BOND SALE REPORT

ALBANY COUNTY AIRPORT AUTHORITY
AIRPORT REVENUE BONDS
$22,590,000 SERIES 2018A&B

MARKETED NOVEMBER 14, 2018
INTRODUCTION

The Authority’s enabling legislation requires it to annually prepare and approve a bond sale report which shall include the private or public bond sale guidelines as specified in Section 2785 of the Public Authorities Law, amendments to such guidelines since the last private or public bond sale report, an explanation of the bond sale guidelines and amendments, and the results of any sale of bonds conducted during the fiscal year. The Bond Sale Report must be submitted to the state comptroller, the county comptroller and copies thereof to the senate finance committee and the assembly ways and means committee and to the public upon request. This report is for interim informational purposes.

On November 29, 2018 the Authority issued Series 2018 bonds in accordance with its Guidelines Establishing Procedures for the Selection of Underwriters; for the sale of the Authority’s Bonds and Certain Other Matters (the Guidelines). The Series 2018 Airport Revenue Bonds (Series 2018 Bonds) were issued to fund a portion of the projects in the Authority’s Capital Plan.

The following is an interim bond sale report that will essentially become the annual report if no further bond sales occur this year.

TRANSACTION SUMMARY

On November 14, 2018 the Authority completed the marketing and pricing for the sale of its Series 2018 Bonds in the total par amount of $22,590,000 of which $14,770,000 were sold as Series 2018A Non-AMT (not subject to any Federal Tax) and $7,820,000 Series 2018B AMT (subject to the Federal Alternative Minimum Tax). The Series 2018 Bonds are being used to finance a portion projects in the Authority’s Capital Plan.

The Authority obtained ratings from two Nationally Recognized Statistical Rating Organizations. Moody’s Investors Service and Standard and Poor’s Rating Group assigned their municipal bond ratings of “A3” and “A”, respectively, to the Series 2018 Bonds. The true interest cost on the Series 2018 bonds is 4.226337% and they mature annually in varying amounts through December 15, 2048. The lead underwriter obtained pricing on bond insurance and found it was not a cost effective credit enhancement.

The Series 2018 Bonds bear interest rates of 5% and were sold at yields ranging from 2.27% for 2019 maturities to 3.88% for 2048 maturities. The Series 2018 bonds are callable at par in 2028. The actual closing date on the bond sale was November 29, 2018. The Comptrollers of Albany County and the State of New York issued their written approval for the issuance of the bonds after the sale price was determined.

BONDS OUTSTANDING

Prior to the issuance of the Series 2018 Bonds the Authority had $76,889,000 in total bonds outstanding. Immediately after the issuance of the Series 2018 Bonds the Authority had $99,479,000 in total bonds outstanding.
## COMPARISON OF DEBT SERVICE

The following schedule sets forth the Debt Service requirements for the Authority’s Outstanding Bonds, as of November 15, 2018 and the debt service requirements for the Series 2018 bonds.

