



MEMORANDUM

TO: Members of the Audit Committee

FROM: Richard Froehlich *CB for RF*

SUBJECT: Material for Audit Committee Meeting
May 30, 2019 at 10:15 a.m.

DATE: May 23, 2019

Attached please find the following materials for the Audit Committee meeting:

- Proposed Agenda
- Minutes of March 28, 2019 Meeting
- Second Quarter Financial Report (Unaudited)
- Debt Report
- Investment Report
- Credit Risk Report
- Audit Committee Charter
- Internal Audit Reports
- Purchasing Procedures



MEMORANDUM

TO: Members of the Audit Committee
FROM: Richard Froehlich *CB for RF*
SUBJECT: Agenda for Audit Committee Meeting
DATE: May 23, 2019

For the Audit Committee Meeting, which will take place on Thursday, May 30th, at 10:15 a.m., I propose the following agenda:

1. Roll Call
2. Approval of Minutes of the Meeting held on March 28, 2019
3. Second Quarter Financial Report (Unaudited)
4. Debt Report
5. Investment Report
6. Credit Risk Update
7. Approval of Audit Committee Charter
8. Internal Audit Reports
9. Approval of HDC's Purchasing Guidelines
10. Other Business

**MINUTES OF THE MEETING OF
THE NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
AUDIT COMMITTEE**

March 28th, 2019

A meeting of the Members of the Audit Committee of the New York City Housing Development Corporation (the "Corporation") was held on Thursday March 28th, 2019 at the offices of the Corporation, 110 William Street, 10th Floor, New York, New York.

The meeting was called to order at 11:00 am by Mr. Harry Gould, Board Member, who noted the presence of a quorum. Mr. Gould called for approval of the minutes from the January 29, 2019 meeting. The minutes were approved.

Mr. Gould turned to Mr. Richard Froehlich, First Executive Vice President and Chief Operating Officer of the Corporation to provide an overview of the agenda.

Mr. Gould then turned to Ms. Mary John, Controller of the Corporation, to report on the Corporation's unaudited financial statements for the first quarter of fiscal year 2019. Ms. John noted that the Corporation had total revenues of \$180 million in the first quarter of the fiscal year, an increase of \$27 million from a year ago. This comprised of \$142.4 million of operating revenues, and \$37.6 million of non-operating income primarily from investment earnings. Total operating expenses were \$107 million up from \$88.8 million a year ago. Bond interest together with bond issuance costs made up 89% of the corporation's total operating expenses. Among the other financial activities of the first quarter was the issuance of seven new bond series for a total of \$483.2 million. HDC also closed two Government debt obligation funding loan agreements for \$198 million, which will be funded on a draw down basis. In the first three months of the fiscal year, HDC closed eleven new senior mortgages with loan commitments of \$433.4 million. Two Mitchell-Lama preservation loans were restructured with total commitments of \$121.9 million. Ms. John further noted that the Corporation also committed \$91.6 million in subsidies from its corporate reserves. At the end of the first quarter, HDC's total assets were at \$19.9 billion, an increase of \$544.3 million or 2.81% from FYE 2018. This increase was mainly due to the \$482.2 million increase in the mortgage loan portfolio, and \$84.3 million increase in cash and investments from FY 2018. Total liabilities were \$17.0 billion, an increase of \$471.5 million or 2.85% from FYE 2018. This increase was mainly due to the Corporation's bond issuance activities. HDC had net income of \$72.9 million for the first quarter of FY2019 up from \$33.2 million a year ago. Net position at the end of the first quarter was \$2.9 billion.

Mr. Gould then turned to Ms. Ellen Duffy, Senior Vice President of Debt Issuance and Finance to present the Corporation's Debt Report as of February 28, 2019. The last debt report presented to the Audit Committee was as of December 31, 2018. During this time, the Corporation issued two series of Open Resolution Bonds totaling \$110 million, remarketed one series of stand-alone bonds in the amount of \$54.6 million, and issued one series of stand-alone bonds in the amount of \$4.4 million.

There were bond redemptions in three series of Open Resolution bonds in the amount of \$121.62 million and two series of stand-alone bonds in the amount of \$54.9 million. Ms. Duffy stated that the Corporation's debt outstanding as of February 28, 2019 is approximately \$11.8 billion. The Corporation's statutory debt capacity stands at \$13.5 billion. Mr. Gould asked whether the \$13.5 billion is the final number for the year and Mr. Froehlich noted that the Corporation is contemplating a request to increase that amount and typically the Corporation would decide after the budget is done and, in all likelihood, that amount would increase. Mr. Kyle Kimball, Board Member asked whether the Corporation had any concerns regarding any change of the outlook from rating agencies. Ms. Duffy noted that the Corporation has a very positive outlook and Mr. Froehlich further noted that it's a very positive outlook and that is not a concern at this time.

