

**Minority and Women-Owned
Business Enterprise (MWBE)
Task Force
Underwriter Recommendations**

October 30, 2008

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MWBE Task Force Underwriter Recommendations

On June 26, 2008, the Governor signed Executive Order 10 which established a Task Force to increase the utilization of Minority and Women-Owned Business Enterprise underwriters in State debt offerings. The Task Force was charged with making recommendations with regard to the development and issuance of new solicitations for underwriting services as well as underwriting performance measures to evaluate all investment banks. In developing these recommendations, the Task Force was directed to consider ways to improve the RFP process, to establish ways for MWBE firms to partner and increase their ability to be sole senior managers, to identify and eliminate barriers to entry, and to recommend revisions to designation policies to encourage the participation of MWBE firms.

In signing Executive Order 10, the Governor referenced the historic 1988 law which established a comprehensive, statewide Minority and Women-Owned Business Enterprise Program. The Governor also referenced that of the \$22 billion in bonds the State has sold since April 1, 2004, MWBE firms have participated in the role of senior manager or co-senior manager on only 4% of these transactions. As such, the first order of business for the Task Force was to examine the underwriting process for State debt offerings.

The Executive Order challenged the Task Force to make historic recommendations. The themes that run throughout the recommendations are leveling the playing field, eliminating barriers to entry, providing opportunities to firms to demonstrate their qualifications, skills and expertise, and measuring performance. We are challenging firms to compete; and we are ensuring that they have a level playing field from which to compete. We are demanding that firms perform; and we are eliminating barriers to entry to ensure that they are given the opportunity to perform. We are holding the highest standards for qualifications, skills and expertise; and we know based on their experience that once we establish a level playing field that MWBE firms will perform, compete and meet these expectations.

The recommendations contained in this report address all of the underwriter issues highlighted in the Executive Order and represent the work of all of the members of the Task Force which include the five State-Supported Debt Issuers – Dormitory Authority, Empire State Development Corporation, Environmental Facilities Corporation, Housing Finance Agency and the Thruway Authority – as well as three members appointed by the Governor.

In less than four months, the Task Force surveyed all of the State public authorities regarding their practices, examined the policies and practices of the State-Supported Debt Issuers, held a public hearing at which over twenty firms testified, convened four formal meetings of the members, worked collaboratively through staff and developed a comprehensive set of recommendations for the underwriting process. Set forth below are a set of thirty recommendations regarding underwriting services which the Task Force believes meet the challenge and objectives of Executive Order 10.

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2. Staff Underwriter Review
3. Sample Deal Template
4. Sample Orders, Allotments and Designations Template

MWBE Task Force Underwriter Recommendations: Request for Proposals

The Underwriter Request for Proposal (RFP) process is the fundamental framework for Issuers of State-Supported Debt to identify qualified banking firms and for banking firms to seek underwriting opportunities. This competitive process establishes the platform from which the opportunity to provide services is accessed. It is critical that this process be open, fair and performance based. It is equally important that this process ensures a level playing field for all firms, including MWBE firms, and that it addresses and eliminates unintended barriers to entry.

The RFP process should result in Issuers having access to the best service possible and at the most economic levels. It should also allow for banking firms to be able to demonstrate their relevant skills and reflect the changes in those skills over time. The timing of the RFPs and the ongoing review of the firms selected should recognize both the administrative and operational demands on the Issuer as well as the rapidly changing market environment and business plans of the firms and their expertise. Given the significant and sizable changes that the financial services industry is currently experiencing, this should benefit both the issuers and the banking firms.

1) RFP Process

- a. Require Shorter RFP Cycles to Ensure Reasonable Access: State-Supported Debt Issuers typically have RFP cycles of three or four years. Some Issuers also allow for up to two one-year renewals. The existing cycle times preclude firms who have not been chosen for a panel from the opportunity to provide services for a long period of time.

Recommendation: Require a two year RFP cycle with one 6 month renewal and an additional 6 month renewal only upon extraordinary circumstances. State-Supported Debt Issuers must make a good faith effort to achieve the two year cycle.

- b. Require Mid-Cycle Review to Assess Performance of Firms: Existing RFPs contemplate a static pool for the duration of the RFP cycle. Given the rapidly changing market environment, performance and qualifications of firms is more uncertain and fluid.

