset by refuse bag sales of \$593,192 and \$601,612 and total rental fees of \$629,632 and \$611,924, respectively.

c. Litigation

The Authority is involved in certain suits and claims arising from a variety of sources. It is the opinion of management and counsel that the liabilities that may arise from such actions would not result in losses that would materially affect the financial position of the Authority or the results of its operations.

d. Environmental Risks

Certain facilities are subject to federal, state, and local regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the Authority expect such compliance to have, any material effect upon the capital expenditures or financial condition of the Authority. The Authority believes that its current practices and procedures for control and disposition of regulated wastes comply with applicable federal, state, and local requirements.

NOTE 9 - ACCOUNTING STANDARD ISSUED BUT NOT YET IMPLEMENTED

In December 2010, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting pronouncements issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

This statement also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this statement.

GASB Statement No. 62 is effective for financial statements for periods beginning after December 15, 2011; however, early adoption is encouraged. The Authority has not yet adopted this statement.

BOLLAM, SHEEDY, TORANI & CO. LLP
Certified Public Accountants
Albany, New York

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

Board of Directors
Oneida-Herkimer Solid Waste Management Authority
Utica, New York

We have audited the financial statements of the Oneida-Herkimer Solid Waste Management Authority (Authority) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated March 14, 2011. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including the Authority's compliance with *Investment Guidelines for Public Authorities*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and responses as item 10-01.

This report is intended solely for the information and use of management and the Board, and is not intended to be and should not be used by anyone other than those specified parties.

Bollam Sheedy Torani & Co LLP

Albany, New York
March 14, 2011

**ONEIDA-HERKIMER
SOLID WASTE MANAGEMENT AUTHORITY
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended December 31, 2010**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No
- Significant deficiencies identified that are not considered to be material weaknesses? _____ Yes X None Reported

Noncompliance material to financial statements? _____ Yes X No

Section II - Financial Statement Findings

None

Section III - Compliance Findings

10-01. Investment Policy

Criteria: The Authority's investment policy states that moneys of the Authority not held under a trust indenture or similar instrument governing an issue of the Authority's bonds, notes, or obligations are to be secured by obligations with a market value equal at all times to the amount on deposit.

Condition: One deposit account held by the Authority is not secured by any obligations.

Effect: The Authority is not in compliance with its investment policy.

Cause: The Authority did not invest all deposits in accordance with its investment policy.

Recommendation: All of the Authority's unsecured funds should be moved to an account that is secured by appropriate obligations.

View of Responsible Officials: The unsecured account will be transferred to an FDIC-insured account effective March 16, 2011.

APPENDIX E
THE CONSULTING ENGINEER'S LETTER

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April 8, 2011

Mr. William Rabbia
Executive Director
Oneida-Herkimer Solid Waste Authority
1600 Genesee Street
Utica, New York 13502

Re: Engineering Review of Financial Forecast Information

File: 260.042.003

Dear Mr. Rabbia:

Barton & Loguidice, P.C. (B&L), is pleased to submit this engineering review of the principal assumptions used with regard to the financial forecast of the Authority's solid waste management system (the "System").

B&L is knowledgeable about the planning, permitting, design, construction and operation of the various types of solid waste management facilities that are included in the System. As solid waste engineering consultants to more than thirty local governments and authorities in New York State since 1968, B&L has planned, permitted, designed, provided construction inspection and certification services, and provided operational advice for many operating recycling facilities, composting facilities, energy recovery facilities, sanitary landfills, and transfer stations. B&L has completed more than forty landfill closures within New York State and currently provides post-closure engineering and monitoring services to over 35 closed landfills within New York State. B&L has also visited and evaluated many operating solid waste management facilities in North America; conducted numerous engineering studies with regard to the technical, environmental and economic aspects associated with the solid waste management facilities that are included in the System. Moreover, B&L has extensive detailed knowledge of the System and has been the Authority's solid waste engineering consultant since May 21, 1991. Prior to working with the Authority, B&L was the solid waste engineering consultant to Oneida County in developing facilities that are currently within the System.