Mr. Gould again turned to Ms. Duffy for the investment report. Ms. Duffy noted that the Corporation's Investment Report is as of March 21, 2019. Funds under management totaled approximately \$5.6 billion. This report reflects routine investment activity. Mr. Kimball asked how the Corporation takes advantage of the inverted yield curve. Mr. Froehlich stated that HDC's investments have gone up because the short-term rate has gone up and HDC's investments are relatively short term. Actual muni bonds issued are upward yielded and HDC's investments are performing well, and cost of capital have gone down. HDC is in a good place, investment income has gone up and the City lends through the Corporation and that allows HDC to revolve that money better because it stays in and then puts it back out. Ms. Duffy noted that as rates increase, there are more GIC providers which offers more options. Mr. Froehlich noted that the average rate of investment return on the open resolution is 2.7% and long-term debt is at 3.7% which reduce the negative arbitrage and it's been very positive. Mr. Froehlich noted that the Corporation's investment committee meets bi-weekly to review the investments. Mr. Gould then asked whether the Corporation uses outside advisors, Mr. Froehlich answered that the Corporation works with brokers but don't have specific financial advisors. HDC engages with the market and has brokers come in but mostly the Capital Markets team at HDC does a great job and have a proven track record.

Mr. Gould then recognized Ms. Mary Hom, Chief Risk Officer, for the counterparty credit risk exposure report. Ms. Hom reported that the report is dated February 28, 2019, and the last report to the Audit Committee was dated December 31, 2018. There were no new additions to the approved list of counterparties, but there were two credit rating agency actions of note. In February, Moody's upgraded Citibank to Aa3 from A1 due to the Bank's successful execution of its multiyear strategy to simplify operations, reduce its global consumer footprint, and pursue sustainable growth. In March, subsequent to the date of the report before the Audit Committee, Moody's upgraded Bank of America to Aa2 from Aa3 due to the Bank's strengthened profitability and enhanced earnings diversification. Ms. Hom continued by noting that the Corporation's counterparty exposure remains pretty well-diversified with the largest counterparty exposures being with Fannie Mae and Freddie Mac. Investments rated double-A or higher were 50% of total investments versus 52% at the last report, and the weighted average maturity was 1.8 years versus 1.7 years at the last report. Ms. Hom concluded by reporting that exposure to liquidity providers was approximately \$159 million. Ms. Denise Scott, Board Member asked whether the Corporation has any concerns regarding investments

with Deutsche Bank and Ms. Duffy responded that HDC previously had a GIC with Deutsche that matured but there is currently one stand alone deal and nothing else. Mr. Kimball asked how the government ending conservatorship of Fannie Mae would affect the Corporation since they are HDC's largest exposure. Mr. Froehlich responded that the debt that has been issued has the support of the federal government and if that were to change it would be disruptive to capital markets, it needs to be done in a way that is not disruptive to capital markets. As far as credit enhancer, all agreements would be secured in one way or another depending on how they move forward. In some cases, they can be replaced but the conduit deals are another concern and the Corporation would deal with it as the problem arises. Mr. Froehlich noted that the question has been out since 2009 and it's very important to the single-family mortgage market as well as the multi family market so it needs to be done right.

Mr. Gould then called on Ms. Hom to present the proposed changes to the Internal Audit Charter. Ms. Hom reported that the last time the Audit Committee reviewed and approved revisions to the Internal Audit Charter was on December 2, 2015. The current proposed revisions address recommendations from the Quality Assessment Review (QAR) presented to the Audit Committee on January 26, 2018. The four recommendations from the QAR were as follows: (1) Update the Charter language to incorporate revised standards as outlined in The Institute of Internal Auditors (IIA) International Professional Practices Framework; this recommendation was accepted and incorporated under the section titled "Professional Standards" on page 2 of the Charter; (2) Define the term "consulting services;" this recommendation was accepted and incorporated under the section titled "Responsibility" on page 1 of the Charter; (3) Add language outlining when the Charter will be reviewed and approved; this recommendation was accepted and incorporated on the bottom of page 2 of the Charter; review and approval will occur on a periodic basis (once every five years) or as needed upon change in the Audit Committee Chair, change in Internal Audit department reporting, or change in IIA Standards; and (4) Consider adding appropriate signatures to document agreement; this recommendation was declined as agreement is documented in the Audit Committee minutes whenever the Charter is presented to and approved by the Audit Committee. Ms. Hom requested approval of the revisions to the Internal Audit Charter, and the Members approved the revisions.

Mr. Gould then called on Ms. Hom to present the Internal Audit reports. Ms. Hom reported that there were three reports completed under the direction of Ms. Shirley Jarvis, the previous Vice President, Internal Audit. Ms. Hom then provided a summary of each of these audits noting that the complete audit reports are attached to the Members' package of Audit Committee memos. First, Ms. Hom reported on the 2018 Developer Disclosure Review. The objective of this review was to determine whether the disclosure review process was performed for new projects. Internal Audit noted no matters involving internal controls that were considered weaknesses. Disclosure was performed for the required individuals and entities for the new construction projects which closed during the audit scope period. The second report was the 2018 Investment Audit. The objective was to determine the effectiveness of internal controls over investment activity to provide reasonable assurance that (1) investment transactions were in accordance with HDC investment guidelines, policies, procedures, and laws and regulations; (2) investment transactions were properly and accurately executed by the Cash Management