Recommendation: Authorize State-Supported Debt Issuers to review their underwriter panels at any time during the RFP cycle; require State-Supported Debt Issuers to review their underwriter panels after one year to assess performance of the firms on the panel. Issuers would be allowed to move firms on the panel up and down between tiers based on performance such as sales performance, banking ideas and personnel changes. Issuers would be required to determine the appropriate process, criteria and documentation for the decision to move firms between tiers.

- c. Allow State-Supported Debt Issuers to Fill Underwriter Vacancies to Address Market Conditions: Existing RFPs do not address the issue of filling vacancies on the panel. Current market conditions with the consolidation of firms and firms leaving the municipal business have left State-Supported Debt Issuers with smaller panels than anticipated.

Recommendation: Allow State-Supported Debt Issuers to fill vacancies at any time from among the firms on the Issuer's panel. Issuers would be required to determine the appropriate process, criteria and documentation for the decision to fill a vacancy with a particular firm.

- d. Allow State-Supported Debt Issuers to Enable Firms to Join the Selling Group at Any Time to Provide Access to Qualified Firms: Selling Group Members provide valuable support to Issuers by generating retail orders. Allowing Selling Group Members to join the panel on an ongoing basis is of value to the Issuer as strong retail demand helps to ensure good pricing execution. This would provide opportunities for firms to access the Issuers' bonds as well as have the opportunity to move to more senior positions based upon performance and qualifications.

Recommendation: Allow State-Supported Debt Issuers to enable firms to join the Selling Group at any time based upon satisfactory registration requirements including NASD/FINRA and SEC.

- e. Require RFPs to include Requirement that All Firms on State-Supported Debt Issuers' Underwriter Panels Provide Updated Information Regarding Capital to Ensure that Issuers Have Current Information: Traditionally, State-Supported Debt Issuers request information regarding capital in their RFPs. This information, however, is not updated. Given the rapidly changing events in the financial services industry, issuers would benefit from more current information. A periodic update would ensure that issuers have current information. This would also dovetail with issuers' undertaking their mid-cycle performance reviews.

Recommendation: Require all Firms which are included in State-Supported Debt Issuers' underwriter panels to update their capital information annually. This information should include the firm's most recent SEC FOCUS (Financial and Operational Combined Uniform Single) report. In addition, Firms should notify Issuers if there is a significant change or impairment of capital upon such occurrence.

2) **Timing of RFP Issuance**

- a. Stagger RFP Issuance by State-Supported Debt Issuers to Provide Ongoing Opportunities to Firms: The five State-Supported Debt Issuers do not coordinate when they issue their Underwriter RFPs. A coordinated approach would enable firms to have ongoing opportunities to present their qualifications to the State.

Recommendation: Stagger the issuance of Underwriter RFPs by State-Supported Debt Issuers to provide for maximum continual opportunities to firms.

<i>Example:</i>	
<i>Environmental Facilities Corp.:</i>	<i>November 2008</i>
<i>Dormitory Authority:</i>	<i>December 2008</i>
<i>Housing Finance Agency:</i>	<i>January 2009</i>
<i>Empire State Development Corp.:</i>	<i>June 2009</i>
<i>Thruway Authority:</i>	<i>September 2009</i>

3) Request for Proposal (RFP) Template

- a. Require Universal RFP Template to Standardize the Underwriter Procurements of State-Supported Debt Issuers: State-Supported Debt Issuers look for the same general characteristics when selecting underwriter panels. Adopting a Universal RFP Template would be more efficient for the firms submitting responses.

Recommendation: Require State-Supported Debt Issuers to develop and use a universal RFP template which standardizes the information sought from firms. The Universal Template should allow for a section which addresses any State-Supported Debt which may be distinct to a particular Issuer as well as the specific business lines of each authority separate from State-Supported Debt.

- b. Revise Assessment Criteria to Eliminate Barriers to Entry: State-Supported Debt Issuers have included language in their RFPs which present barriers to entry for smaller firms and firms that have not done business with New York issuers historically. Revising the current assessment criteria would provide opportunities to all firms.

