

July 29, 2014

**MEMORANDUM TO THE TRUSTEES**

**FROM THE PRESIDENT and CHIEF EXECUTIVE OFFICER**

**SUBJECT: Selection of Firms to Serve as Authority Underwriters**

**SUMMARY**

The Trustees are requested to approve the appointment of a prequalified underwriting pool of Senior Managers, Co-Managers and Selling Group members to originate, underwrite and sell the Authority's Debt Obligations for a period of three years.

**BACKGROUND**

The Authority's 2014 – 2017 Approved Budget and Financial Plan includes approximately \$1 billion in expenditures for various infrastructure initiatives, such as the Transmission and Lewiston Pump Generating Plant life extension and modernization programs. Additionally, the four-year plan includes approximately \$1 billion in investments in Energy Efficiency measures, bringing average annual total demand for capital funding resources to about \$500 million per year. These initiatives, in part, are expected to be financed via the sale of Debt Obligations ("debt") in the capital markets. Opportunities also exist to refund certain series of the Authority's Revenue Bonds beginning on their first call date of November 15, 2015. To be able to enter the capital markets as conditions and needs arise, the Authority issued a Request for Qualifications ("RFQ") (Q-14-5577MR) to pre-qualify firms to assist in originating, underwriting and selling the Authority's debt.

**DISCUSSION**

Earlier this year, the Authority issued a RFQ for firms interested in providing underwriting services for Authority debt issuances. The RFQ was advertised in the *New York State Contract Reporter*. Banks, brokers and dealers that have expressed an interest in providing such services to the Authority were invited to respond to the RFQ. In consideration of the recommendations of a State Task Force established to increase the use of Minority and Women-Owned Business Enterprise ("MWBE") underwriters, firms certified with the New York State Department of Economic Development were also invited to respond to the RFQ. In total, thirty-one firms responded to the RFQ either individually or as joint partnerships, of which thirteen were MWBEs and two were Disabled Veteran Enterprises ("DVE").

The Authority's evaluation of responses took into consideration several qualitative characteristics essential for a successful underwriting team. Specifically, responses were evaluated for firm experience in structuring, underwriting and selling both tax-exempt and taxable bond and note issues; knowledge of the Authority, its business markets and the public power industry; the ability and demonstrated willingness to underwrite bonds; financial strength and capital position, including excess net capital allocated to public finance; distribution

capability in the retail and institutional sectors; diversity and commitment to equal employment opportunities, including the willingness to partner with an MWBE and/or DVE; and value-added services and financing proposals aimed at cost savings or debt structuring.

Based on staff's evaluation, the following firms exhibited the qualifications that would make them suited to serve in a Senior or Co-Senior underwriting capacity. Based on their combined experience and distribution capabilities, staff believes the team will be able to market the Authority's debt at the lowest possible interest cost with wide investor participation.

### **Senior Managers**

- Bank of America Merrill Lynch
- Barclays Capital Inc. with Rice Financial Products Company\* and Duncan-Williams, Inc.\* (joint proposal)
- Citigroup Global Markets Inc.
- Goldman, Sachs & Co.
- J.P. Morgan Securities LLC with Academy Securities\* and Estrada Hinojosa & Company, Inc.\* (joint proposal)
- Loop Capital Markets LLC \*
- Mesirov Financial, Inc. with Blaylock Beal Van LLC\* (joint proposal)
- Morgan Stanley & Co. LLC
- Ramirez & Co., Inc. \*
- Wells Fargo Bank, N.A.

In addition to the selection of Senior Managers, the following firms are being recommended to serve as Co-Managers and Selling Group Members based on their qualifications to distribute and/or underwrite bonds:

### **Co -Managers**

- BMO Capital Markets
- BNY Mellon Capital Markets, LLC
- CastleOak Securities, L.P. \*
- Drexel Hamilton, LLC\*
- M&T Securities, Inc.
- RBC Capital Markets, LLC
- Roosevelt & Cross Incorporated
- Siebert Brandford Shank & Co., L.L.C. \*
- TD Securities LLC
- The Williams Capital Group, L.P.\*

### **Selling Group Members**

- Robert W. Baird & Co., Incorporated
- Backstrom McCarley Berry & Co., LLC\*

---

\*MWBE or DVE

- Cadwyn Point Partners LLC\*
- Great Pacific Securities\*
- NW Capital Markets Inc.
- Stern Brothers & Co.\*

Firm assignments for Senior Manager(s), Co-Manager(s) and Selling Group members from the prequalified underwriting pool will be established at the time of each financing transaction subject to selection by the Chairman, President and Chief Executive Officer or Executive Vice President and Chief Financial Officer. Firms serving as Co-Managers or Selling Group members may be considered for an elevated position within the pool based on exemplary service to the Authority or value added structuring proposals.

#### FISCAL INFORMATION

There is no fiscal impact associated with this action.

#### RECOMMENDATION

The Treasurer recommends the Trustees' approval of the appointment to the firms referenced in Exhibit "A" (attached) for the purpose of providing underwriting services for a three-year period. The Finance Committee considered this item at their meeting earlier today and is also recommending its approval.