staff and authorized by Cash Management supervisors; and (3) investments were reconciled to the General Ledger cash accounts by the Accounting division. The results of this audit noted no matters involving internal control and its operation that were considered material weaknesses. Investment transactions were in accordance with HDC investment guidelines, policies, procedures, and laws and regulations. The audit sample showed that investment transactions were properly and accurately executed by Cash Management staff and authorized by appropriate Cash Management supervisors. Moreover, it was determined that investments were reviewed and reconciled to the General Ledger cash accounts by the Accounting division. The final audit report was for the 2018 IT Third Party Vendor Management Audit. The objective of this audit was to determine if the IT department is effectively managing vendor contracts related to security, statement of work, and service level agreements. Ms. Hom noted that there were no matters involving internal controls that were considered material weaknesses. IT contracts generally covered data security, statement of work, service level agreements, and data confidentiality of sub-contractors. The Internal Audit department did make one observation and recommendation: HDC does not currently have cyber insurance in place, and the recommendation was for management to consider purchasing a cyber insurance policy to mitigate the risk of data breaches and offset the associated costs. Management response was that although HDC has implemented multiple layers of security, including data protection, intrusion prevention, and network monitoring, management will reinitiate the review of cyber insurance options available and engage with a cybersecurity consulting firm and insurance broker for advice on appropriate coverage and options.

At 11:20am, with no further business, Mr. Gould moved to dismiss and the meeting was adjourned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Violine Roberty", written in a cursive style.

Violine Roberty

**MINUTES OF THE MEETING OF
THE NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
AUDIT COMMITTEE**

March 28th, 2019

ATTENDANCE LIST

<u>NAME</u>	<u>AFFILIATION</u>
Harry Gould	Audit Committee Member
Denise Scott	Audit Committee Member
Kyle Kimball	Audit Committee Member
Vincent Halleran	Ernst & Young
Richard Froehlich	NYC Housing Development Corp.
Jim Quinlivan	NYC Housing Development Corp.
Ellen Duffy	NYC Housing Development Corp.
Cathy Baumann	NYC Housing Development Corp.
Terry Gigliello	NYC Housing Development Corp.
Louise Caroll	NYC Housing Development Corp.
Mary Hom	NYC Housing Development Corp.
Paul Cackler	NYC Housing Development Corp.
Mary John	NYC Housing Development Corp.
Uyen Luu	NYC Housing Development Corp.
Madhavi Kulkarni	NYC Housing Development Corp.
Trisha Ostergaard	NYC Housing Development Corp.
Patrick Ogoke	NYC Housing Development Corp.
Neil Saranga	NYC Housing Development Corp.
Violine Roberty	NYC Housing Development Corp.



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

TO: Members of the Audit Committee

FROM: Cathleen Baumann *CB*

SUBJECT: Six Month (Unaudited) Financial Information as of April 30, 2019

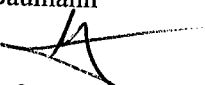
DATE: May 23, 2019

Attached for the Members review is the Corporation's second quarter financial statements (unaudited), with a summary memo from Controller Mary John. These financial schedules cover the Corporation's first six months of fiscal year 2019, which is November 1, 2018 through April 30, 2019. The combined Net Position (Balance Sheet) and Revenue and Expense Statements for the Corporation and its subsidiaries are attached. In addition, the individual Net Position (Balance Sheet) and Revenue and Expense Statements have also been included for HDC, HAC, REMIC, the Open Resolution (HRB), the New Issue Bond Program (NIBP), and the Mini Open Resolution.



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

INTEROFFICE MEMORANDUM

To: Cathleen Baumann
From: Mary John 
Subject: Financial Information as of April 30, 2019
Date: May 20, 2019

The Accounting Division has prepared financial schedules (unaudited) covering the Corporation's first six months of fiscal year 2019, which is November 1, 2018 through April 30, 2019. The combined Net Position (Balance Sheet) and Revenue and Expense Statements for the Corporation and its subsidiaries are attached. In addition, the individual Net Position (Balance Sheet) and Revenue and Expense Statements have also been included for HDC, HAC, REMIC, Open Resolution (HRB), New Issue Bond Program (NIBP) and the Mini Open Resolution. Preceding the statements are Financial Highlights and an Overview that summarize the major components of the financial statements.

cc: Richard Froehlich

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Financial Highlights and Overview of the Financial Statements
Second Quarter as of 04/30/2019 (unaudited)