➤ *Recommendation: Revise questions in the RFP to eliminate barriers to entry. Examples include:*

- *Experience with Issuer or New York State Issuers – include national experience with similar credits;*
- *Experience with large deals – include experience with smaller deals as well;*
- *Experience of personnel – include experience that personnel has had at other firms;*
- *Sales and distribution – include deals with other issuers with similar credits and how this experience relates to the marketing plan for State-Supported Debt;*
- *Secondary Market support – include expertise and commitment to the secondary market;*
- *Capital – include assessment of capital devoted specifically to municipal finance and amount of leverage associated with the capital.*

➤ *Recommendation: Also include other factors which State-Supported Debt Issuers should consider as “tie breakers” such as:*

- *Firm diversity – include the diversity of firm’s key personnel on issuer’s account;*
- *New York State presence – include information regarding extent of New York State presence;*
- *Joint Venture Partnerships – ask for ideas for joint venture partnerships;*
- *Corporate Citizenship – ask for information regarding firm’s efforts in this area.*

c. Qualify Firms into Smaller Number of Tiers to Provide Greater Opportunities to Firms: Qualifying firms into multiple tiers has historically locked firms into certain roles. Establishing fewer tiers in the panel selection will provide greater flexibility for firms.

Recommendation: Reduce the number of tiers in the underwriter panels to include senior managers, co-managers and selling group members. Issuers would have flexibility to create co-senior managers as needed on specific transactions from either the senior manager tier or co-manager tier. This provides greater flexibility for co-managers to grow into more senior roles.

d. Require Uniform Set of Minimum Review Criteria to Ensure Consistency Among State-Supported Debt Issuers: State-Supported Debt Issuers have traditionally crafted individual RFPs with corresponding review criteria. With the adoption of a Universal RFP, the State-Supported Debt Issuers should also adopt a uniform set of minimum review criteria.

Recommendation: Require a uniform set of minimum review criteria to be used by State-Supported Debt Issuers that reflects the uniform RFP.

MWBE Task Force Underwriter Recommendations: Performance Measures

Underwriter performance measures will provide the Issuers of State-Supported Debt with tools to assess the service provided by underwriting firms. These performance measures will be consistent across all State-Supported Debt Issuers and will capture pricing execution, underwriting support and investor interest.

The performance measures are intended to work in tandem with the RFP process. The RFP recommendations together with the recommendations with respect to underwriter performance measures should work to reinforce each other. The information provided through the performance reviews will enable State-Supported Debt Issuers to assess the performance of firms during the mid-cycle review of the RFP panel selection.

In turn, the reports by the Issuers of State-Supported Debt which will be generated from the performance measures will enable the Issuers and the Task Force to track the utilization of MWBE firms. And finally, the reports from all of the firms on their development and diversity will help enable the Task Force and the Issuers to track the progress of all of the firms in their efforts to promote diversity and to assess the impact of these efforts.

1) General Underwriter Performance Measures

a. Require Senior Managers to Provide Uniform Data for Each Financing to Capture Overall Participation and Pricing Execution by the Management Team

Recommendation: Require Senior Managers to complete uniform template which captures pricing execution data to determine underwriters' performance including placing going away orders, underwriters' willingness to place stock orders in difficult portion of the yield curve and underwriters' overall support of the issuer's financing. (See Attachment 1 - Underwriter Spreadsheet/Pricing Worksheet) Data includes:

- *Coupon, yield and spread to MMD (beginning and end of day) for retail order period and institutional pre-pricing and post-pricing;*
- *Orders and allotments by banking firm;*
- *Designations by firm; and*
- *Initial and final orders by investor.*

- b. Require State-Supported Debt Issuers to Complete Qualitative Survey to Assess Overall Performance of Senior Manager

Recommendation: Require State-Supported Debt Issuers to complete a qualitative review of Senior Manager performance after each transaction to assess underwriter responsiveness to market conditions and investor demand, syndicate management and communication, the extent to which the underwriter provided useful research and ideas, and the extent to which the Senior Manager helped to further the objectives of the Issuer. (See Attachment 2 – Staff Underwriter Review)

2) **Information Sharing**

- a. Require State-Supported Debt Issuers to Share Data in a Central Repository

Recommendation: Require State-Supported Debt Issuers to share with each other the data described in Recommendation #1a above in a central repository. This would enable Issuers to gain insight from the experience of their colleagues.