<table>
<thead>
<tr>
<th>Year Ending December 31</th>
<th>Outstanding Debt Service</th>
<th>Series 2018A Debt Service</th>
<th>Series 2018B Debt Service</th>
<th>Combined Series 2018 Debt Service</th>
<th>Total Debt Service</th>
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<tbody>
<tr>
<td>2018</td>
<td>$10,754,566</td>
<td>$ -</td>
<td>$</td>
<td>-</td>
<td>$10,754,566</td>
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<tr>
<td>2019</td>
<td>10,385,696</td>
<td>771,322</td>
<td>703,378</td>
<td>1,474,700</td>
<td>11,860,396</td>
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<tr>
<td>2020</td>
<td>9,686,381</td>
<td>738,500</td>
<td>736,250</td>
<td>1,474,750</td>
<td>11,161,131</td>
</tr>
<tr>
<td>2021</td>
<td>9,694,381</td>
<td>738,500</td>
<td>733,250</td>
<td>1,471,750</td>
<td>11,166,131</td>
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<tr>
<td>2022</td>
<td>9,699,881</td>
<td>738,500</td>
<td>734,500</td>
<td>1,473,000</td>
<td>11,172,881</td>
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<tr>
<td>2023</td>
<td>9,707,881</td>
<td>738,500</td>
<td>734,750</td>
<td>1,473,250</td>
<td>11,181,131</td>
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<tr>
<td>2024</td>
<td>9,600,881</td>
<td>738,500</td>
<td>734,000</td>
<td>1,472,500</td>
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<tr>
<td>2025</td>
<td>9,594,631</td>
<td>738,500</td>
<td>732,250</td>
<td>1,470,750</td>
<td>11,065,381</td>
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<tr>
<td>2026</td>
<td>9,608,463</td>
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<td>1,473,000</td>
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<tr>
<td>2027</td>
<td>1,089,575</td>
<td>738,050</td>
<td>735,500</td>
<td>1,474,000</td>
<td>2,563,575</td>
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<tr>
<td>2028</td>
<td>1,096,950</td>
<td>738,500</td>
<td>735,250</td>
<td>1,473,750</td>
<td>2,570,700</td>
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<tr>
<td>2029</td>
<td>1,084,925</td>
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<td>733,750</td>
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<td>2030</td>
<td>1,085,431</td>
<td>738,500</td>
<td>731,000</td>
<td>1,469,500</td>
<td>2,554,931</td>
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<tr>
<td>2031</td>
<td>358,863</td>
<td>738,500</td>
<td>732,000</td>
<td>1,470,500</td>
<td>1,829,363</td>
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<td>2032</td>
<td>363,056</td>
<td>738,500</td>
<td>731,500</td>
<td>1,470,000</td>
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<td>2033</td>
<td>361,450</td>
<td>738,500</td>
<td>734,500</td>
<td>1,473,000</td>
<td>1,834,450</td>
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<tr>
<td>2034</td>
<td>253,800</td>
<td>933,500</td>
<td>540,750</td>
<td>1,474,250</td>
<td>1,728,050</td>
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<td>1,473,750</td>
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<td>1,473,750</td>
<td>1,718,150</td>
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<td>-</td>
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<tr>
<td>2037</td>
<td>-</td>
<td>1,472,500</td>
<td>-</td>
<td>1,472,500</td>
<td>1,472,500</td>
</tr>
<tr>
<td>2038</td>
<td>-</td>
<td>1,471,500</td>
<td>-</td>
<td>1,471,500</td>
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<tr>
<td>2039</td>
<td>-</td>
<td>1,473,500</td>
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<td>1,473,500</td>
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<tr>
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<tr>
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<td>-</td>
<td>1,473,500</td>
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<tr>
<td>2044</td>
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<td>1,473,500</td>
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<tr>
<td>2045</td>
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<td>1,470,750</td>
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<tr>
<td>2046</td>
<td>-</td>
<td>1,470,250</td>
<td>-</td>
<td>1,470,250</td>
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<tr>
<td>2047</td>
<td>-</td>
<td>1,471,750</td>
<td>-</td>
<td>1,471,750</td>
<td>1,471,750</td>
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<tr>
<td>2048</td>
<td>-</td>
<td>1,470,000</td>
<td>-</td>
<td>1,470,000</td>
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</tr>
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<td><strong>Total</strong></td>
<td><strong>$94,671,211</strong></td>
<td><strong>$32,656,072</strong></td>
<td><strong>$11,517,128</strong></td>
<td><strong>$44,173,200</strong></td>
<td><strong>$138,844,411</strong></td>
</tr>
</tbody>
</table>