Financial Highlights

- HDC's Net Assets increased by \$123.3 million or 4.4% from fiscal year end 2018 ("FYE 2018") to a total of \$2.95 billion. The growth in net assets was driven by the Corporation's normal operating, lending and servicing activities.
- The Corporation had total revenues of \$338.5 million through the end of the second quarter of this fiscal year, an increase of \$97.6 million or 40.5% compared to the same period a year ago. Among the factors that caused the increase in total revenues was a \$55.0 million increase in investment earnings, including the fair value appreciation in this fiscal year of \$15.0 million. This increase was mainly due to a \$606 million increase in funds under management from fiscal year end 2018. From April 30, 2018, funds under management have increased by \$1.3 billion. The increase in earnings is also attributable to the rise in interest rates during that time.
- Operating revenues for the first six months of this fiscal year were \$268.8 million, an increase of \$42.4 million from a year ago. The increase in operating income was primarily due to a \$25.3 million increase in interest on loans, as the mortgage portfolio saw an increase of \$645.9 million from FYE 2018. Fees and charges increased by \$14.8 million, mainly due to the higher balance on new loans issued this fiscal year. Operating expenses were \$215.2 million, an increase of \$36.8 million. The increase in operating expenses was primarily due to bond interest and debt issuance costs. Bond issuances, so far, this fiscal year, were \$1.06 billion, total issuance in fiscal year 2018 was \$1.66 billion. The Corporation had net operating income of \$53.5 million, an increase of \$5.6 million from a year ago. Operating expenses have increased at a higher rate than operating income. The offset is seen in the investment earnings with approximately \$2.0 billion of invested funds from unadvanced bond proceeds. Investment earnings are recognized as Non-Operating Income.
- In the first six months of fiscal year 2019, HDC closed fifteen new senior mortgages with loan commitments of \$672.4 million including two developments funded via the back-to-back structure, with funding loan agreements with Citibank. In addition, the Corporation committed \$135.3 million of subsidy from corporate reserves. Two Mitchell-Lama preservation mortgages were also made for a total of \$125.0 million. So far this fiscal year, one subsidy loan has been funded from the Stuy-Town loan reimbursements in the amount of \$15.0 million. As of April 30, 2019, a balance of \$30.7 million of the \$143.2 million loan remains to be reimbursed.
- Through the end of the second quarter, HDC had issued 17 new bond series for a total of \$1.06 billion. Two new debt obligation funding loan agreements were closed as well, which will be funded on a drawdown basis. Along with draws on previously issued obligations, total draws this fiscal year amounted to \$23.0 million. Proceeds from the new bond issuances will be used to fund the aforementioned new construction and preservation loans, the securitization of a portfolio of mortgage loans previously funded from Corporate reserves, the refunding of \$252.4 million of 2009 Series bonds, as well as the refunding of three Government Debt Obligations.
- During the second quarter, the Corporation participated in two new initiatives with the City. In February, a \$2.25 million loan was made to the New York City Down Payment Assistance Fund ("DPAF"), to assist non-profit entities in making down payments on purchases of land or vacant buildings for creating new affordable housing. In April, HDC also used its Corporate reserves

to fund two HPD Cluster Sites Loans, for a total of \$5.5 million, to finance a portion of the acquisition of 17 cluster sites. The HDC loan was used to fund reserves for the two entities that will manage the program.

- Total Assets (including Deferred Outflows) of \$20.6 billion, increased by \$1.3 billion or 6.6% from FYE 2018.
 - Cash and investments totaled \$5.9 billion.
 - Mortgages, notes, loan participation interest receivable, and purpose investments totaled \$14.6 billion.
 - Other assets (including \$96.7 million of Accrued Interest Receivable) totaled \$150.7 million.
 - Deferred Outflows on interest rate caps and swaps, loss on early debt retirement, OPEB and pension related liabilities totaled \$20.5 million.
- Total Liabilities (including Deferred Inflows) of \$17.7 billion, increased by \$1.1 billion or 6.9% from FYE 2018.
 - Bonds and Debt Obligations Payable (net) totaled \$12.5 billion.
 - Payable to the City of New York totaled \$3.9 billion, including \$2.1 billion related to the Section 661 HPD Grant Program and \$1.1 billion related to the Mitchell Lama and the City Loan sale Participation program.
 - Payable to Mortgagors totaled \$852.7 million.
 - Other Liabilities (including \$134.4 million of Accrued Interest Payable) totaled \$346.8 million.
 - Deferred Inflows of Resources related to pension liability, OPEB and interest rate swaps were \$12.6 million.
- Net income was \$123.3 million for the first six months of FY 2019. This is an increase of \$60.7 million or 97.1% over the same period in FY 2018.

Overview of Assets and Liabilities and Net Position

- The increase in total assets by a net of \$1.3 billion, was a result of the following:
 - Cash and investments increased by \$615.6 million. The increase was primarily due to new money raised from bond issuances and debt obligation funding loan agreements which totaled \$1.08 billion. After principal and interest payments of \$684.9 million, net cash provided by financing activities was \$400.8 million.
 - Mortgages, notes, loan participation interest receivable, and purpose investments increased by a net of \$646.0 million from FYE 2018 as a result of the Corporation's ongoing financing activities. Mortgage loan activities included advances of \$941.8 million and repayments of \$416.2 million. Mortgage loan assignments via purchase and sales agreements were \$127.7 million. There was a \$7.2 million loan evaporation on the Stuyvesant Town loan.
 - Other assets increased by a net of \$20.8 million from FYE 2018. This included an increase of \$16.2 million of accrued mortgage and loan interest receivable. Other receivables which are mainly comprised of principal and interest billed on loans serviced for other entities, loans financed through HDC's participation in the Community Preservation Corporation ("CPC") special purpose enterprise, servicing fees, and low-income housing tax credit monitoring fees increased by a net of \$5.2 million. Capital assets and deferred charges decreased by a net of \$0.6 million due to amortization.