B&L has been asked by the Authority to render our opinions regarding the forecast of financial information contained in the Preliminary Official Statement of the Authority and in the Official Statement of the Authority issued, respectively, in connection with the Authority's Solid Waste System Revenue Bonds, Series 2011 (collectively, the "Official Statement"), including, without limitation, contained within sections entitled "Projected Operating Results" and "Projected Debt Service Coverage."

We have reviewed the principal assumptions used by the Authority's management in the preparation of the forecast of financial information.



Mr. William Rabbia
Oneida-Herkimer Solid Waste Authority
April 8, 2011
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These principal assumptions include:

1. Quantities of waste to be received by the Authority;
2. Projections of Operating Revenues of the Authority;
3. Projections of Operating Expenses of the Authority; and
4. Funding of the statutorily required closure and post closure reserves for the Landfill (as that term is defined in the Official Statement) under 6 NYCRR Part 360.

It is the opinion of the undersigned Engineer that with respect to the Projected Operating Results and Project Debt Service Coverage set forth in the Official Statement:

1. The Authority's estimate of the Operating Revenues and Operating Expenses for each of the Fiscal Years 2011 to 2015, calculated on the assumption that Revenues shall be charged and collected at the rates in effect on the date of this opinion are reasonable.
2. The quantities of waste and recyclables estimated to be received by the Authority are reasonable.
3. The Authority's cash flow projection takes into account and provides for the funding of required closure and post closure reserves and maintenance as required by 6 NYCRR Part 360.
4. The projections of financial information and related actions of the Authority will allow it to remain in compliance with all federal, state and local environmental statutes, regulations, ordinances, guidance documents and other provisions having the force or effect of law.
5. The estimates of costs that the Authority has utilized will be sufficient for it to acquire and construct the single-stream recyclables processing system facility (the "Facility"), including an allowance for contingencies.
6. The amount of estimated Operating Revenues for the 2011 to 2015 Fiscal Years as shown on Schedule I attached hereto will be sufficient to satisfy the Rate Covenant for each of the 2011 to 2015 Fiscal Years.
7. The amounts set aside in the Authority's unrestricted cash reserve accounts are sufficient to pay for future Landfill cell construction without the need for additional borrowings.

Further, it is the opinion of the undersigned Engineer that with respect to the Facility and the System (as that term is defined in the Official Statement):

1. The Facility will be placed in commercial operation on or about December 5, 2011.
2. The existing facilities of the System have been designed and constructed, and are being operated and maintained in accordance with generally accepted engineering practices and in compliance with applicable permit conditions.
3. The System, as it currently exists and as it is proposed to be further developed, is a technically feasible, reasonable and achievable undertaking that can provide a long term, environmentally sound and economical method of solid waste management and disposal.

