

AUCTION RATE PROCEDURES

Definition of Auction Rate Securities

Auction rate securities are securities with interest rates or dividend yields that are reset periodically through an auction. They are typically long term securities with an auction reset period of one, seven, twenty-eight or thirty-five days in length. Longer reset dates are possible. The length of the auction period is established by the Issuer and the Auction Agent, and described in the offering documents. The rate is set through a “Dutch” auction, in which bids are accepted up to the interest rate level at which all of the securities in the auction are sold. All securities will bear this clearing rate, which is the lowest rate that is necessary to sell all the bonds in that auction.

General Procedures

Investors submit orders through a Broker-Dealer. Roosevelt & Cross serves as broker-dealer to New York City, New York 2008 Subseries A-2 (“NYC”). This auction has multiple broker-dealers. Customers may submit orders further described in the section below titled **Orders**. Orders are accepted by Roosevelt & Cross until 12:00 Noon the day of the auction, unless otherwise specified (i.e., in the case of an early submission deadline by the Auction Agent due to an early market close). The Auction Agent accepts bids in the following order:

- 1) Hold Orders that do not specify a rate
- 2) Bids to buy or hold at a specified rate, from lowest to highest. In the event that there are multiple bids at the highest or clearing rate, the Auction Agent will allocate the securities on a pro-rata basis. Please note that all bids to buy must be entered with a rate specified by the customer.
- 3) Sell orders will be executed by the Auction Agent to the extent that there are sufficient buy orders to cover sales. In the event that there are more sell orders than buy orders, the Auction Agent will allocate the sales on a pro-rata basis. Roosevelt & Cross will then internally allocate sales on a pro-rata basis to its customers. In the event that Roosevelt & Cross has entered a sell order from the firm’s holdings, customer sell orders will have priority over this order.

Price Talk

The Roosevelt & Cross Auction Desk generally provides price talk to the registered representatives via email on the morning of the “NYC” auction. This is a good faith estimate of the price range in which the auction rate will likely fall. This rate range is based on, among other factors, recent rates for other New York City auctions and auctions of similar credit quality and auction period. The representatives communicate the price talk with their clients via email or telephone.

Orders

- 1) Hold orders: orders from existing holders who wish to hold securities at the market rate. Customers submitting hold orders will hold their bonds regardless of winning rate. An order will be deemed “hold” if the holder does not specify otherwise before the auction cut-off time.
- 2) Bids:
 - a. Bid to hold orders-orders from existing holders who wish to hold securities at a specified rate. If the auction clears below the specified rate, a sale of those securities will be executed.
 - b. New orders specifying an amount and rate.
- 3) Sell orders: orders from existing holders who wish to sell a specified amount of their holdings.

All orders submitted to the auction desk are confidential. The auction desk may enter bids for the firm’s account based on the knowledge gained from inspecting the order book. However, no sales representative, or any other employee of the firm, may disclose account order information regarding size and rates on buy orders to other accounts.

Auction Rate sell orders-not guaranteed

Neither Roosevelt & Cross nor any party to the transaction can guarantee that all or any part of a sell order will be successfully executed. Execution of sell orders are dependent on sufficiency of clearing bids. Roosevelt & Cross notifies all auction rate customers that there is no guarantee that sell orders will be filled, before accepting new orders on “NYC” auction.

Bidding by Roosevelt & Cross for its own account

Roosevelt & Cross is permitted, but not obligated, to submit orders in the “NYC” auction for its own account, and has done so from time to time. Roosevelt & Cross could enter bids in the “NYC” auction which may prevent the auction from becoming a failed auction, but it is not obligated to do so. When bidding for our own account, we may place bids within or outside of the range of our “price talk”.

Definitions: Please refer to the “NYC” official statement available on our website (www.roosevelt-cross.com) for definitions of “All Hold Rate”, “Auction”, “Auction Agent”, “Auction Rate Bonds”, “Bid”, “Broker-Dealer”, “Maximum Rate”, “Order”, and “Submission Deadline”, as well as other definitions relative to this program.

Fees

Roosevelt & Cross receives a broker/dealer fee for buy and hold orders it executes on our customers' behalf in the "NYC" auction. Roosevelt & Cross may share such fees with other dealers that submit orders through Roosevelt & Cross on the "NYC" auction.