- Interest rate swaps fair value decreased by \$21.5 million.
- Deferred outflow of resources increased by a net of \$10.3 million. The increase was mainly due to \$12.5 million recorded as deferred outflows related to the decrease in the fair value of interest rate swaps. This was offset by a \$1.8 million in pension expense for a payment made subsequent to the pension liability valuation at FYE 2018, and a decrease of \$0.4 million due to amortization on a loss on early debt retirement due to an in-substance defeasance.
- Total liabilities increased by a net of \$1.1 billion, or 6.9%, primarily due to the following:
 - Bonds and Debt Obligations payable increased by a net of \$574.6 million. The Corporation issued 17 new bond series and closed two new debt obligation funding loan agreements through the end of the second quarter. New money raised, including draws on previously issued funding loan agreements totaled \$1.08 billion for the period of November 1, 2018 to April 30, 2019. During this same period, \$507.7 million of bond principal and debt obligation payments were made which included scheduled principal payments of \$150.9 million and redemptions of \$356.8 million. Additionally, premiums of \$1.9 million were amortized and \$1.4 million of principal payments were made to the Federal Financing Bank.
 - A net increase of \$539.4 million in the Payable to New York City was mainly due to the following:
 - An increase of \$403.1 million related to HPD grant funds received for mortgage loans funded under the Section 661 of the Private Housing Finance Law.
 - An increase of \$136.9 million related to mortgage loan assignments to the Corporation pursuant to Purchase and Sale agreements between HPD and HDC.
 - A net decrease of \$8.3 million in the Housing Assistance Corporation as a result of the evaporation of loan principal for Stuyvesant Town Peter Cooper Village in the amount of \$7.2 million and the Tenant Assistant Contract (“TAC”) payment of \$1.3 million for Ruppert Yorkville.
 - A decrease of \$5.8 million in administering the construction and permanent loans on behalf of HPD.
 - A reduction of \$15.0 million in the receivable from the City related to the reimbursement of the Stuyvesant Town Peter Cooper Village mortgage loan funding from the Corporate Services Fund. As of April 30, 2019, the total reimbursement from the City was \$112.6 million, with \$30.7 million still due to HDC.
 - A decrease of \$1.5 million in the Mitchell Lama and the City loan sale participating agreements.
 - There was a net increase of \$3.4 million in the Payable to Mortgagors as a result of the following:
 - Mortgage escrows, reserve for replacement, and other mortgagors’ funds held by the Corporation in its normal loan servicing function increased by a net of \$36.4 million.
 - Prepaid mortgage principal and bond sinking funds held on behalf of mortgagors decreased by a net of \$7.8 million. This included a net decrease of \$7.5 million on principal reserve funds and a decrease of \$0.3 million of debt service funds held on behalf of mortgagors.

- Community Development Block Grant (“CDBG”) funds payable decreased by a net of \$24.6 million. This was mainly due to \$25.0 million in funds advanced this period which was offset by \$0.4 million in investment earnings distributed.
 - Developer’s equity funds decreased by \$0.6 million.
 - Other liabilities increased by a net of \$51.9 million mainly due to the following:
 - Accrued Interest Payable increased by \$13.0 million from FYE 2018.
 - Accounts and Other Payables increased \$20.0 million, mainly due to the receipt of \$15.5 million grant funds received on behalf of two developments. Payable to New York State bonds issuance fees and mortgage insurance premiums payable increased by a net of \$4.0 million, collateral funds received related to the Hunter Point mortgage increased by \$0.2 million, and accrued interest on grant loans serviced for other entities increased by \$0.3 million.
 - Deferred Fees increased by a net of \$5.3 million mainly due to the receipt of construction and bond financing fees collected on new construction loans closed in the period.
 - Restricted investment earnings distributed to mortgagors increased by \$1.2 million.
 - An increase of \$12.5 million is attributable to recognition of a decrease in the fair value of interest rate swaps.
- The total net position (net assets) increased by \$123.3 million which is comprised of operating revenues of \$268.8 million and non-operating revenues of \$69.7 million primarily from investment income. This is offset by operating expenses that totaled \$215.2 million, including \$186.7 million of bond and debt obligation interest and amortization.

Overview of Revenues and Expenses - Comparison of first 6-months of FY 2019 & FY 2018

Excess of revenues over expenses was \$123.3 million for the period November 1, 2018 through April 30, 2019 compared to the same period in FY 2018 when it was \$62.5 million. This increase of \$60.7 million was largely due to higher earnings in interest on loans and investment income during this period.