3) **Reports by State-Supported Debt Issuers to Task Force**

- a. Require State-Supported Debt Issuers to Track Uniform Data regarding Orders, Allotments and Designations for all Firms including MWBE firms on Each Financing and Report to the Task Force on a Periodic Basis

Recommendation: Require State-Supported Debt Issuers to use the data provided by the Senior Managers to track orders, allotments and designations for each firm on each financing to determine which firms are supporting each deal. This data will also enable issuers to track the economics of each transaction. (See Attachments 3 – Sample Deal Template and Attachment 4 – Sample Orders, Allotments and Designations Template)

- b. Determine an Appropriate Entity to Track Data Once the Task Force Concludes its Charge

Recommendation: Determine an appropriate entity to monitor and track data once the Task Force concludes its final report which is due to the Governor on January 31, 2010.

4) **Reports by Underwriting Firms to Task Force**

a. Require Firms to Report on their Development and Diversity

Recommendation: Require Firms to report annually to the Task Force and each of the State-Supported Debt Issuers annually on the following factors:

- *Number of employees (professional and support) in state at the beginning and end of each year broken out into total firm numbers and municipal finance department numbers;*
- *Number of minority and women employees (professional and support) at the beginning and end of each year broken out into total firm numbers and municipal finance department numbers;*
- *Annual NYS taxes paid, annual NYS revenues, and annual overall revenues;*
- *Unrestricted net capital at the beginning and end of each year;*
- *Internships and other examples of corporate citizenship.*

MWBE Task Force Underwriter Recommendations: Goals, Syndicate Formation and Designation Policies

The goals of the Issuers of State-Supported Debt represent the framework for the utilization of MWBE firms. Syndicate formation and designation policies are the tools which may be used to achieve these goals, and which build upon the RFP process and underwriter performance measures.

Syndicate formation and designation policies should be tailored to reflect the various different transactions undertaken by Issuers of State-Supported Debt. Different syndicate structures and different designation policies may be used to achieve the same effect of meeting the goals of the Issuers. The designations included in these recommendations include various models which seek to identify roles for MWBE firms throughout the tiers of Senior Manager, Coordinating Manager, Co-Senior Manager and Co-Manager. The Task Force believes that decision making regarding various ways to achieve these goals should be left to the individual Issuers.

1) MWBE Goals

a. Establish Goals for MWBE Utilization in State-Supported Debt Transactions

Recommendation: The Task Force recommends that State-Supported Debt Issuers should establish aspirational goals for meaningful MWBE utilization in State Supported Debt issuance. Each of the Chief Executives of the State-Supported Debt Issuers has reviewed this issue and will establish an aspirational goal of 20% for MWBE utilization in State-Supported Debt issuance through various designation policies. Each of the State-Supported Debt Issuers should also work together in their efforts to achieve these aspirational goals. The Task Force will monitor each State-Supported Debt Issuer relative to the goals they have established.

b. Address MWBE Utilization in Non-State-Supported Debt Transactions and Private Client Transactions

Recommendation: The Task Force recognizes that several State-Supported Debt Issuers undertake highly specialized financings or financings on behalf of private borrowers. The Task Force believes that each State-Supported Debt Issuer should seek to significantly increase MWBE utilization in these financings in a manner to be developed at the Issuer level. The Task Force will monitor each Issuer relative to the actions taken to increase MWBE utilization in these financings.

2) **Syndicate Structure and Designation Policies**

a. Increase Utilization of MWBE Firms in State-Supported Debt Transactions

Recommendation: To help achieve their overall goals, State-Supported Debt Issuers should use various syndicate structures and designation policies which increase the utilization of MWBE firms. Issuers of State-Supported Debt would determine the appropriate syndicate structures and designation policies for individual transactions. Model designation policies include:

- *Use MWBE Firm as sole Senior Manager
 - *Designate 40% - 50% to Senior Manager**
- *Use two firms as Senior Managers on larger transactions including one MWBE firm
 - *Designate 30% to each Senior Manager*
 - *Use one firm as Bookrunner*
 - *Share SDC and League Table credit**
- *Use more than two firms as Senior Managers on larger transactions including one or more MWBE firms
 - *Allow firms to pool their designations and then share them equally*
 - *Use one firm as Bookrunner*
 - *Share SDC and League Table credit**
- *Use Senior Manager together with Coordinating Manager including MWBE firm as Coordinating Manager
 - *Designate 40% to Senior Manager and 20% to Coordinating Manager*
 - *Split SDC and League Table credit**
- *Use MWBE Firms and other small firms as Co-Senior Managers
 - *Designate 30-40% to Senior Manager and 20-30% to Co-Senior Managers with 40% left to remainder of management team.**
- *Include MWBE Firms and other small firms as Co-Managers
 - *Designate 30-50% to Senior Manager and 10-30% to among a group of MWBE and other small Co-Managers with 40% left to remainder of management team.*
 - *Specifically list a group of Co-Manager firms to be designated**

