

MINUTES of the FINANCE COMMITTEE MEETING of the ERIE COUNTY WATER AUTHORITY held in the office, 295 Main Street, Room 350, Buffalo, New York, on the 10th day of November, 2011.

PRESENT: Francis G. Warthling, Vice Chairman
 John F. O'Donnell, Treasurer
 Earl L. Jann, Jr., Commissioner
 Robert A. Mendez, Executive Director
 Matthew J. Baudo, Secretary to the Authority/Personnel Director
 Robert J. Lichtenthal, Jr., Deputy Director
 Wesley C. Dust, Executive Engineer
 Mark J. Fuzak, Attorney
 Ronald P. Bennett, Associate Attorney
 Edward Betz, Associate Attorney
 Paul H. Riestler, Director of Administration
 Daniel J. NeMoyer, Director of Human Resources
 Karen A. Prendergast, Comptroller
 Steven V. D'Amico, Budget and Financial Analyst
 Susan Rinaldo, Cash Manager

ATTENDEES: Timothy Cashmore, Esq.

CALL TO ORDER

PLEDGE TO THE FLAG

I. - ROLL CALL

II. - READING OF MINUTES

Motion by Mr. O'Donnell seconded by Mr. Jann and carried to waive the reading of the Minutes of the Finance Committee Meeting held on Tuesday November 1, 2011.

III. - APPROVAL OF MINUTES

Motion by Mr. O'Donnell seconded by Mr. Jann and carried to approve the Minutes of the Finance Committee Meeting held on Tuesday November 1, 2011.

IV. - REPORTS**A) Proposal for the Issuance of Debt**

Mr. Lichtenthal distributed a memo and attachments regarding the proposed ECWA borrowing. He thereafter gave a summary of the contents of the packet to the Board and discussions ensued.

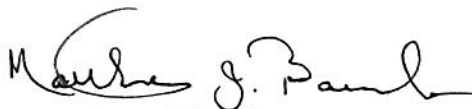
Mr. Mendez mentioned that ECWA is limited to borrowing up to a maximum of \$10 Million per calendar year for debt to be qualified as "Bank Qualified". He suggested that ECWA try to get this completed this year to take advantage of the 2011 limit.

Mr. Lichtenthal added that if a budget were in placed by November 17, 2011, the term sheet could be released November 18, 2011, and request replies by November 30th. Thereafter, the Board meets on December 1, 2011 and there could be an acceptance of an offer. That would leave approximately four (4) weeks to complete everything for closing.

Motion by Mr. O'Donnell seconded by Mr. Jann and carried to approve the recommendation to the Board to move forward with \$10 Million in borrowing and have everything in place until the budget is passed and then once the budget is passed move forward with the release of the term sheet asking for pricing and commitment.

V. - COMMUNICATIONS AND BILLS**VI. - UNFINISHED BUSINESS****VII. - NEW BUSINESS****VIII. - ADJOURNMENT**

Motion by Mr. O'Donnell seconded by Mr. Jann and carried that the meeting adjourn.



Matthew J. Baudo
Secretary to the Authority/Personnel Director

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FINANCE COMMITTEE CHARTER

This Finance Committee Charter was adopted by the Board of Commissioners of the Erie County Water Authority (hereinafter the Authority or ECWA), a public benefit corporation established under the laws of the State of New York, on this 11th day of May, 2010.

Purpose

Pursuant to Section 2824 (8) of the Public Authorities Law, the purpose of the finance committee is to oversee the Authority's debt and debt practices and to recommend policies concerning the Authority's issuance and management of debt.

Duties of the Finance Committee

It shall be the responsibility of the finance committee to:

- Review proposals for the issuance of debt by the Authority and its subsidiaries and to make recommendations concerning those proposals to the board.
- Make recommendations to the board concerning the level of debt and nature of debt issued by the Authority.
- Make recommendations concerning the appointment and compensation of bond counsel, investment advisors and underwriting firms used by the Authority, and to oversee the work performed by these individuals and firms on behalf of the Authority.
- Meet with and request information from Authority staff, independent auditors and advisors or outside counsel, as necessary to perform the duties of the committee.
- Retain, at the Authority's expense, such outside counsel, experts and other advisors as the finance committee may deem appropriate.
- Review proposals relating to the repayment of debt or other long-term financing arrangements by the Authority and its subsidiaries.
- Review the Authority's financing guidelines and make recommendations to the board concerning criteria that should govern its financings. These should include security provisions required for a bond financing undertaking, specific requirements of credit enhancements or additional guarantees used, such as a pledge of revenues, financial covenants or debt service reserves.
- Report to the Authority's board how it has discharged its duties and met its responsibilities as outlined in the charter.
- Conduct an annual self-evaluation of its performance, including its effectiveness and compliance with the charter and request the board approval for proposed changes.