* Interest requirements have been reduced by estimated subsidies with respect to future interest payments on the Series 1999A Bonds issued through the NYS Environmental Facilities Corporation with a final maturity in 2019. Debt Service for the Year Ending 2018 does not include debt service payments made prior to November 15, 2018.
On November 14, 2018, Albany County Airport Authority (the “Authority”) priced $22,590,000 of its Airport Revenue Bonds Series 2018, consisting of $14,770,000 Series 2018A (Non-AMT) Bonds, maturing in years 2034 through 2048, and $7,820,000 Series 2018B (AMT) Bonds, maturing in years 2019 through 2034, (the “Bonds”) through negotiation with a syndicate led by RBC Capital Market (“RBC”), with Siebert Cisneros Shank & Co. L.L.C. as co-senior manager and Roosevelt & Cross, Incorporated as co-manager. The Bonds are rated A by S&P Global Ratings and A3 by Moody’s Investors Service.

Primary economic and market drivers during the week before the pricing included the following:

- Extension of the oversold bounce in equity markets that began in October;
- The midterm elections – financial markets improved after the election produced results consistent with expectations (the Democrats took control of the House and the Republicans maintained control of the Senate);
- The FOMC announcement of not raising rates, in line with expectations
  - December rate hike is basically certain; two or three rate hikes in 2019 are projected and two more in 2020.
  - Fed acknowledged a slowdown in US business investments
- October PPI rose 0.6% versus 0.2% expected with the core measure up 0.5% compared to a 0.2% consensus, suggesting stronger-than-expected data on the US economic front.
- Preliminary November reading of University of Michigan consumer sentiment showed a dip to 98.3 from 98.6, still better than expectations of 98.0.
- WTI crude oil was down nearly 5%, falling for a record tenth consecutive day and entering into a bear market.
- Geopolitical factors including ongoing trade tension between U.S. and China, Italy’s budget issues and Brexit.

As a result, the US Treasury yield curve flattened with the 2-year increasing by 2 bps and the 30-year decreasing by 6 bps. Municipal yields were little changed until Friday when they followed the Treasuries. The yields decreased by 2, 3, 5 and 3 bps in the 2-, 5-, 10- and 30-year spots, respectively, amid increased investor participation post mid-term elections and light weekly supply of $3.3 billion. Municipal bond funds reported $255.8 million of outflows, compared to $1.3 billion in outflows in the previous week with four-week moving average remaining negative at $678 million.
Municipal primary calendar for the week of November 12 totals $7.1 billion ($6 billion negotiated), above the weekly average of $5.6 billion, with most bond issues to be sold on Wednesday and Thursday, accounting for the Veterans Day holiday on Monday, November 12. On Wednesday, market reacted to the release of October CPI at 0.3%, in line with expectation, potentially easing some anxiety about higher inflation leading to a faster pace of interest rate increases. Stocks rallied but then pulled back on Apple extending losses and on concerns of slowing global growth following weak GDP data from Japan and Germany, closing the session at 25,080. During the morning, Treasuries were bouncing in the range of -1 to +3 bps from Tuesday levels with 10-year at 3.12% and 30-year at 3.35% at 12:30PM, when the pricing of the Authority’s Bonds was finalized.

RBC began premarketing of the Bonds on Tuesday, November 13, at spreads to MMD ranging from 35 to 75 bps for AMT Bonds and 50 bps for non-AMT Bonds. The AMT/non-AMT spread, seen in the 2034 maturity, was 25 bps. The same spreads were used for pricing on Wednesday, November 14. All coupons were set at 5% and there were two term bonds for the non-AMT Bonds, in 2043 and 2048. Initially the 2043 term bond coupon was set at 4% (with a spread to MMD of 80 bps) but was adjusted to 5% before pricing began based upon presale expression of customer interest. The order period lasted two hours, from 9:30AM to 11:30AM. The Authority received orders for almost all the Bonds, except for a partial order for the 2034 non-AMT maturity which had unsold balance of approximately $390,000. Majority of maturities for the AMT Bonds were 2 times subscribed for, with 2019 and 2023 maturities subscribed for 3 times and 2025 maturity subscribed for 1 time. The 2043 and 2048 term bonds for non-AMT Bonds were subscribed for 2.6 and 2.3 times, respectively. The 2035 through 2037 maturities were subscribed for one time and the 2038 maturity was subscribed for 2 times.

