

## QUESTIONS AND ANSWERS

### **BELOW ARE QUESTIONS AND ANSWERS RELATED TO THE REQUEST FOR PROPOSAL FOR UNDERWRITING SERVICES, FINANCIAL ADVISORS, AND FINANCIAL PRODUCT (SWAP) PROVIDERS**

Certain questions were modified to delete the name of the firm asking the question and other details if not pertinent to the answer:

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**Question:**

In Part IV - ESD Supplement: Additional Questions, it asks for Underwriters to respond to all questions. Does that "Underwriter" in Part IV refer to Senior Underwriters and Co-managing Underwriters or does it only relate to Senior Underwriters?

**Answer:**

Regarding Part IV A, "Underwriters" refers to Senior Managing Underwriters (per Section 3.A.1).

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**Question:**

Page 37 - Part V - ESD Supplement: 8. Insurance Requirements. Can you please provide us with a description of applicable ESD insurance requirements?

**Answer:**

It is expected that selected firms will carry the following types of insurance, with coverage limits commensurate with the level of participation and firm size:

- Commercial General Liability insurance
- Evidence of Worker's Compensation and Disability
- Errors & Omissions/ Professional Liability/Crime including employee dishonesty (with third party coverage).

Current ownership of the above coverage is not required in order to be considered for this RFP.

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**Question:**

We are a specialized advisory firm, focusing on our clients use of derivative and other financial products. The RFP appears to be seeking a general financial advisor, but not a swap/financial products advisor. Is this correct, or may we respond in a limited manner as a specialized advisor on swaps and other derivative products?

**Answer:**

ESD is looking for a general financial advisor; however, the potential scope of service would include swap/financial product advisor.

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**Questions:**

In Section 3, Part B: Engagement Standards; Rights of Corporation and again in Section 6, Part D: Participation of Minority and Women-Owned Business Enterprises (MWBE); Equal Employment Opportunities and Diversity, the RFP states: **"ESD encourages joint ventures of MWBE firms with**

**majority firms and MWBE firms with other MWBE firms.”** We have a series of detailed questions designed to clarify ESD’s position in this regard:

- 1) Are joint proposals between MWBE firms and non-MWBE firms allowed? If so, would the combined proposal (including all required information for both firms) be subject to the same page limit?
- 2) In response to this RFP, would ESD prefer to receive joint proposals versus creating underwriting teams consisting of MWBE and non-MWBE firms?
- 3) In reviewing the RFP responses, will proposals be penalized if they are not MWBE/non-MWBE joint proposals?
- 4) Under the selection criteria, will proposals receive “extra credit” if they are MWBE/non-MWBE joint proposals?
- 5) ESD has traditionally split both underwriting fee and “SDC” credit equally among its designated “Senior” managers in its negotiated transactions. If ESD allows the submission of joint proposals, will the combined MWBE/non-MWBE team be treated as one firm or two firms for underwriting fee and SDC purposes?
  - a. To clarify, if ESD chooses to allocate 80% of a transaction’s underwriting fee and SDC credit among four “firms,” will each firm in a MWBE/non-MWBE joint venture receive 20% or 10% of such fee and SDC credit?

Other Questions:

- 6) For Part I, Q1c: Is it acceptable to provide a link to the firm’s most recent audited financial statements online, versus including them as an appendix?
- 7) For Part V.7: If our firm has already registered in the State’s Vendor Responsibility System in connection with other RFPs for other NYS issuers this year, do we need to submit a new Vendor Responsibility Questionnaire in connection with this RFP?

**Answers:**

1. Joint proposals are encouraged. The page limits would be as follows: Part I - 8 pages, Part II – 8 pages, Part III – 4 pages (no change), Part IV – 4 pages.
  2. ESD is seeking the best possible proposals. Whether the best response from a particular firm(s) is a joint proposal or not would be at the discretion of the responding firm(s).
  3. No, those proposals would not be penalized.
  4. No, those proposals would not receive extra credit.
  5. A joint proposal would be treated as one firm.
  6. Providing an electronic link is acceptable.
  7. If your Vendor Responsibility form is already filed with the Office of the State Comptroller, then there is no need to recertify unless the last certification was more than six months ago.
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**Question:**

On page 8, Section B. Purpose, second paragraph, it is clear that ESD is intending to establish a qualified list of Underwriters, Financial Advisors and/or Financial Product Providers/SWAP Providers. Can a firm apply to qualify to serve as both an underwriter and a financial advisor for ESD?