Composition of Committee and Selection of Members

The membership of the committee shall be as set forth in accordance with and pursuant to Public Authorities Law Section 2824(8). The finance committee shall consist of three independent members of the board of commissioners, who shall constitute a majority on the committee. The Authority's board shall appoint the finance committee members and the finance committee chair. Members shall serve on the committee at the discretion of the board. Members appointed to the committee shall have the background necessary to perform its duties. The members shall serve until their resignation, retirement, removed by the Board or until their successors shall be appointed and qualified.

Meetings

The finance committee shall meet at such times as deemed advisable by the chair, but not less than twice a year. The committee shall meet prior to any debt issuance planned to be undertaken by the Authority.

Members of the finance committee are expected to attend each committee meeting, in person or via telephone or videoconference. The finance committee may invite other individuals, such as members of management, auditors or other technical experts to attend meetings and provide pertinent information, as necessary. A majority of the committee members present or participating through telephone or videoconference shall constitute a quorum.

Meeting agendas shall be prepared prior to every meeting and provided to finance committee members along with briefing materials before the scheduled finance committee meeting. The finance committee may act only on the affirmative vote of a majority of the members or by unanimous consent. Minutes of these meetings shall be recorded.

A report of the committee's meeting shall be prepared and presented to the board at its next scheduled meeting following the meeting of the committee.



ERIE COUNTY WATER AUTHORITY

INTEROFFICE MEMORANDUM

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November 10, 2011

TO: Commissioners Warthling, O'Donnell and Jann

FROM: Robert J. Lichtenthal, Jr., Deputy Director

SUBJECT: Proposal for the Issuance of Debt

Based upon the discussions held by the Finance Committee at the meeting of November 1, 2011, I would like the Committee to review the Authority's Debt Management Policy, Sources and Uses of Funds for the proposed Capital Spending for the next five (s) years, the tentative form of the proposed borrowing and a review of other outstanding issues. This is consistent with the Finance Committee Charter as adopted. I have included a copy of the charter with this memo.

1. Review Debt Management Policy:

Included with this memo is a copy of the Authority's Debt Management Policy. I have reviewed the complete document and have found all of it to be operative for this proposed borrowing except for Policy #9, BAN's and Policy #10, Use of Derivatives.

2. Sources and Uses of Funds 2012-2016:

The following calculations are based upon projections through December 31, 2011 and a specific scenario selected from the various budget proposals that have been discussed with the Board of Commissioners. All of these numbers are subject to change based upon subsequent actions by the Board in adopting a budget and various rate scenarios.

12/31/11	Projected Total Unrestricted Cash	\$25,400,427
12/31/11	Operating Cash (20% of 2011 Budgeted Rev.)	<u>\$11,757,917</u>
12/31/11	Cash Available For Capital	<u>\$13,642,510</u>
	Internally Generated Cash 2012-2016 (Assuming Revenue Increases)	\$59,363,913
	Projected Borrowing	\$10,000,000
	Projected Asset Sales (vehicles)	<u>\$ 4,120,000</u>
	Total Resources	\$87,126,423
2012-2016	Projected Capital Budget	<u>\$86,858,700</u>
Remainder		\$ 267,723

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3. Proposals for the \$10,000,000 in Borrowing:

Based upon the conversations that have been had with various financial institutions, the Authority's Financial Advisor PFM and the Authority's Bond Counsel Damon & Morey, I am recommending that the Finance Committee accept and recommend to the full Board of Commissioner's my recommendation to solicit a Direct Placement of \$10,000,000 in Authority Debt for a period of 20 years. The debt is to take the form of either Bonds or a direct loan, the final form to be determined based upon participant response to the Solicitation and Term Sheet to be released to various financial institutions capable of responding to the request. A draft of a RFP and term sheet is included with this memo.