- Total operating revenues were \$268.8 million, an increase of \$42.4 million, or 18.8% from the same period in fiscal year 2018 as a result of the following:
 - Interest on loans increased from \$192.6 million to \$217.9 million compared to the same period last year. The increase of \$25.3 million or 13.1% was a result of ongoing financing activities, as the mortgage loan portfolio increased by \$1.4 billion from April 2018.
 - Fees and charges were \$47.2 million, up from \$32.4 million a year ago. The increase of \$14.8 million or 45.7%, was mainly due to the higher balances on new construction loans closed in the period. Commitment fees earned this period were \$10.5 million compared to \$3.3 million a year ago. Bond financing fees earned this period were \$11.3 million compared to \$4.8 million, for the same period last year.
 - Other income increased by \$1.4 million, mainly due to increases in mortgage participation fees of \$0.8 million and in credit facility fees earned of \$1.0 million on four bond series, the 2016 Series G-1, G-2, and the 2018 Series L-1, L-2.
- Operating expenses increased by \$36.8 million, compared to the same period in FY 2018 as a result of the following:

- Bond and debt obligation interest and amortization for the first six months of fiscal year 2019 was \$186.7 million, an increase of \$33.3 million from a year ago. The increase was mainly due to the issuance of \$1.06 billion in new bonds, in addition to higher interest rates on the Variable Rate Demand Obligation bonds (“VRDO”).
- Debt issuance costs through the end of the second quarter were \$7.7 million, an increase of \$2.9 million from the \$4.8 million a year ago.
- Trustee and mortgage insurance premiums paid through the end of the second quarter were \$4.5 million, a slight decrease from a year ago.
- Corporate operating expenses were \$3.0 million, an increase of \$0.2 million from the same period in FY 2018.
- Salaries and related expenses were \$13.3 million, an increase of \$0.6 million compared to the same period last year.
- Total non-operating revenues increased from \$14.6 million to \$69.7 million, from the same period a year ago. This was a result of higher investment earnings on the increase in funds under management, totaling in excess of \$1.3 billion, and from rising interest rates, and by the appreciation in the fair market value.
 - Realized investment earnings were \$54.8 million, an increase of \$29.8 million over the same period last year.
 - The fair market value change on the investment portfolio was \$15.0 million compared to a negative \$10.2 million for the same period a year ago.

NYC Housing Development Corporation
and Subsidiaries
Net Position Summary
Current Period APR-19
Unaudited

Program=Total All
(in thousands)

Assets

	April 30, 2019	October 31, 2018	Change
Current Assets:			
Cash	\$ 694	\$ 615	79
Investments	995,789	900,062	95,727
Receivables:			
Mortgage loans	418,197	294,485	123,712
Accrued interest	38,739	38,532	207
Notes	37,386	37,529	(143)
Other	17,465	13,527	3,938
Total receivables	511,787	384,073	127,714
Other assets	-	16	(16)
Total Current Assets	1,508,270	1,284,766	223,504
Noncurrent Assets:			
Restricted cash	25,864	16,380	9,484
Restricted investments	4,828,421	4,318,152	510,269
Purpose investment	28,768	29,081	(313)
Mortgage loans	224,303	340,502	(116,199)
Restricted receivables:			
Mortgage loans	11,969,457	11,336,474	632,983
Mortgage loan participation - Federal Financing Bank	281,011	281,943	(932)
Loan participation receivable - The City of NY	1,101,028	1,092,274	8,754
Accrued interest	58,009	42,056	15,953
Notes	550,563	552,462	(1,899)
Other	22,001	20,713	1,288
Total restricted receivables	13,982,069	13,325,922	656,147
Capital assets	1,772	2,165	(393)
Derivative instrument interest rate swaps	10,482	32,012	(21,530)
Other assets	2,205	2,370	(165)
Total Noncurrent Assets	19,103,884	18,066,584	1,037,300
Total Assets	\$ 20,612,154	\$ 19,351,350	\$ 1,260,804
Deferred outflows of resources			
Interest rate caps	1,880	1,880	-
Deferred loss on early retirement of debt	5,296	5,660	(364)
Deferred outflows pension related	(233)	1,588	(1,821)
Deferred outflows related to OPEB plan	1,061	1,061	-
Deferred outflows interest rate swaps	12,458	-	12,458
Total deferred outflows of resources	\$ 20,462	\$ 10,189	\$ 10,273

**NYC Housing Development Corporation
 and Subsidiaries**
Net Position Summary
Current Period APR-19
Unaudited

Program=Total All
(in thousands)

April 30, 2019 **October 31, 2018** **Change**

Liabilities and Net Position

	April 30, 2019	October 31, 2018	Change
Current Liabilities:			
Bonds payable (net)	\$ 725,946	\$ 627,161	\$ 98,785
Debt obligations payable	97	94	3
Loan participation payable to Federal Financing Bank	2,364	2,826	(462)
Accrued interest payable	134,382	121,416	12,966
Payable to mortgagors	205,619	182,299	23,320
Restricted earnings on investments	21,890	20,728	1,162
Accounts and other payables	45,362	25,348	20,014
Due to the United States Government	-	-	-
Total Current Liabilities	1,135,660	979,872	155,788
Noncurrent Liabilities:			
Bonds and debt obligations payable:			
Bonds payable (net)	11,187,433	10,647,712	539,721
Debt obligations payable	352,564	415,043	(62,479)
Loan participation payable to Federal Financing Bank	281,011	281,943	(932)
Payable to The City of New York:			
Loan participation due to The City of New York	1,101,028	1,092,274	8,754
HPD Grant Fund	2,050,992	1,647,918	403,074
Others	764,336	636,759	127,577
Payable to mortgagors	647,047	667,012	(19,965)
Net pension liability	9,325	9,325	-
Post employment benefits payable	13,822	13,822	-
Derivative Instrument Interest Rate Swap	12,458	-	12,458
Unearned revenues and other liabilities	109,595	104,250	5,345
Due to the United States Government	-	-	-
Total Noncurrent Liabilities	16,529,611	15,516,066	1,013,545
Total Liabilities	17,665,271	16,495,938	1,169,333
Deferred inflows from pension	1,356	1,356	-
Deferred inflows from OPEB	765	765	-
Interest rate swap fair value	10,483	32,012	(21,529)
Total Deferred Inflows of Resources	12,604	34,133	(21,529)
Net Position:			
Restricted for bond obligations	2,136,750	1,904,075	232,675
Restricted for insurance requirement and others	81,960	79,378	2,582
Unrestricted	736,031	848,015	(111,984)
Total Net Position	2,954,741	2,831,468	123,273
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 20,632,616	\$ 19,361,539	\$ 1,271,077