For the reasons stated, I recommend the approval of the above-requested action by adoption of the resolution below.

Gil C. Quiniones  
President and Chief Executive Officer

Att.  
Underwriters

## **RESOLUTION**

RESOLVED, That the appointment of prequalified firms to serve as Senior Managers, Co-Managers and Selling Group members as set forth Exhibit “A,” attached hereto, is hereby approved for the period of three years as recommended in the attached memorandum of the President and Chief Executive Officer; and be it further

RESOLVED, That the Chairman, the Vice Chair, the President and Chief Executive Officer, the Chief Operating Officer, the Executive Vice President and General Counsel, the Executive Vice President and Chief Financial Officer, the Corporate Secretary, the Treasurer and all other officers of the Authority be, and each of them hereby is, authorized and directed, for and in the name and on behalf of the Authority, to do any and all things and take any and all actions and execute and deliver any and all certificates, agreements and other documents that they, or any of them, may deem necessary or advisable to effectuate the foregoing resolution, subject to approval as to the form thereof by the Executive Vice President and General Counsel.

I. Underwriters for Authority Debt Issuances RFQ Q-14-5577MR

1. Senior Managers

**Academy Securities**  
**One Chase Manhattan Plaza, 39<sup>th</sup> Floor**  
**New York, NY 10005**

**Bank of America Merrill Lynch**  
**One Bryant Park, 12<sup>th</sup> Floor**  
**New York, NY 10036**

**Barclays Capital Inc.**  
**745 Seventh Avenue**  
**New York, NY 10019**

**Blaylock Beal Van, LLC**  
**600 Lexington Avenue, 3<sup>rd</sup> Floor**  
**New York, NY 10022**

**Citigroup Global Markets Inc.**  
**390 Greenwich Street, 2<sup>nd</sup> Floor**  
**New York, NY 10013**

**Duncan-Williams, Inc.**  
**6750 Poplar Avenue**  
**Suite 300**  
**Memphis, TN 38138**

**Estrada Hinojosa & Company, Inc.**  
**230 Park Avenue, 10<sup>th</sup> Floor**  
**New York, NY 10169**

**Goldman, Sachs & Co.**  
**200 West Street**  
**New York, NY 10282**

**J.P. Morgan Securities LLC**  
**383 Madison Avenue, 8<sup>th</sup> Floor**  
**New York, NY 10179**

**Loop Capital Markets LLC**  
**88 Pine Street, 25<sup>th</sup> Floor**  
**New York, NY 10005**

**Mesirow Financial, Inc.**  
**666 Third Avenue, 14<sup>th</sup> Floor**  
**New York, NY 10017**

**Morgan Stanley & Co. LLC  
1585 Broadway, 16<sup>th</sup> Floor  
New York, NY 10036**

**Ramirez & Co., Inc.  
61 Broadway, Suite 2924  
New York, NY 10006**

**Rice Financial Products Company  
55 Broad Street, 27<sup>th</sup> Floor  
New York, NY 10004**

**Wells Fargo Bank, N.A.  
375 Park Avenue, 6<sup>th</sup> Floor  
New York, NY 10152**

2. Co-Managers

**BMO Capital Markets  
3 Times Square, 28<sup>th</sup> floor  
New York, NY 10036**

**BNY Mellon Capital Markets, LLC  
101 Barclay Street, 3rd Floor  
New York, NY 10286**

**CastleOak Securities L.P.  
110 59<sup>th</sup> Street, 2<sup>nd</sup> Floor  
New York, NY 10022**

**Drexel Hamilton, LLC  
77 Water Street  
Suite 201  
New York, NY 10005**

**M&T Securities, Inc.  
350 Park Avenue, 5<sup>th</sup> Floor  
New York, NY 10022**

**RBC Capital Markets, LLC  
3 World Financial Center  
200 Vesey Street  
New York, NY 10281**

**Roosevelt & Cross Incorporated  
One Exchange Plaza  
55 Broadway, 22<sup>nd</sup> Floor  
New York, NY 10006**

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

**100 Wall Street, 18<sup>th</sup> floor  
New York, NY 10005**

**TD Securities LLC  
31 West 52<sup>nd</sup> Street  
New York, NY 10019**

**The Williams Capital Group, L.P.  
650 Fifth Avenue, 11<sup>th</sup> Floor  
New York, NY 10019**

3. Selling Group

**Robert W. Baird & Co., Incorporated  
380 Knollwood Street  
Suite 440  
Winston-Salem, NC 27103**

**Backstrom McCarley Berry & Co., LLC  
115 Sansome Street, Mezzanine A  
San Francisco, CA 94101**

**Cadwyn Point Partners LLC  
26 Point Road  
Norwalk, CT 06854**

**Great Pacific Securities  
151 Kalmus Drive  
Suite H8  
Costa Mesa, CA 92626**

**NW Capital Markets Inc.  
2 Hudson Place, 3<sup>rd</sup> Floor  
Hoboken, NJ 07030**

**Stern Brothers & Co.  
8000 Maryland Avenue  
Suite 800  
St. Louis, MO 63105**