4. Outstanding Issues:

In order to attempt to close this transaction by December 31, 2011, a few outstanding issues remain to be completed. The first is the adoption of the 2012 Operating and Capital Budgets of the Authority as it is probable that the financial institutions responding to the solicitation will request the budgets. Also, a clarification of what is required under Section 2856 of the Public Authority's Law with respect to the giving of notice of this borrowing to the Authority Budget Office.

ERIE COUNTY WATER AUTHORITY
DEBT MANAGEMENT POLICY

Purpose

The following policy is enacted in an effort to standardize and rationalize the issuance and management of debt by the Erie County Water Authority (the "Authority"). The primary objective is to establish conditions for the use of debt and to create procedures and policies that minimize the Authority's debt service and issuance costs, retain the highest practical credit rating, and maintain full and complete financial disclosure and reporting. This policy is a guideline for general use, and allows for exceptions in extraordinary conditions. The policy applies to all debt issued by the Authority.

Creditworthiness Objectives, Purposes and Uses of Debt

Policy 1. Credit Rating: The Authority seeks to maintain the highest possible credit ratings for all categories of short and long-term debt that can be achieved without compromising delivery of water service and achievement of adopted policy objectives of the Authority.

The Authority recognizes that external economic, natural, or other events may from time to time affect the creditworthiness of its debt. The Authority remains committed to ensuring the actions within its control are prudent and beneficial to its ratepayers.

Policy 2. Financial Disclosure: The Authority is committed to full and complete financial disclosure, and to cooperating fully with rating agencies, institutional and individual investors, other levels of government, and the general public to share clear, comprehensible, and accurate financial information. The Authority is committed to meeting secondary disclosure requirements on a timely and comprehensive basis.

Policy 3. Capital Planning: To enhance creditworthiness and prudent financial management, the Authority is committed to systematic capital planning, intergovernmental cooperation and coordination, and long-term financial planning. Evidence of this commitment to systematic capital planning will be demonstrated through adoption of an annual Capital Budget, supplemented by an additional four year Capital Budget Forecast.

Policy 4. Capital Financing: The Authority normally will rely on internally generated funds and/or grants and contributions from other governments to finance its capital needs on a pay-as-you-go basis. Debt will be issued only for capital projects.

Policy 5. Debt Limits: The Authority will keep outstanding debt at levels consistent with its creditworthiness objectives, financial plan and Capital Budget and Capital Budget Forecast. The Authority's debt ratio (defined as Total Liabilities divided by Total Assets as of the most recently issued December 31st independently audited financial statements and expressed as a percentage) shall not exceed 40% except in an emergency or an extraordinary event.

Debt Standards and Structure

Policy 6. Coverage Ratio: So long as any Bonds are Outstanding, the Authority's Board of Commissioners each year shall adopt a budget plan that shall at all times maintain rates, fees, rentals and other charges with respect to the Water Works System as shall be required in order that in each Fiscal Year the Net Revenues shall equal at least 1.35 times the sum of the Debt Service on the Outstanding Bonds for such Fiscal Year computed as of the beginning of such Fiscal Year.

Policy 7. Length of Debt: Debt will be structured for a period consistent with a fair allocation of costs to current and future ratepayers.

Policy 8. Debt Structure: Debt will be structured to achieve the lowest possible net cost to the Authority given market conditions and the urgency of the capital projects. Moreover, to the extent possible, the Authority will design the repayment of its overall debt so as to repay principal as rapidly as possible consistent with maintaining a level debt service profile.

Policy 9. BANs: Use of short-term borrowing, such as bond anticipation notes (BANs) will be undertaken only if the transaction costs plus interest on the debt are less than the cost of internal financing, or available cash is insufficient to meet capital requirements.

Policy 10. Use of Derivatives: The Authority will not use derivatives when issuing debt for Authority purposes. A derivative is a financial instrument created from or whose value depends upon (is derived from) the value of one or more separate assets or indices of asset values. As used in public finance, derivatives may take the form of interest rate swaps, futures and options contracts, options on swaps and other hedging mechanisms such as caps, floors, collars and rate locks.