b. Encourage Joint Venture Partnerships

Recommendation: Encourage firms to enter into joint venture partnerships and encourage State-Supported Debt Issuers to create partnerships to support information exchange as well as the building of capacity and expertise. Designation policies should be created to reflect the nature of the partnership.

c. Encourage the Use of Large Selling Group on Large State-Supported Debt Transactions to Gain Greater Retail Distribution

Recommendation: On large State-Supported Debt transactions, use a large selling group comprised of all firms on Issuer's list of selling group members and all firms not otherwise used as Senior Manager, Co-Senior Manager or Co-Manager. This would enable greater retail distribution and lessen the potential capital needed by the Senior Manager, making it easier for firms with less capital including MWBE firms to senior manage transactions. This would also provide a level playing field from which to evaluate the performance of all firms on all State-Supported Debt transactions.

3) Capital Requirements

a. Require Firms to Provide Updated Disclosure regarding Capital and Access to Credit at the Time of Each State-Supported Debt Transaction

Recommendation: Require Senior Managers to provide information to State-Supported Debt Issuers at the time of each transaction to demonstrate that they have sufficient net capital to support the financing. Firms would be required to provide the most recent SEC FOCUS (Financial and Operational combined Uniform Single) Report and disclose current information including a) net capital, b) debt liabilities, c) net capital ratio and d) credit lines that are available to support the underwriting. In addition, firms would be required to certify that they have sufficient net capital to maintain compliance with SEC Rule 15c 3-1 with respect to the specific transaction. Although State-Supported Debt Issuers ask for data regarding capital and ability to underwrite at the time of the RFP, this information is not updated. Requiring this information at the time of each transaction will ensure that the Issuer has timely and meaningful data.

4) Allotment Process

a. Encourage Issuers to Actively Oversee the Allotment Process to Ensure that Firms Which Bring Net Designated Orders are Treated Fairly

Recommendation: State-Supported Debt Issuers should actively oversee the allotment process. While the Senior Manager is responsible for running the books, it is the responsibility of the Issuer to ensure that the other firms on the management team are treated fairly when they bring in net designated orders. Also, due to the turbulence in today's market, it is in the interest of the Issuers to have underwriters build a book of orders before deals are put to market.

5) Communication

a. Encourage Better Communication Among the Management Team

Recommendation: Require Senior Manager to include Co-Senior Managers on all structuring, market update and pricing calls with the State-Supported Debt Issuer. This would help ensure that the Co-Senior Manager firms have the best and most up to date information in order to effectively address the Issuer's needs.

6) Senior Manager Flexibility

a. Allow Co-Managers who Provide an Innovative Idea to Senior Manage State-Supported Debt Transaction to Incentivize Performance and Encourage Competition

Recommendation: Allow Co-Managers who provide an innovative idea for State-Supported Debt to senior manage the transaction. This would encourage all co-managers including MWBE firms to show good ideas and receive the economic benefits.

MWBE Task Force Underwriter Recommendations: Other Issues

A number of the issues that were considered by the Task Force fall outside of the jurisdiction of the Issuers of State-Supported Debt including MWBE certification issues, other ways to capitalize MWBE firms and the ability of local governments to issue debt through negotiated sale. The Task Force will bring these issues to the attention of the appropriate policy makers to further the goals of Executive Order 10 as it relates to issues surrounding underwriting by MWBE firms.

