

Development Authority of the North Country

Subject: Debt Pricing Policy
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DEBT PRICING POLICY

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SECTION 1.0 INTRODUCTION

This establishes the Debt Pricing Policy of the Development Authority in cases where interest rate swaps are used.

SECTION 2.0 PURPOSE

Interest rate swaps may be used to prudently mitigate variable rate exposure as it relates to the Development Authority's debt portfolio.

SECTION 3.0 LEGALITY

The Development Authority must receive an opinion from its counsel that the agreement relating to the interest rate swap is a legal, valid and a binding obligation of the Development Authority and entering into the transaction complies with applicable City, State and Federal laws.

SECTION 4.0 SPECULATION

Interest rate swaps shall not be used for speculative purposes outside of prudent risks that are appropriate for the Development Authority in securing a fixed interest rate on a variable rate debt. Additionally, the Development Authority shall not use an interest rate swap for which there is (a) insufficient market liquidity for its transfer or termination at market, or (b) insufficient price transparency to allow realistic valuation of its market value on an ongoing basis.

SECTION 5.0 METHODS OF SOLICITING AND PROCURING INTEREST RATE SWAPS

In general, the Development Authority should procure interest rate swaps by competitive bidding. The competitive bid can limit the number of firms solicited to no fewer than three. The Development Authority shall determine which parties it will allow to participate in a competitive transaction.

Notwithstanding the above, the Development Authority may procure an interest rate swap by negotiated methods in the following situations:

- 5.1. The Development Authority may enter into an interest rate swap on a negotiated basis if the interest rate swap is embedded within a bond issue proposed or Bank Qualified Loan and meets the Development Authority's savings target.

SECTION 6.0 FORM AND CONTENT OF INTEREST RATE SWAP AGREEMENT

To the extent possible, the interest rate swap entered into by the Development Authority shall contain the terms and conditions set forth in the International Swaps and Derivatives Association, Inc. ("ISDA") Master Agreement, including any schedules and confirmation. The schedule should be modified to reflect specific legal requirements and business terms desired by the Development Authority. If possible, the Development Authority should attempt to negotiate the master agreement and schedule with qualified counterparties to facilitate the use of interest rate swaps in situations in which their use is desirable.

SECTION 7.0 RECORD OF REVISIONS

Revision Number	Revision Date	Description of Changes
1	10/27/2022	Updated to reflect removal of Green Innovation Committee; updated approval process for exceptions to policy; updated reference to resolution number and updated hyperlinks.
2	10/18/2023	Updated to reflect EPA guidance on Environmentally preferable Purchasing Program being finalized.
3	08/07/2024	Policy formatting updated.