Mr. William Rabbia
Oneida-Herkimer Solid Waste Authority
April 8, 2011
Page 3

4. The Authority will continue to operate and maintain each of its facilities, including, without limitation, the System and the Facility once constructed, in accordance with good engineering practice, make all required permit renewal and equipment replacements in a timely manner, and will generally operate and further develop its System in a sound businesslike manner.
5. The Authority's plan for further development and operation of the System is consistent with applicable Federal and State requirements and policies.
6. The Authority's staff has demonstrated its capability to manage the development of additional system facilities, including, without limitation, the Facility, and to operate or contract for operation of such additional system facilities, in furtherance of the Authority's System plan.
7. The Authority's transfer stations are capable of receiving and transporting all of the acceptable municipal solid wastes generated in the Authority's service area for at least the next twenty years.
8. The Landfill is capable of receiving and disposing of all of the acceptable municipal solid wastes generated in the Authority's service area for at least the next seventy-six and 3/10 (76.3) years.
9. The conversion to a single stream Material Recovery Facility is expected to increase recycling participation rates, increase collection efficiency and improve the efficiency of the recycling operations. Furthermore, the proposed Material Recovery Facility will have excess capacity that can be utilized to process additional types or volumes of recyclable materials, up to its design capacity of approximately two hundred tons per eight hour shift. The Authority expects to realize significant saving through the use of the proposed processing system.
10. The Authority can expect to maintain continual access to markets for recyclable materials produced by the Material Recovery Facility, absent any unforeseen drastic changes in these markets.
11. The Authority's Green Waste Composting Facility is capable of continuing to receive, process, and divert from landfill disposal up to approximately 12,000 tons per year of leaves, grass clippings and brush. Based on our review of this facility's permit and method of operations, the Authority may expand its operation or change its methods of operation, if deemed necessary or desirable, to increase the amount of green waste received and composted at this facility.
12. No aspects of current solid waste management practices, geography, or any other feature of the Authority's service area would cause impediments to the proper functioning of the flow control measures taken by the Counties and the Authority, including the ordinances, contracts and associated regulations that the Authority has implemented to secure its waste stream.

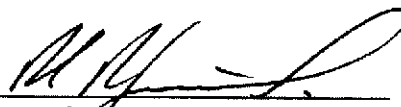
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Mr. William Rabbia
Oneida-Herkimer Solid Waste Authority
April 8, 2011
Page 4

IN WITNESS WHEREOF, I have hereunto set my signature as an officer of Barton & Loguidice, P.C. as of the 8th day of April 2011.

BARTON & LOGUIDICE, P.C.

By: 
Name: Paul R. Czerwinski, P.E.
Title: Principal



SCHEDULE I

ESTIMATE OF OPERATING EXPENDITURES AND REVENUES FROM 2011 TO 2015 ONEIDA HERKIMER SOLID WASTE MANAGEMENT AUTHORITY

	2011	2012	2013	2014	2015
Operating Revenues	24,295,000	25,805,000	26,000,000	24,940,000	25,120,000
Operating Expenses	19,105,000	19,125,000	19,930,000	20,990,000	21,440,000
Nonoperating Revenues(Expenses)	(1,655,000)	(1,489,000)	(1,250,000)	(1,031,000)	(977,000)
Operating Income	3,535,000	5,191,000	4,820,000	2,919,000	2,703,000
(+) Depreciation	3,800,000	3,800,000	4,200,000	5,300,000	5,300,000
(+) Interest	1,970,000	1,914,000	1,650,000	1,411,000	1,282,000
(+) Amortization of Bond Discount	160,000	115,000	75,000	60,000	45,000
Cash Available for Debt Service	9,465,000	11,020,000	10,745,000	9,690,000	9,330,000
Prior Debt Service	6,677,847	6,675,007	6,674,293	5,357,088	2,495,649
Adjustments - 1998 DSRF Release	-	-	-	(3,184,000)	-
2011 Debt Service (estimated)	235,064	506,725	506,725	1,563,775	1,170,419
Total Debt Service	6,912,911	7,181,732	7,181,018	3,736,863	3,666,068
Projected Debt Coverage Ratio	1.37	1.53	1.50	2.59	2.54