1) MWBE Certification

a. Initiate Discussions with the Department of Economic Development Division of Minority and Women Business Development Regarding MWBE Financial Services Firms

- *Recommendation: Consider MWBE certification criteria that are unique to the finance sector. (Legislation is required.)*
- *Recommendation: Consider creating a website so that firms applying for MWBE certification can easily check the status of their application. (Appropriation is required.)*

2) Other Investment in MWBE Firms

a. Initiate discussions with NYS Common Retirement Fund regarding MWBE Issues

Recommendation: Initiate discussions with NYS Comptroller/NYS Common Retirement Fund to discuss whether there are ways to use the NYS Common Retirement Fund's investment options consistent with the Comptroller's fiduciary standard to assist MWBE firms and bond financings lead by MWBE firms. Explore private equity investment in MWBE firms through the NYS Common Retirement Fund. The NYS Common Retirement Fund currently invests in private equity firms which provide venture capital as well as private equity firms which are targeted to business development in New York State.

3) Local Finance Law Limits

a. Initiate Discussion with Local Governments to Assess the Issues regarding Increasing the Local Finance Law Cap for Negotiated New Money Issues

Recommendation: Initiate discussion with local governments to assess the issues regarding raising the New York Local Finance Law cap on negotiated new monies issues to \$10 million. The Local Finance Law which governs local government bond issues currently prohibits negotiated new money transactions over \$1 million subject to certain exceptions. Given current market volatility, raising the cap, which was last raised in 1991 may provide additional options to local governments and may also provide opportunities to firms including MWBE firms in this sector. (Legislation is required.)

**Series 2008 Bonds
Pricing worksheet**

Ratings:	
Moody's	Aaa/A2
Standard & Poor's	NR
Fitch	NR

UNDERWRITERS	
Senior Lead	
Co-Manager	
Co-Manager	
Co-Manager	
Co-Manager	
Co-Manager	
Co-Manager	

Economic Indicators	Last	Forecast	Actual
Pending Home Sales	88.2	86.4	
Wholesale Inventory	+1.3%	+0.7%	
Wholesale Sales	+1.4%	+0.7%	
Consumer Credit	+\$8.9B	+\$7.0B	

