

GUIDELINES OF THE STATE OF NEW YORK
MUNICIPAL BOND BANK AGENCY ESTABLISHING STANDARDS
FOR THE SALE AND REPORTING OF STATE OF NEW YORK
MUNICIPAL BOND BANK AGENCY BONDS

(As adopted April 5, 2007)

ARTICLE I

STATEMENT OF PURPOSE

101. The provisions set forth below (the "Guidelines") have been developed and are adopted to provide the State of New York Municipal Bond Bank Agency (the "Agency") with an administrative framework for conducting its bond sales. These Guidelines reflect and incorporate policies and practices that the Agency has followed. It is anticipated that the Guidelines will be amended from time to time to reflect the evolution of municipal finance practices. The Guidelines shall be reviewed and approved by the Directors at least annually.

ARTICLE II

DEFINITION OF TERMS

201. Definitions. The following terms shall, for purposes of these Guidelines, have the following meanings unless the context shall clearly indicate some other meaning:

"Act" shall mean the State of New York Municipal Bond Bank Agency Act, Section 2430 et seq of the Public Authorities Law.

"Agency" shall mean the State of New York Municipal Bond Bank Agency.

"Directors" shall mean the Directors of the State of New York Municipal Bond Bank Agency.

"Executive Director" shall mean the Executive Director of the State of New York Municipal Bond Bank Agency.

"Minority Business Enterprise" shall mean a business enterprise, as that term is defined in the Guidelines of the Agency Establishing Standards for the Use, Award, Monitoring and Reporting

of Procurement Contracts, (the "Procurement Guidelines").

"Officer" shall mean any person so defined in the By-Laws of the Agency.

"Women-Owned Business Enterprise" shall mean any business enterprise, as defined in the Agency's Procurement Guidelines.

ARTICLE III

SELECTION OF METHOD OF SALE

301. Upon authorization of a bond issue by the Directors of the Agency, the Executive Director or a designee shall select a method of sale from among the following:

a. **Public Competitive Sale.** When a particular bond issue is standardized and routine such that the specifics of the issue can be easily described in a public notice to bidders and for which the most important factor is the ultimate price of the issue, bids may be solicited from the public. The sale of bonds shall be advertised in a manner determined by the Executive Director or designee to provide adequate notice for the most practical and efficient sale.

b. **Public Negotiated Sale.** Bonds may be sold at public negotiated sale, upon the determination of the Executive Director or a designee, when the bond issue represents a new financing program; includes complex security, structuring, or other factors that require extensive explanation to potential purchasers of the bond; or has such other features as require extensive pre-marketing efforts in order to insure a cost-effective sale. In addition, the use of public negotiated sale is appropriate during periods of instability or uncertainty in the financial markets. In the case of a public negotiated sale, managing underwriters shall be selected in accordance with Article IV of these Guidelines.

c. **Private Placement.** Where the size of a bond issue would make it impractical or not cost effective to offer the bonds for sale to more than a limited number of ultimate purchasers, the Executive Director or designee may select a private placement sale, with the selection of the purchaser or placement agent for the bonds to be made in accordance with Article IV of the Guidelines.

ARTICLE IV

SELECTION OF MANAGING UNDERWRITERS

AND PRIVATE PLACEMENT AGENTS

401. Methods of Selecting Managing Underwriters and Private Placement Agents. At the time the Directors authorize the issuance of bonds by the Agency, the Directors shall select the managing underwriters or private placement agents for such sale of bonds. The following general procedures shall be followed:

(1) Establishment of Pre-qualified Panel. From time to time the Executive Director or designee shall issue a Request for Statements of Qualifications from investment banking firms with experience in the structuring and marketing of tax-exempt and taxable bonds for programs similar to the Agency's. The Executive Director or designee shall compile a qualified list of potential managing underwriters after evaluating the statements of qualifications on the basis of demonstrated experience, expertise and capabilities, and compliance with the Agency's affirmative actions policies.