SCHEDULE II

CONSTRUCTION COST SUMMARY

Contract Price \$9,513,851		
Item	Milestone & Payment Terms	Payment Due Dollars Contract Price
1	Execution of Agreement	\$1,427,078
2	Submittal of Bond	\$95,139
3	Submittal of System Layout Drawings	\$951,385
4	Demolition and Removal of Existing MRF Equipment	\$237,846
5	Delivery of Infeed & Presort Conveyors	\$475,693
6	Delivery of OCC Screen	\$332,985
7	Delivery of Paper Screen	\$618,400
8	Delivery of Glass/Fines Screens	\$332,985
9	Delivery of Bollergaaf and Harris Balers	\$1,046,524
10	Delivery of Fiber Transfer/Sort & Baler Conveyors	\$475,693
11	Delivery of Container Sort Conveyors, Magnet & Optical Sorters	\$713,539
12	Delivery of Glass Processing Equipment	\$237,846
13	Delivery of Balance of Equipment	\$190,277
14	Assembly of Front-End Separation	\$285,416
15	Assembly of Paper Sort System	\$190,277
16	Assembly of Container Sort System	\$190,277
17	Assembly of Balers	\$95,139
18	Completion of 50% of Visitors Room	\$95,139
19	Substantial Completion of Visitors Room	\$95,139
20	HVAC System Installation Complete	\$285,416
21	50 % Completion of Electrical Service Upgrade	\$95,139
22	Substantial Completion of Electrical Service Upgrade	\$95,139
23	Electric Feeders Connected to Balers and MCEs	\$95,139
24	Balance of Installation Work Completed	\$190,277
25	Substantial Completion (after completion of Phase II startup)	\$190,277
26	Completion of Acceptance Test	\$475,693
		\$9,513,851
Est. Value of New Processing Equipment Net of Installation (Items 5-13)		\$4,423,941

APPENDIX F
FORM OF OPINION OF BOND COUNSEL

April 21, 2011

Oneida-Herkimer Solid Waste Management Authority
1600 Genesee Street
Utica, New York 13502

Re: *\$10,725,000 Oneida-Herkimer Solid Waste Management Authority
Solid Waste System Revenue Bonds, Series 2011*

Dear Ladies and Gentlemen:

We have acted as bond counsel with respect to the issuance by the Oneida-Herkimer Solid Waste Management Authority (the “Authority”), a body corporate and politic constituting a public benefit corporation of the State of New York (the “State”), of its \$10,725,000 Solid Waste System Revenue, Series 2011 Bonds (the “Series 2011 Bonds”). The Series 2011 Series 2011 Bonds are authorized to be issued pursuant to Title 13-FF of the Public Authorities Law of the State (as amended, the “Act”), a resolution duly adopted by the Authority on December 20, 2010 (the “Resolution”), the provisions of a Trust Indenture dated as of November 1, 1992 (the “Indenture”) between the Authority and United States Trust Company of New York, as predecessor trustee to The Bank of New York Mellon (the “Trustee”), as supplemented by a Ninth Supplemental Trust Indenture thereto dated as of April 1, 2011 (the “Ninth Supplemental Indenture”) between the Authority and the Trustee. Capitalized terms used herein and not otherwise defined shall have the same meanings as ascribed thereto in the Indenture or the Ninth Supplemental Indenture.

The Series 2011 Bonds are issued for the principal purpose of providing funds to (i) finance the design, procurement and installation of a single-stream recyclables processing system at the Oneida-Herkimer Recycling Center, (ii) fund the debt service reserve fund, and (iii) pay costs of issuance of the Series 2011 Bonds.

The Series 2011 Bonds are dated the date of their initial delivery and will mature as provided in the Ninth Supplemental Indenture and will bear interest at the respective rates per annum as set forth in the Ninth Supplemental Indenture. The Series 2011 Bonds are issuable initially only in the form of fully-registered bonds.

The Series 2011 Bonds are subject to redemption prior to maturity as a whole or in part, as such time or times, under such circumstances, at such redemption prices and in such manner as is set forth in Article II of the Ninth Supplemental Indenture.

The Authority has reserved the right to issue additional bonds on the terms and conditions and for the purposes stated in the Indenture. Except as otherwise provided in the Indenture, the Series 2011

Bonds and all such additional bonds hereafter issued under the Indenture rank and will rank equally as to security and payment.