At the final pricing, for AMT Bonds spreads were reduced by 3 bps in 2019, by 2 bps in 2020 through 2024 and 2030 and by 1 bp in 2026 through 2029 and 2031 through 2034 maturities. For non-AMT Bonds, yields were reduced by 2 bps in each of the term bonds.

PRAG believes the pricing was fair and reasonable.
GUIDELINES ESTABLISHING PROCEDURES FOR THE 
SELECTION OF UNDERWRITERS; 
FOR THE SALE OF THE AUTHORITY'S BONDS 
AND CERTAIN OTHER MATTERS

Section 1. Statutory Mandate. These Guidelines are adopted to comply with and 
implement the provisions of subsection 4 of § 2785 of the Act.

Section 2. Definitions.

(a) "Act" shall mean the Albany County Airport Authority Act, Title 32 of Article 8 
of the New York State Public Authority Law as supplemented and amended.

(b) "Authority" shall mean the Albany County Airport Authority.

(c) "Bonds" shall mean any notes, bonds or other obligations issued by the 
Authority pursuant to the provisions of § 2785 of the Act.

(d) "CFO" shall mean the Chief Financial Officer of the Authority.

(e) "Guidelines" shall mean these guidelines.

(f) "Private Negotiated Sale" shall mean any sale of Bonds by the Authority 
directly to an Underwriting Group selected by the Authority through arms-length negotiation.

(g) "Public Competitive Sale" shall mean any sale of Bonds by the Authority to the 
lowest bidder after solicitation of bids by publication in accordance with the Act.

(h) "Public Negotiated Sale" shall mean any sale of Bonds by the Authority upon 
terms and conditions established by the Authority to the best bidder from two or more Underwriting 
Groups selected by the Authority.

(i) "Selection Committee" shall mean the CFO as chair plus such Authority 
members and/or other staff members of the Authority as designated by the Board.

(j) "Senior Manager" shall mean one or more Underwriters selected as senior 
book-running manager.

(k) "Underwriter" shall mean an investment bank, bank or other financial 
institution determined by the Authority to be capable of purchasing and marketing the Authority's 
Bonds.
(1) "Underwriting Group" shall mean any separate group consisting of one or more Underwriters selected by the Authority either (a) for the purposes of a Private Negotiated Sale or (b) for the purpose of submitting a bid pursuant to a Public Negotiated Sale.

Section 3. Selection of Method of Sale. (a) At such time as the CFO determines that it will be necessary or desirable to issue Bonds to carry out any corporate purpose of the Authority, the CFO shall notify the Chairperson of the Authority and the Chairperson shall, after consideration of the factors set forth in Section 4 of the Guidelines and consultation with the CFO, make a written recommendation to the Authority as to whether such Bonds shall be sold by means of a Public Competitive Sale, a Public Negotiated Sale or a Private Negotiated Sale.

(b) If requested by the members of the Authority, the Chairperson of the Authority may direct the CFO to prepare a written report supporting and explaining the Chairperson's written recommendation to the Authority.

(c) Upon receipt of the Chairperson's written recommendation as set forth in subsection (a), the members of the Authority shall by resolution authorize a Public Competitive Sale, a Public Negotiated Sale or a Private Negotiated Sale, make a finding that the interests of the Authority will be served by the method of sale selected and authorized and make such additional findings and determinations as may be required by the Guidelines and the Act. Such resolution may also include parameters for the establishment of the terms and provisions of the Bonds, the selection and composition of Underwriting Groups and/or senior Manager and the award of the Bonds by the CFO.