... Housing Development Corporation
and Subsidiaries
Statement of Revenue and Expenses Summary
Current Period APR-19
Unaudited

Program=Total All
(in thousands)

	Q2 FY 2019 (11/01/18-04/30/19)	Q2 FY 2018 (11/01/17-04/30/18)	Change
Operating Revenues			
Interest on loans	\$ 217,855	\$ 192,574	\$ 25,281
Fees and charges	47,193	32,385	14,808
Income on loan participation interests	1,368	468	900
Other	2,375	928	1,447
Total Operating Revenues	268,791	226,355	42,436
Operating Expenses			
Interest and amortization of bond premium and discount	186,702	153,441	33,261
Salaries and related expenses	13,298	12,705	593
Trustees' and other fees	4,521	4,629	(108)
Debt issuance costs	7,686	4,800	2,886
Corporate operating expenses	3,037	2,830	207
Total Operating Expenses	215,244	178,405	36,839
Operating Income (Loss)	53,547	47,950	5,597
Non-operating Revenues (Expenses)			
Earnings on investments			
Unrealized gain (loss) on investment FMV	54,829	25,017	29,812
Loss on early retirement of debt	14,996	(10,226)	25,222
Other non-operating revenues (expenses), net	-	(129)	129
Operating transfers to (HDC) Corporate Services Fund	(99)	(62)	(37)
Operating transfers from REMIC Subsidiary	287	275	12
Total Non-operating Revenues (Expenses)	(287)	(275)	(12)
Income (Loss) before Special Item	69,726	14,600	55,126
Capital transfers	123,273	62,550	60,723
Loan participation agreement securitization proceeds (2018 Series B-1)	-	-	-
Extinguishment of debt	-	-	-
Change in Net Position	-	-	-
Total net position - beginning of year	123,273	62,550	60,723
Total Net Position - End of Year	2,831,468	2,584,166	247,302
	\$ 2,954,741	\$ 2,646,716	\$ 308,025

NYC Housing Development Corporation
 Net Position Summary
 Current Period APR-19
 Unaudited

Program=Total HDC
 (in thousands)

Assets

	April 30, 2019	October 31, 2018	Change
Current Assets:			
Cash	\$ 694	\$ 615	79
Investments	995,789	900,062	95,727
Receivables:			
Mortgage loans	418,197	294,485	123,712
Accrued interest	38,738	38,532	206
Notes	37,386	37,529	(143)
Other	17,465	13,527	3,938
Total receivables	511,786	384,073	127,713
Other assets	-	16	(16)
Total Current Assets	1,508,269	1,284,766	223,503
Noncurrent Assets:			
Restricted cash	25,863	16,380	9,483
Restricted investments	4,676,589	4,178,228	498,361
Purpose investment	28,768	29,081	(313)
Mortgage loans	224,303	340,502	(116,199)
Restricted receivables:			
Mortgage loans	11,847,393	11,207,353	640,040
Mortgage loan participation - Federal Financing Bank	281,011	281,943	(932)
Loan participation receivable - The City of NY	1,101,028	1,092,274	8,754
Accrued interest	58,009	42,056	15,953
Notes	550,563	552,462	(1,899)
Other	22,001	20,713	1,288
Total restricted receivables	13,860,005	13,196,801	663,204
Unamortized issuance costs	-	-	-
Primary government/component unit receivable (payable)	23	20	3
Capital assets	1,772	2,165	(393)
Derivative instrument interest rate swaps	10,482	32,012	(21,530)
Other assets	2,207	2,370	(163)
Total Noncurrent Assets	18,830,012	17,797,559	1,032,453
Total Assets	\$ 20,338,281	\$ 19,082,325	\$ 1,255,956
Deferred outflows of resources			
Interest rate caps	1,880	1,880	-
Deferred loss on early retirement of debt	5,296	5,660	(364)
Deferred outflows pension related	(233)	1,588	(1,821)
Deferred outflows related to OPEB plan	1,061	1,061	-
Deferred outflows interest rate swaps	12,458	-	12,458
Total deferred outflows of resources	\$ 20,462	\$ 10,189	\$ 10,273

Program=Total HDC
 (in thousands)