Economic Indicators	Last	Forecast	Actual

Treasury Yields	
2-YR	
10-YR	3.92%
30-YR	4.51%

Treasury Yields	
2-YR	
10-YR	
30-YR	

Treasury Yields	
2-YR	
10-YR	
30-YR	

Initial Order Period Tuesday July 25, 2008 9:30 AM										Final pricing Tuesday July 26, 2008 12:00 PM														
Maturity	Principal amount	Serial or Term	Coupon	Yield	Morning MMD Spread	Afternoon MMD Spread	Principal amount	Serial or Term	Coupon	Yield	Morning MMD Spread	Afternoon MMD Spread	Principal amount	Serial or Term	Coupon	Yield	Morning MMD Spread	Afternoon MMD Spread	Principal amount	Serial or Term	Coupon	Yield	Morning MMD Spread	Afternoon MMD Spread
2009		S	SB	SB				S	4.000%	1.950%				S	4.000%	1.950%				S	4.000%	1.950%		
2010		S	3.000%	2.600%	0.100%	0.100%		S	3.000%	2.570%	0.100%	0.100%		S	3.000%	2.570%	0.100%	0.100%		S	3.000%	2.570%	0.100%	0.100%
2011		S	3.000%	2.970%	0.120%	0.120%		S	3.000%	2.950%	0.120%	0.120%		S	3.000%	2.950%	0.120%	0.120%		S	3.000%	2.950%	0.120%	0.120%
2012		S	3.100%	3.210%	0.150%	0.150%		S	3.100%	3.190%	0.150%	0.150%		S	3.100%	3.190%	0.150%	0.150%		S	3.100%	3.190%	0.150%	0.150%
2013		S	3.250%	3.360%	0.180%	0.180%		S	3.250%	3.340%	0.180%	0.180%		S	3.250%	3.340%	0.180%	0.180%		S	3.250%	3.340%	0.180%	0.180%
2014		S	3.500%	3.500%	0.200%	0.200%		S	3.400%	3.480%	0.200%	0.200%		S	3.400%	3.480%	0.200%	0.200%		S	3.400%	3.480%	0.200%	0.200%
2015		S	3.500%	3.610%	0.200%	0.200%		S	3.500%	3.600%	0.200%	0.200%		S	3.500%	3.600%	0.200%	0.200%		S	3.500%	3.600%	0.200%	0.200%
2016		S	4.000%	3.730%	0.210%	0.210%		S	4.000%	3.710%	0.210%	0.210%		S	4.000%	3.710%	0.210%	0.210%		S	4.000%	3.710%	0.210%	0.210%
2017		S	5.000%	3.850%	0.220%	0.220%		S	5.000%	3.830%	0.220%	0.220%		S	5.000%	3.830%	0.220%	0.220%		S	5.000%	3.830%	0.220%	0.220%
2018		S	5.000%	3.960%	0.220%	0.220%		S	5.000%	3.940%	0.220%	0.220%		S	5.000%	3.940%	0.220%	0.220%		S	5.000%	3.940%	0.220%	0.220%
2019		S	5.000%	4.100%	0.250%	0.250%		S	5.000%	4.050%	0.250%	0.250%		S	5.000%	4.050%	0.250%	0.250%		S	5.000%	4.050%	0.250%	0.250%
2020		S	5.000%	4.200%	0.250%	0.250%		S	5.000%	4.150%	0.250%	0.250%		S	5.000%	4.150%	0.250%	0.250%		S	5.000%	4.150%	0.250%	0.250%
2021		S	5.000%	4.280%	0.250%	0.250%		S	5.000%	4.230%	0.250%	0.250%		S	5.000%	4.230%	0.250%	0.250%		S	5.000%	4.230%	0.250%	0.250%
2022		S	5.000%	4.340%	0.250%	0.250%		S	5.000%	4.310%	0.250%	0.250%		S	5.000%	4.310%	0.250%	0.250%		S	5.000%	4.310%	0.250%	0.250%
2023		S	5.000%	4.400%	0.250%	0.250%		S	5.000%	4.370%	0.250%	0.250%		S	5.000%	4.370%	0.250%	0.250%		S	5.000%	4.370%	0.250%	0.250%
2024		S	5.000%	4.460%	0.250%	0.250%		S	5.000%	4.440%	0.250%	0.250%		S	5.000%	4.440%	0.250%	0.250%		S	5.000%	4.440%	0.250%	0.250%
2025		S	5.000%	4.500%	0.240%	0.240%		S	5.000%	4.480%	0.240%	0.240%		S	5.000%	4.480%	0.240%	0.240%		S	5.000%	4.480%	0.240%	0.240%
2026		S	5.000%	4.530%	0.220%	0.220%		S	5.000%	4.530%	0.220%	0.220%		S	5.000%	4.530%	0.220%	0.220%		S	5.000%	4.530%	0.220%	0.220%
2027		S	5.000%	4.560%	0.200%	0.200%		S	5.000%	4.550%	0.200%	0.200%		S	5.000%	4.550%	0.200%	0.200%		S	5.000%	4.550%	0.200%	0.200%
2028		S	5.000%	4.610%	0.200%	0.200%		S	5.000%	4.580%	0.200%	0.200%		S	5.000%	4.580%	0.200%	0.200%		S	5.000%	4.580%	0.200%	0.200%
2033		T	5.000%	4.780%	0.200%	0.200%		T	5.000%	4.740%	0.200%	0.200%		T	5.000%	4.740%	0.200%	0.200%		T	5.000%	4.740%	0.200%	0.200%
2038		T	5.000%	4.830%	0.200%	0.200%		T	5.000%	4.780%	0.200%	0.200%		T	5.000%	4.780%	0.200%	0.200%		T	5.000%	4.780%	0.200%	0.200%
					0						0						0						0	

Negotiated Comprables:				
Date	Deal	Final Maturity	Final Yield	Spread to MMD

Competative Comprables:				
Date	Deal	Final Maturity	Final Yield	Spread MMD

Commentary



Dormitory Authority - State of New York
Staff Underwriter Review of: _____

Lead Underwriter:

Sale Type: Negotiated

Issue Name:

Par Amount:

Program:

Closing Date:

Purpose: New Money

Rate Type: Fixed

Tax Status: Tax-Exempt

Process Type: Standard

Question	5 Very Satisfied	4 Somewhat Satisfied	3 Neither	2 Somewhat Dissatisfied	1 Very Dissatisfied	Not Applicable
Process						
Completely described the financing structure	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provided accurate and timely information	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Developed realistic financing schedule and time frame	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Structured the transaction within the confines of Regulatory Authority and Authority Guidelines	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Did the Underwriter present any creative ideas or exceptional research?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Pre-Pricing						
Provided detailed schedule of various pricing calls including pricing wires	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provided internal and external sales memoranda	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provided a list of useful comparable transactions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Listed appropriate benchmark indices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provided adequate description of market conditions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Question	5 Very Satisfied	4 Somewhat Satisfied	3 Neither	2 Somewhat Dissatisfied	1 Very Dissatisfied	Not Applicable
Final Pricing						
Provided final pricing wires	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provided timely final numbers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provided list of the order book by investor and investor type from initial order period	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provided final orders and allotments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provided bond allocations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provided Designations by Par and Takedown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provided list of final book by investor and investor type	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Did Senior Managing Underwriter maximize the use of MWBE Firms? (if applicable)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Communication						
Responded to requests quickly	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provided solutions to inquiries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Offered personal attention to inquiries	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kept the analyst apprised of changes in structuring	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kept the Working Group apprised of changes in schedule	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Did the Underwriter communicate with syndicate in a timely and efficient manner?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Overall Performance						
Responsiveness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Execution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Organization	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Communication	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reasonableness of Fees						
Management Fee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Takedown	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Miscellaneous Expenses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Provides accurate costs of issuance	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mortgage Banking Fee (if applicable)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Question	5 Very Satisfied	4 Somewhat Satisfied	3 Neither	2 Somewhat Dissatisfied	1 Very Dissatisfied	Not Applicable
Marketing of DASNY Bonds						
Diversification of portfolio	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Spread to MMD based on comparables	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments:

Analyst: Matthew Bergin

Date of Report:

**\$516,455,000 Mental Health Services Facilities Improvement Revenue Bonds
Series 2008 A, B, C, D and E**

Date: July 2008
S&P Rating: AA-/Stable
Fitch Rating: A+/Positive
Bond Insurance: Certain Maturities insured by FSA (AAA/AAA)

Senior Managers: JP Morgan and Lehman

Co-Senior Managers: Goldman Sachs
Merrill Lynch
Ramirez
Wachovia

Co-Managers: Cain Brothers
DEPFA First Albany
Jackson Securities
Morgan Stanley
Raymond James
Roosevelt and Cross
Sterne, Agee & Leach

Selling Group: BB&T Capital Markets
Cabrera Capital
Doley Securities
Emmet & Co.
Morgan Keegan
Oppenheimer & Co.
Podesta & Co.
Rice Derivatives Holdings
Stone & Youngerg

Designation Policy: At least four firms must be designated.
No firm may receive more than 30% of any designation.
JP Morgan and Lehman must each be designated 30%.
Selling group members may be designated in aggregate up to 10% of any allotment.

Priority Orders

Retail: New York Retail
National Retail

Priority Orders

Institutional: Net designated
Member

Liability Policy:

Senior Managers: JP Morgan (30%) and Lehman (29%) = 59%
Co-Senior Managers: 5% for each of four firms = 20%
Co-Managers: 3% for each of seven firms = 21%

SAMPLE
Dormitory Authority
Orders, Allotments & Designations
Mental Health Series 2008A-E
July 2008

Underwriters	Retail Orders Placed	Net Designated Orders Placed	Member Orders Placed	Net Total Orders	Retail Orders Allotted	Net Designated Orders Allotted	Member Orders Allotted	Total Allotments	Amount Designated by Par Amount of Bonds	Amount from Takedown	Liability
LEAD MANAGER											
J.P. Morgan Securities				0				0			
Lehman Brothers				0				0			
CO-SENIOR MANAGERS											
Goldman Sachs				0				0			
Merrill Lynch				0				0			
Ramirez & Co.				0				0			
Wachovia				0				0			
CO-MANAGERS											
Cain Brothers & Co.				0				0			
DEPFA First Albany				0				0			
Jackson Securities				0				0			
Morgan Stanley				0				0			
Raymond James				0				0			
Roosevelt & Cross				0				0			
Sterne, Agee, & Leach, Inc.				0				0			
SELLING GROUP											
BB&T Capital Markets				0				0			
Cabrera Capital				0				0			
Doley Securities				0				0			
Emmett & Co.				0				0			
Morgan Keegan				0				0			
Oppenheimer & Co.				0				0			
Podesta & Co.				0				0			
Rice Derivatives Holdings				0				0			
Stone & Youngberg				0				0			
TOTALS	0	0	0	0	0	0	0	0	0	0	0

Management Fee: \$0