Section 4. Determinations Regarding Undertaking a Public Competitive Sale, a Private Negotiated Sale or a Public Negotiated Sale. (a) In determining whether the Bonds of the Authority shall be sold pursuant to Public Competitive Sale, the Authority shall take the following factors into account:

1. credit quality or credit enhancement for the Bonds;
2. significant legislation or other adverse disclosure issues;
3. market conditions; and
4. familiarity of the market with the Authority and the Authority's Bonds.

(b) In determining whether the Bonds of the Authority shall be sold pursuant to Private Negotiated Sale or Public Negotiated Sale, the Authority shall take the following factors into account:

1. unique or complex terms of proposed Bonds or related financing structures;
(2) familiarity of the market with the Authority, the Bonds and the various revenue sources and agreements which are material to the security of the Bonds;

(3) size of offering;

(4) need to control timing of sale or structure of issue;

(5) credit quality issues;

(6) need for extensive structuring and negotiation in order to obtain necessary credit enhancements;

(7) market conditions;

(8) use of derivative product or products; and

(9) need for pre-marketing effort to disseminate information effectively and secure better price.

Section 5. Public Competitive Sales. (a) Upon authorizing a Public Competitive Sale and making the finding with respect thereto as required by Section 3(c) of the Guidelines, the Authority shall undertake such Public Competitive Sale in accordance with subsection 4 of § 2785 of the Act.

(b) The terms and provisions of the Bonds and the method of conducting of such Public Competitive Sale and the awarding of the Bonds may be established in the manner set forth in the resolution referred to in Section 3(c) of the Guidelines.

Section 6. Public Negotiated Sales. (a) Upon authorizing a Public Negotiated Sale, the Selection Committee shall solicit requests for proposals from at least five (5) Underwriters and, on the basis of consideration of all material and information relevant to the selection of Underwriters and Underwriting Groups for the purposes of a Public Negotiated Sale, including, but not limited to, the criteria for selection set forth in Section 8(b) of the Guidelines, shall recommend to the Authority or a committee consisting of members of the Authority at least three (3) Underwriting Groups from the Underwriters responding to such requests for proposals. The Selection Committee may recommend the specific composition of one or more Underwriting Groups.

(b) The Selection Committee may determine, or the Authority may request, that interviews of all or some of the Underwriters responding to the requests for proposals be conducted by Selection Committee and/or members of the Authority.
(c) The Selection Committee shall, upon the request of the Authority, prepare a written report outlining the procedure for soliciting requests for proposals, setting forth the basis of the recommendations made by the Selection Committee pursuant to subsection (a) and, in the event the Authority delegates the selection and composition of Underwriting Groups pursuant to this subsection (d), providing evidence that the selection and composition of such Underwriting Groups was made in accordance with parameters established by the Authority.

(d) The selection and composition of Underwriting Groups as recommended by the Selection Committee pursuant to Section 6(a) shall be approved in the manner set forth in the resolution referred to in Section 3(c) of the Guidelines.

(e) The selection of the Underwriting Groups in accordance with this Section 6 of the Guidelines, the CFO, in the manner set forth in the resolution referred to in Section 3(c) of the Guidelines, may (i) solicit bids from each Underwriting Group and award the Bonds to the Underwriting Group submitting the bid offering the lowest true interest cost, taking into account any premium or discount, or (ii) solicit bids from each Underwriting Group, commence negotiations to purchase the Bonds with the Underwriting Group submitting the lowest true interest cost, taking into account any premium or discount, and award the Bonds in the manner set forth in the resolution referred to in Section 3(c) of the Guidelines in accordance with parameters established by the Authority.

Section 7. Private Negotiated Sales. (a) Upon authorizing a Private Negotiated Sale, the Selection Committee shall solicit requests for proposals from at least five (5) Underwriters and, on the basis of consideration of all material and information relevant to the selection of Underwriters to constitute an Underwriting Group for the purposes of a Private Negotiated Sale, including, but not limited to, the criteria for selection set forth in section 8(b) of the Guidelines, shall recommend an Underwriting Group from the Underwriters responding to such requests for proposals. The Selection Committee may further recommend, on the basis of consideration of all material and information relevant to the selection of an Underwriting Group for the purposes of a Private Negotiated Sale, including, but not limited to, the criteria for selection set forth in section 8(b) of the Guidelines, a Senior Manager. The Selection Committee may recommend the specific composition of the Underwriting Group.