(2) Requests for Proposals for Specific Financings. As appropriate in connection with the development and marketing of a specific bond issue, the Executive Director or designee may issue a Request for Proposals to firms on the pre-qualified panel of managing underwriters to solicit specific ideas and recommendations with respect to a specific bond issue.

(3) Selection of Managing Underwriters for Public Negotiated Sales. The Executive Director shall recommend to the Directors the managing underwriters for a specific bond issue to be sold through public negotiated sale, generally taking into account the following factors: (a) inclusion on the pre-qualified panel; (b) responses to a Request for Proposals, if any; (c) recommendations by the project developer or other beneficiary of the bond sale; (d) support provided to the Agency through the general marketing of Agency bonds and/or assistance in the development of new financing programs; and (e) such other factors that are deemed relevant to the particular bond issue.

(4) Selection of Private Placement Agent. Where it has been determined by the Executive Director or designee that a private placement is the appropriate method of sale, the Executive Director shall recommend to the Directors a placement agent generally taking into account the factors described in (3) above, as well as particular expertise and experience of effectuating a private placement in a cost-effective manner.

402. Promotion of Minority and Women-Owned Business Enterprises. It is the goal of the Agency to, among other things, promote and assist participation by Minority and Women-Owned Business Enterprises in the underwriting of the Agency's bonds. This goal shall be considered in the selection of managing underwriters and private placement agents as described in Subsection 401 above.

It is also the Agency's goal to select as managing underwriters or private placement agents those investment banking firms that have evidenced compliance with the laws of the State

of New York prohibiting discrimination in employment. The Agency recognizes that this goal may be achieved by selecting as managing underwriters or private placement agents those firms that have demonstrated that they do not discriminate in employment. Accordingly, the Executive Director or designee shall request from investment banking firms such information on employment policies and practices as is necessary to assess such firms` compliance with relevant laws and policies on equal employment opportunity and affirmative action.

ARTICLE V REPORTS ON BOND SALES

501. Quarterly Reports; Annual Report. The Agency shall, on a quarterly basis, prepare and approve a bond sale report which shall include the Agency's Bond Sale Guidelines, amendments to such guidelines since the last Agency report, and if necessary, an explanation of the Bond Sale Guidelines and the results of any sale during such period, including, but not limited to, the underwriter's discount and net interest costs of bonds (and shall include current comparable market net interest cost data) sold during the reporting period. Such bond sale report shall also identify which of the Agency's bond sales were conducted as public sales and which were conducted as private sales and of those, which were taxable, and describe the participation of minority and women-owned business enterprise firms in such sales. Such report shall also include the names of the senior managing underwriters or placement agent, and shall indicate the percentage of bond issues during such period for which any one senior managing underwriter or placement agent has performed as senior managing underwriter or placement agent. The quarterly reports may be part of any report that the Agency is required to make.

In addition to quarterly reports, the Agency, after approval by its Directors, shall annually submit its bond sale report, which shall incorporate the material included in its quarterly reports.

After approval by the Directors, copies of the bond sale report on bond sales shall be available to the public upon reasonable request at the Agency`s main office.

ARTICLE VI MISCELLANEOUS PROVISIONS

601. Powers of Amendment. Any modification or amendment of these Guidelines may be made by a Resolution adopted at any duly constituted Directors` meeting; provided, however, that no such modification or amendment shall abrogate the rights and duties of existing Agency contracts, the terms of which were established pursuant to these Guidelines; and further provided

that the Chairman or Executive Director may make non-material changes in these Guidelines.

602. No Recourse Under these Guidelines. No provision of these Guidelines shall be the basis for any claim based on these Guidelines against any Director, officer or employee of the Agency or the Agency itself. Furthermore, notwithstanding the provisions of these Guidelines, once the Directors have authorized the issuance of bonds, these Guidelines shall not be construed to restrict in any way the issuance of such bonds.

603. Effect upon Existing Agency Contracts. These Guidelines shall not abrogate the rights and duties of Agency contracts with third parties executed prior to the effective date of these Guidelines.