Debt Administration and Process

The following policies apply to all Authority debt issuance:

Policy 11. Bond Counsel: The Authority will retain an external Bond Counsel for all debt issues.

Policy 12. Financial Advisor: The Authority will retain an external Financial Advisor for all debt issues. The Financial Advisor shall advise and make recommendations on the execution of bond issuances, redemptions and defeasances.

Policy 13. Types of Bond Sales: Authority debt will be issued either through a competitive bidding process or by negotiated sale. The Authority shall retain the services of a Financial Advisor to assist in the administration of the sale process.

Policy 14. Investment of Bond Proceeds: All bond proceeds shall be invested in accordance with applicable New York State Statutes and the Authority's adopted Investment Guidelines.

1.5% Commodity Rate Increase and 2 Dollar per Quarter Increase of Infrastructure Investment Charge Across the Board borrowing \$10,000,000 in 2011

Erie County Water Authority
Rate Projections

- Meet Minimum Debt Coverage Ratio of 1.35
- Avoid Loss on GAAP Basis
- Maintain 20% of Gross Revenues

(Based on 2012 Preliminary Budget Numbers and Assumptions)

As of October 18, 2011

Year	2012	2013	2014	2015	2016
Enter Rate Percentage Change	1.5000	1.5000	1.5000	1.5000	1.5000
Amount Increased per 1,000 Gallons	\$0.044	\$0.045	\$0.046	\$0.046	\$0.047
New Rate per 1,000 Gallons	\$3.00	\$3.05	\$3.10	\$3.14	\$3.19
Enter Dollar Amount Increase in Infrastructure Charge	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00
New Quarterly Infrastructure Investment Charge	\$5.00	\$7.00	\$9.00	\$11.00	\$13.00
CASH BASIS					
Operating Revenue:					
Metered Revenue:					
Residential and Commercial	41,984,524	42,614,292	43,253,506	43,902,309	44,560,843
Industrial	1,571,422	1,594,993	1,618,918	1,643,202	1,667,850
Public Authorities	2,081,452	2,112,674	2,144,364	2,176,530	2,209,178
Sales to Other Utilities	5,143,548	5,220,701	5,299,012	5,378,497	5,459,174
Total Metered Revenue	50,780,946	51,542,661	52,315,800	53,100,537	53,897,046
Fire Protection:					
Private Fire Prot	540,000	540,000	540,000	540,000	540,000
Public Fire Prot (Direct Service)	2,003,305	2,003,305	2,003,305	2,003,305	2,003,305
Public Fire Prot (Lease-Managed)	1,396,950	1,396,950	1,396,950	1,396,950	1,396,950
Total Fire Protection:	3,940,255	3,940,255	3,940,255	3,940,255	3,940,255
Other Water Revenue	1,759,751	1,759,751	1,759,751	1,759,751	1,759,751
Infrastructure Investment Charge	3,158,545	4,421,963	5,685,381	6,948,799	8,212,217
Total Operating Revenue	59,639,497	61,664,630	63,701,187	65,749,342	67,809,269
Add: Interest and Misc Income	908,081	925,861	907,969	926,643	936,173
Total Income	\$ 60,547,578	\$ 62,590,491	\$ 64,609,156	\$ 66,675,985	\$ 68,745,442
LESS: Operating & Maintenance Expenses:					
Payroll	14,922,594	15,221,046	15,525,467	15,835,976	16,152,696
Power Purchased	4,836,983	4,982,092	5,131,555	5,285,502	5,444,067
Chemicals	1,196,048	1,315,653	1,447,218	1,591,940	1,751,134
Employee Benefits	9,218,155	9,873,160	10,570,885	11,327,627	12,148,813
Insurance (Other than Workers Comp and Automobile)	580,557	609,585	640,064	672,067	705,671
Other Expenses	10,819,340	11,035,727	11,256,441	11,481,570	11,711,202
Total O&M Expense	41,573,677	43,037,263	44,571,631	46,194,683	47,913,582
Deduct: Administrative Credits	(3,240,462)	(3,311,538)	(2,289,231)	(2,469,231)	(2,584,615)