**Answer:**

A firm may apply for both, but cannot be selected as both.

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**Questions:**

1. If a firm applies as a senior and/or co-manager, are they automatically considered for the selling group or is it necessary to complete the Selling Group Questions under Part IV.D of the RFP as well? The Selling Group Questions in Part IV.D ask for responses that seem to be already covered in Parts I through IV.A
2. If applying as a senior and/or co-manager does automatically include consideration for selling group membership, do we need to also check "Selling Group Member" under the "Position(s) Applying For" section of the Common Application Coversheet despite not filling out Part IV.D
3. What specifically are the "applicable ESD insurance requirements" mentioned in Part V.8
4. Can the ESD post a fee schedule for the Corporation fee that it charges on state-supported bond issues
5. If the ESD were to cancel either the Standby Bond Purchase Agreement and/or letters of credit mentioned in Part IV.A Question 3 do the documents call for any payment to be made on the part of ESD and if so how is the amount determined

**Answers:**

1. Yes, that firm would automatically be considered for the selling group as well.
  2. It would not be necessary to check that box.
  3. See page 1, answer to question number 2.
  4. A specific fee schedule will not be posted here.
  5. Regarding the SBPA, if ESD terminated earlier than December 2013 (excluding certain events such as a fixed rate refunding of the VRDN's), the termination fee would be equal to the amount of the commitment fee that would have accrued from the termination date to the stated expiration date. Regarding the two LOC's, there would be no termination fee.
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**Questions:**

1. On the application coversheet, if we are applying for senior managing underwriter should we also check off the co-managing underwriter box?
2. In Part I, Question 1c, ESD asks for the firm's most recent audited financial statements. Can we provide an electronic address (URL) that directs ESD to our financials, in lieu of including the entire 10-K or 10-Q (which are both in excess of 200 pages)?
3. For Part I, Question 3d, ESD requests information regarding the three largest positions that the firm has taken down into inventory. Due to client confidentiality concerns, we are unable to provide the issuers' names or the exact par amounts. Is there additional information that we can provide?
4. In Part I, Question 2, ESD asks for resumes of key personnel. Can we include these resumes as an appendix?
5. In Part I, Question 6, ESD asks about legal proceedings. Can this be included as an

appendix?

6. In Part I, Question 7, ESD asks about relationships that may constitute an actual or potential conflict of interest. Can this be included as an appendix?
7. For Part II, Question 2, what timeline should be used in regards to our senior managing underwriter or co-manager underwriter sales performance? Should the sales performance pertain just to ESD's State-supported financings or all ESD financings?
8. For Part IVA, Question 2, should our potential ideas for programs include Public-Private Partnership opportunities?
9. With regards to the language in Section 6 Part D "ESD encourages joint ventures of MWBE firms with majority firms and MWBE firms with other MWBE firms", does ESDC permit joint responses to the RFP for underwriting services?
10. For the acknowledgements that ESD asks of each firm in Section 6 Part D, should these be made in writing? If so, in what section of the response should the firm make these acknowledgements?

**Answers:**

1. Yes.
  2. Providing an electronic link is acceptable.
  3. The name of the issuer does not need to be provided. The par amount of the issue may rounded to the nearest \$100 million.
  4. Yes, they may be included as an appendix.
  5. Yes, they may be included as an appendix, provided that a summary of items which could have a material adverse impact on the ability to serve ESD is provided in Part I
  6. Yes, they may be included as an appendix, provided that a summary of items which could have a material adverse impact on the ability to serve ESD is provided in Part I
  7. Three years. State supported financings.
  8. They may be included.
  9. Yes.
  10. Yes. They may be included with your response to Part V 6.
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**Questions:**

1. For Part II, Question 2, what timeframe would you like us to use?
2. For Part I, Question 1c, is the Corporation willing to accept a link to our financial statements instead of a hard copy due to the volume of these forms?
3. For ESD Supplement 7, a copy of our Firm's vendor responsibility agreement is on file with the State Comptroller's Office. Do we need to provide any additional information as part of this RFP?
4. For any refunding analysis, is there any date you would like us to base the scale on?

**Answers:**

1. Three years.
  2. Providing an electronic link is acceptable.
  3. If your Vendor Responsibility form is already filed with the Office of the State Comptroller, then there is no need to recertify unless the last certification was more than six months ago.
  4. You may use your own assumptions.
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