(b) The Selection Committee may determine, and/or the Authority may request, that interviews of all or some of the Underwriters responding to the requests for proposals be conducted by representatives of the Selection Committee and/or members of the Authority.

(c) The Selection Committee shall, upon the request of the Authority, prepare a written report outlining the procedure for soliciting requests for proposals, setting forth the basis of the recommendations made by the Selection Committee pursuant to subsection (a) and, in the event the Authority delegates the selection and composition of the Senior Manager or the selection and composition of the Underwriting Group, providing evidence that the selection of such Underwriting Group was made in accordance with parameters established by the Authority.
(d) The selection of the Senior Manager and selection and composition of the Underwriting Group as recommended by the Selection Committee pursuant to subsection (a) shall be approved in the manner set forth in the resolution referred to in Section 3(c) of the Guidelines.

(e) Upon selection of the Underwriting Group in accordance with Section 7 of the Guidelines, the CFO, in the manner set forth in the resolution referred to in Section 3(c) of the Guidelines, may commence negotiations with the Underwriting Group so selected to purchase the Bonds.

(f) The awarding of the Bonds sold pursuant to a Private Negotiated Sale may be made in the manner set forth in the resolution referred to in Section 3(c) of the Guidelines by the CFO in accordance with parameters established by the Authority.

Section 8. Selection of Underwriters for a Private Negotiated Sale or a Public Negotiated Sale. (a) Determination: Candidate Finns. The Authority may determine it to be in the interests of the Authority to cause Bonds to be sold pursuant to a Negotiated Private Sale or a Negotiated Public Sale and to select an Underwriter or Underwriters or an Underwriting Group or Underwriting Groups pursuant to requests for proposals on the basis of the criteria set forth in subsection (b).

(b) Criteria for Selection. The Authority's selection of Underwriters pursuant to this section shall take into account, but not be limited to, the following factors:

1. the total anticipated cost to the Authority;
2. the financial resources of the proposer;
3. the experience and capability of the proposer to purchase and market the Bonds;
4. the experience and ability of the individuals whom the proposer plans to involve directly in the financing and marketing;
5. the soundness of the proposer's overall financing and marketing plans;
6. qualifications of proposer as to experience, including particularly, expertise and experience in the sale of securities similar to the Authority's Bonds, as well as other similar experience and expertise, including the sale of obligations of the State of New York or other similar issuers, to underwrite the sale of Bonds;
7. the ability of the proposer to structure and sell Authority bond issues;
(8) the prior experience of the Authority with the proposer, if any;

(9) the capitalization of the proposer;

(10) the plan of proposer for participation of qualified minority and women-owned business enterprise firms in such sale of Bonds; and

(11) the experience and ability of proposer under consideration to work with minority and women-owned business enterprises so as to promote and assist participation by such enterprises.

Section 9. Applicability of Guidelines. Notwithstanding anything contained in the Act or the Guidelines, whenever the Authority sells Bonds to any State or Federal governmental entity where no underwriting of the Bonds by the Authority is contemplated, the Guidelines shall not apply so far as the Guidelines apply to the selection of Underwriting Groups. Instead, the Chairman shall make a written recommendation to the Authority to sell such Bonds directly to such State or Federal governmental entity. In such circumstances, since there is no underwriting of such Bonds contemplated, no selection of Underwriters or/and Underwriting Group under the Guidelines shall be required or undertaken.

Section 10. Amendment of Guidelines. The Guidelines may be amended at any time by resolution of the Authority in accordance with the provisions of subsection 4 of § 2785 of the Act.

ADOPTED: 8/7/95
AMENDED: 7/6/98