Net O&M Expense	\$ 38,333,215	\$ 39,725,725	\$ 42,282,400	\$ 43,725,452	\$ 45,328,967
Total Available for Debt Service	22,214,363	22,864,766	22,326,756	22,950,534	23,416,475
Less: Debt Service Payments (Reflects EFC Subsidy)	10,829,610	10,857,719	10,883,419	10,906,952	10,931,283
Available for Capital Budget	\$ 11,384,754	\$ 12,007,047	\$ 11,443,338	\$ 12,043,582	\$ 12,485,192
					\$ 59,363,913
GAAP Adjustments					
Add: Adjustment for Bond Principal	6,866,973	7,133,642	7,451,175	7,783,750	8,135,136
Less: Adjustment for Depreciation	(12,182,385)	(12,482,385)	(12,782,385)	(13,082,385)	(13,382,385)
Adjustment for OPEB Cost	(4,395,988)	(4,703,707)	(5,032,967)	(5,385,274)	(5,762,244)
Adjustment for Amortization	(432,522)	(432,522)	(432,522)	(432,522)	(432,522)
Total GAAP Adjustments	(10,143,922)	(10,484,972)	(10,796,699)	(11,116,431)	(11,442,015)
Projected Net Income(Loss) on GAAP basis	\$ 1,240,831	\$ 1,522,075	\$ 646,639	\$ 927,151	\$ 1,043,177
Calculation of Debt Coverage Ratio:					
Debt Service to Be Paid out in Year	10,829,610	10,857,719	10,883,419	10,906,952	10,931,283
Debt Coverage Ratio	2.05	2.11	2.05	2.10	2.14
Capital Resource Summary					
Funds Available for Capital Budget:					
O&M Available	11,384,754	12,007,047	11,443,338	12,043,582	12,485,192
All Other Cash (Unrestricted/Restricted for Capital)	35,400,427	28,480,731	21,762,528	18,437,865	15,428,447
Proceeds from Sale of Vehicles	450,000	575,000	1,000,000	1,025,000	1,070,000
Total Available for Capital	\$ 47,235,181	\$ 41,062,778	\$ 34,205,865	\$ 31,506,447	\$ 28,983,640
Less: Capital Projects Requested in Budget	\$ 18,754,450	\$ 19,300,250	\$ 15,768,000	\$ 16,078,000	\$ 16,958,000
Balance of Funds Remaining	\$ 28,480,731	\$ 21,762,528	\$ 18,437,865	\$ 15,428,447	\$ 12,025,640
Proposed Newly Issued Bond Proceeds/Funds	-	-	-	-	-
Total Balance of All Funds	\$ 28,480,731	\$ 21,762,528	\$ 18,437,865	\$ 15,428,447	\$ 12,025,640
Maintaining 20% of Gross Revenues:	\$ 12,109,516	\$ 12,518,098	\$ 12,921,831	\$ 13,335,197	\$ 13,749,088
Differ of:	\$ 16,371,215	\$ 9,244,430	\$ 5,516,034	\$ 2,093,250	\$ (1,723,449)
	Sufficient	Sufficient	Sufficient	Sufficient	Insufficient

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**ERIE COUNTY WATER AUTHORITY
REQUEST FOR PROPOSALS FOR A DIRECT PURCHASE BY A FINANCIAL INSTITUTION OF A
BANK QUALIFIED BOND ISSUE
[November 18, 2011]**

The Erie County Water Authority ("ECWA") is requesting proposals for a fixed rate direct purchase by a financial institution of a bank qualified revenue bond (the "Series 2011 Bonds"). The total principal amount of the proposed Series 2011 Bonds will be approximately \$10 million. The bond issue will have a final maturity date of [date], and the bonds are expected to amortize. The Series 2011 Bonds are to be issued for the purposes of: (1) funding capital projects, and (2) paying costs of issuance.

Overview of ECWA

The Erie County Water Authority is a Public Benefit Corporation formed in 1949 to provide a potable water supply to the residents of Erie County. The authority was created by an Act of the New York State Legislature, codified in Sections 1050 through 1073 of Title 3 (the "Erie County Water Authority Act") of Article 5 of the Public Authorities Law of the State of New York (as amended), to, among other things, finance, construct, operate and maintain a water supply and distribution system to benefit the residents of the County of Erie, New York. The Authority became operational in 1953.