In addition, we have examined the following:

- (a) The Constitution of the State and such statutes and regulations as we have deemed relevant to this opinion, including particularly the Act;
- (b) The Internal Revenue Code of 1986, as amended, including particularly Sections 103 and 141 through 150 thereof and the applicable regulations of the United States Treasury Department promulgated thereunder and under Section 103 of the Internal Revenue Code of 1954, as amended (collectively, the “Code”);
- (c) Certified copies of proceedings of the Authority preliminary to and in connection with the issuance of the Series 2011 Bonds, including particularly the Resolution;
- (d) The Arbitrage and Use of Proceeds Certificate of the Authority provided in accordance with the Code;
- (e) The form of the Series 2011 Bonds; and
- (f) Such other documents and proceedings as we have considered necessary or appropriate in the circumstances to render the following opinions.

The opinion expressed in paragraph (6) is premised upon (i) the accuracy of the actual information and the truthfulness of the representations and expectations set forth in the certificate described in paragraph (d) above and (ii) the assumption that the Authority will comply with its covenants as to future acts that are necessary to preserve the exclusion of interest on the Series 2011 Bonds from gross income for federal income tax purposes.

In rendering the opinions expressed herein we have assumed the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof. Based and in reliance upon the foregoing, it is our opinion that:

(1) The Authority was duly created and is validly existing under the provisions of the Act as a body corporate and politic constituting a public benefit corporation of the State with full power and authority to issue the Series 2011 Bonds, to pledge the Revenues as security for the Series 2011 Bonds under and as defined in the Indenture and to perform all its obligations under the Indenture.

(2) The Authority has full power and authority to adopt the Resolution and to enter into the Indenture and the Ninth Supplemental Indenture. The Resolution has been duly and lawfully adopted by the Authority and is in full force and effect. The Indenture and the Ninth Supplemental

Indenture have been duly authorized, executed and delivered by the Authority, are in full force and effect and are the valid and binding obligations of the Authority and enforceable in accordance with their terms, except to the extent that the enforceability (but not the validity) of the Indenture or the Ninth Supplemental Indenture may be limited by any applicable bankruptcy, insolvency, moratorium or other law or enactment now or hereafter enacted by the State or federal government affecting the enforcement of creditors' rights and may be subject to judicial discretion and except that equitable remedies lie in the discretion of a court and may not be available, and assuming that they are enforceable against the Trustee.

(3) The Indenture creates the valid pledge which it purports to create of the Trust Estate, as defined therein.

(4) The Series 2011 Bonds have been duly and validly authorized and, assuming due execution, issued in accordance with law, including the Act, and in accordance with the Indenture and the Ninth Supplemental Indenture. The Series 2011 Bonds, together with the interest payable with respect thereto, are legal, valid and binding obligations of the Authority as provided in the Indenture, enforceable in accordance with their terms and the terms of the Indenture, except to the extent that the enforceability (but not the validity) of the Series 2011 Bonds may be limited by any applicable bankruptcy, insolvency, moratorium or other law or enactment now or hereafter enacted by the State or federal government affecting the enforcement of creditors' rights and may be subject to judicial discretion and except that equitable remedies lie in the discretion of a court and may not be available. The Series 2011 Bonds are entitled to the benefits of the Indenture and the Act.

(5) Neither of the State, Oneida County or Herkimer County, New York (collectively, the "Counties"), nor any other municipality or public corporation shall be liable on the Series 2011 Bonds. The Series 2011 Bonds are not a debt of the State, the Counties or any other municipality or public corporation.

(6) Interest on the Series 2011 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax imposed on such corporations. Interest on the Series 2011 Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof (including The City of New York). We express no opinion regarding other federal tax consequences arising with respect to the Series 2011 Bonds.

The scope of our engagement in relation to the issuance of the Series 2011 Bonds has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of revenues will be sufficient to enable the Authority to pay the principal of or interest on the Series 2011 Bonds as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Authority in relation to the Series 2011 Bonds for factual information which, in the judgment of the Authority, could materially affect the ability of the Authority to pay such principal and interest. While we have participated in the preparation of such

Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Authority, in connection with the sale of the Series 2011 Bonds, has made any untrue statement of a material fact or omitted a material fact necessary in order to make any made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