The Authority is financially self-sustaining, paying all operating expenses from revenues generated from the sale of water to 158,650 customers. The Erie county Water Authority is not an agency of New York State, nor an agency of Erie County government. The Authority is completely independent with respect to budgeting, bonding authority, debt management and credit rating.

The Erie County Water Authority operates its business activities on a direct service basis where the Authority owns the assets and is responsible for their operation; maintenance, improvement and replacement; on a leased managed service basis where the Authority is responsible for the operation and maintenance of the assets while the municipality is responsible for the improvement and replacement of assets; and on a bulk sale basis where the Authority contracts with the municipal customer to provide water while the municipality owns the assets and is responsible for their operation, maintenance, improvements and replacement, as well as billings and customer collections. No financial consideration is afforded municipalities in lease managed agreements with the Authority.

ECWA currently has approximately \$90.4 million of million in outstanding long-term debt. Annual debt service is approximately \$10.5 million through 2018, and then decreases significantly.

Requested Information

In addition to the information requested in the attached Appendix A, please state the period for which your rate and fee quotes are firm, and any closing conditions that are assumed. Please provide any additional information that you regard as relevant to your proposal.

Following the review of the written proposals, ECWA may engage in individual discussions and negotiations with one or more institutions that submit proposals. ECWA reserves the right to reject any and all proposals to provide financing.

Please e-mail a PDF version of the proposal by 12 PM EASTERN TIME on [date] to Robert Lichtenthal of ECWA (RJL6807@ecwa.org) and Tracey Keys of Public Financial Management (keayst@pfm.com).

We are forwarding the following documents along with this RFP to assist you in formulating your proposal:

1. Audited financial statements for the fiscal years ended December 31, 2009 and 2010;
2. Budget for the fiscal year ending December 31, 2012; and
- 45 3. Official Statement for ECWA's Series 2007 bond issue.

ECWA will use its best efforts to answer any questions and provide additional information requested in connection with your response to this Request for Proposals. Please direct any questions or request for additional information to: Robert Lichtenthal at 716-849-8470 or Tracey Keays of Public Financial Management at 212-809-4212.

Appendix A
Proposal Requirements for the Bank Qualified Bond Purchase

If you are interested in purchasing a fixed rate bank qualified bond directly from ECWA, please submit a comprehensive proposal describing your qualifications, outlining all anticipated costs and detailing the material terms and conditions of the principal legal documents. Outlined below are the items of information that should be specifically included in your firm's response.

1. Name of Bank: _____
2. Maximum Commitment Amount (up to): \$ _____
3. Credit Rating:

- a. Please provide both the short-term and long-term credit ratings from all rating agencies currently maintaining such ratings. Please indicate if any of your current ratings are under review by any credit rating agency. Please describe any changes in rating and/or rating outlook for your institution during the past three years 2008-2011. Please forward along with your proposal the most recent rating agency reports on your institution.

<u>Rating Agency</u>	<u>Short-term Rating</u>	<u>Long-term Rating</u>	<u>Outlook</u>
Moody's Investors Service			
Standard & Poor's			
Fitch Ratings			

4. Interest Rate:

- a. ECWA is seeking fixed rate bond proposals. Please provide the clearly describe the components of the bond rate, as applicable (e.g. index, credit spread).

<u>Term</u>	<u>Parity Bond Under the ECWA Fourth Resolution Fixed Interest Rate</u>	<u>Subordinate Bond Fixed Interest Rate</u>
3-Year		
5-Year		
7-Year		
10-Year		
15-Year		
20-Year		
Other		
Payment (semi. / qtr. /advance / arrears)		
Day Count (ACT/360, 30/360, etc.)		

	<u>Parity Bond Under the ECWA Fourth Resolution Fees</u>	<u>Subordinate Bond Fees</u>
Upfront / Commitment Fee		
Expenses		
Other		

5. Mandatory Tender or Put Provisions:

- a. Please describe the mechanics of any mandatory tender or put provisions including timing and notice.

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6. Waiver of Mandatory Tender or Put:

- 47 a. Please describe the terms under which your institution would agree to waive the mandatory tender or put provisions and extend the term of the bond.

7. Security & Financial Covenants:

- a. Please clearly describe all proposed financial covenants and security provisions. Please provide a definition of key terms, as necessary, as well as an example calculation of each of the financial covenants proposed. Please describe any proposed limitations on additional debt, or other restrictions.

8. Prepayment Provisions:

- a. Please describe the terms and calculation methodology for any proposed pre-payment penalties (if any). Please provide definitions of key terms, as necessary.

9. Other Conditions:

- a. Please detail any other conditions that would be required of ECWA. Please define any terms necessary to understand these conditions.
- b. Please explain if any adverse changes in the **tax rates or reserve requirements** for the bank would result in a change in the interest rate on the proposed bond issue. Please provide proposed language.
- c. Please describe any disclosure, diligence, or similar information you would require to be assembled in connection with the purchase.

10. Legal Fees:

- a. Please provide a not-to-exceed figure for legal fees. Please provide the name of the legal firm you would use and the person from that firm who would serve as the primary contact.

11. Reporting Requirements:

- a. Please explain any reporting requirements that would be required of ECWA.

12. Personnel:

- a. Please provide the contact information (email, address, phone, fax) of the individuals who will be working with ECWA.

13. Timing:

- a. Please note the bank's timing to receive internal credit approval upon receipt of mandate.

14. Conflicts of Interest:

- a. Please describe any conflicts of interests that could impact the contemplated transaction.

Fees and Expenses are to be paid only if the transaction is closed.

By: _____
Title: _____
Date: _____
Signature: _____

dollars or, during the nine months after the formation of the subsidiary, one million dollars.

4. The certificate of incorporation or other document filed to organize a subsidiary corporation under this section shall state that the state authority is the person organizing the corporation.

5. Provided, however, that nothing in this section shall be construed to grant an authority the power to create a subsidiary where the authority does not otherwise have the power to do so.

6. On or before the first day of January, two thousand eleven, and annually on such day thereafter, any subsidiary public benefit corporation, in cooperation with its parent public benefit corporation, shall provide to the chair and ranking minority member of the senate finance committee, the chair and ranking minority member of the assembly ways and means committee, and each chair and ranking member of the assembly and senate committees on corporations, authorities and commissions a report on the subsidiary public benefit corporation. Such report shall include for each subsidiary:

a. The complete legal name, address and contact information of the subsidiary;

b. The structure of the organization of the subsidiary, including the names and titles of each of its members, directors and officers, as well as a chart of its organizational structure;

c. The complete bylaws and legal organization papers of the subsidiary;

d. A complete report of the purpose, operations, mission and projects of the subsidiary, including a statement of justification as to why the subsidiary is necessary to continue its operations for the public benefit for the people of the state of New York; and

e. Any other information the subsidiary public benefit corporation deems important to include in such report.

7. Notwithstanding any inconsistent provision of this section, paragraph b of subdivision one and subdivision three of this section shall not apply to an entity established in article ten-c of this chapter; provided, however, that no such public benefit corporation shall have the power to organize a subsidiary for the purpose of:

a. evading the requirements of an existing collective bargaining agreement; or

b. replacing or removing a certified employee organization.

§ 18. The public authorities law is amended by adding a new section 2856 to read as follows:

§ 2856. Consideration of public authority debt. On or before a date fixed by the authorities budget office, every authority not subject to a statutory limit on bonds, notes, or other debt obligations it may issue, shall submit to the authorities budget office a statement of intent to guide the authority's issuance and overall amount of bonds, notes, or other debt obligations it may issue.

§ 19. Subdivision 3 of section 2897 of the public authorities law, as added by chapter 766 of the laws of 2005, is amended to read as follows:

3. Method of disposition. Subject to section twenty-eight hundred ninety-six of this title, any public authority may dispose of property for not less than the fair market value of such property by sale, exchange, or transfer, for cash, credit, or other property, with or without warranty, and upon such other terms and conditions as the contracting officer deems proper, and it may execute such documents for the transfer of title or other interest in property and take such other action as it deems necessary or proper to dispose of such property under