	April 30, 2019	October 31, 2018	Change
Liabilities and Net Position			
Current Liabilities:			
Bonds payable (net)	\$ 725,946	\$ 627,161	\$ 98,785
Debt obligations payable	97	94	3
Loan participation payable to Federal Financing Bank	2,364	2,826	(462)
Accrued interest payable	134,382	121,416	12,966
Payable to The City of New York	-	-	-
Payable to mortgagors	205,619	182,299	23,320
Restricted earnings on investments	21,890	20,728	1,162
Accounts and other payables	45,362	25,348	20,014
Due to the United States Government	-	-	-
Total Current Liabilities	1,135,660	979,872	155,788
Noncurrent Liabilities:			
Bonds and debt obligations payable:			
Bonds payable (net)	11,187,433	10,647,712	539,721
Debt obligations payable	352,564	415,043	(62,479)
Loan participation payable to Federal Financing Bank	281,011	281,943	(932)
Payable to The City of New York:			
Loan participation due to The City of New York	1,101,028	1,092,274	8,754
HPD Grant Fund	2,050,992	1,647,918	403,074
Others	631,321	495,444	135,877
Payable to mortgagors	647,047	667,012	(19,965)
Net pension liabilities	9,325	9,325	-
Post employment benefits payable	13,822	13,822	-
Derivative Instrument Interest Rate Swap	12,458	-	12,458
Unearned revenues and other liabilities	109,595	104,250	5,345
Due to the United States Government	-	8	(8)
Total Noncurrent Liabilities	16,396,596	15,374,751	1,021,845
Total Liabilities	17,532,256	16,354,623	1,177,633
Deferred inflows from pension	1,356	1,356	-
Deferred inflows from OPEB	765	765	-
Interest rate swap fair value	10,483	32,012	(21,529)
Total Deferred Inflows of Resources	12,604	34,133	(21,529)
Net Position:			
Restricted for bond obligations	2,136,750	1,904,075	232,675
Restricted for insurance requirement and others	-	-	-
Unrestricted	677,133	799,683	(122,550)
Total Net Position	2,813,883	2,703,758	110,125
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 20,358,743	\$ 19,092,514	\$ 1,266,229

... Housing Development Corporation
Statement of Revenue and Expenses Summary
 Current Period APR-19

Program=Total HDC
 (in thousands)

Unaudited

	Q2 FY 2019 <small>(11/01/18-04/30/19)</small>	Q2 FY 2018 <small>(11/01/17-04/30/18)</small>	Change
Operating Revenues			
Interest on loans	\$ 217,851	\$ 192,574	\$ 25,277
Fees and charges	45,263	30,159	15,104
Income on loan participation interests	1,368	468	900
Other	2,375	929	1,446
Total Operating Revenues	266,857	224,130	42,727
Operating Expenses			
Interest and amortization of bond premium and discount	186,702	153,441	33,261
Salaries and related expenses	13,298	12,705	593
Trustees' and other fees	4,520	4,629	(109)
Debt issuance costs	7,686	4,801	2,885
Corporate operating expenses	3,038	2,830	208
Total Operating Expenses	215,244	178,406	36,838
Operating Income (Loss)	51,613	45,724	5,889
Non-operating Revenues (Expenses)			
Earnings on investments			
Unrealized gain (loss) on investment FMV	53,328	23,965	29,363
Loss on early retirement of debt	14,996	(10,226)	25,222
Other non-operating revenues (expenses), net	-	(129)	129
Operating transfers to (HDC) Corporate Services Fund	(10,099)	(62)	(10,037)
Operating transfers from REMIC Subsidiary	287	275	12
Total Non-operating Revenues (Expenses)	58,512	13,823	44,689
Income (Loss)	110,125	59,547	50,578
Capital transfers			
Loan participation agreement securitization proceeds (2018 Series B-1)	-	-	-
Extinguishment of debt	-	-	-
Change in Net Position	-	-	-
Total net position - beginning of year	110,125	59,547	50,578
Total Net Position - End of Year	2,703,758	2,461,869	241,889
	\$ 2,813,883	\$ 2,521,416	\$ 292,467

Issuance Revenue Bond Program
 Net Position Summary
 Current Period APR-19
 Unaudited

Program=Total HRB
 (in thousands)

Assets

April 30, 2019 October 31, 2018 Change

Current Assets:

Cash	\$ 485,301	\$ 437,036	\$ 48,265
Investments	-	-	-
Receivables:			
Mortgage loans	404,523	277,980	126,543
Accrued interest	19,257	19,147	110
Notes	-	-	-
Other	198	128	70
Total receivables	423,978	297,255	126,723
Other assets	-	-	-
Total Current Assets	909,279	734,291	174,988

Noncurrent Assets:

Restricted cash	18,450	10,785	7,665
Restricted investments	2,288,335	2,006,163	282,172
Purpose investment	28,768	29,081	(313)
Mortgage loans	-	-	-
Restricted receivables:			
Mortgage loans	6,794,430	6,411,592	382,838
Mortgage loan participation - Federal Financing Bank	-	-	-
Loan participation receivable - The City of NY	1,101,028	1,092,274	8,754
Accrued interest	15,340	10,600	4,740
Notes	-	-	-
Other	-	-	-
Total restricted receivables	7,910,798	7,514,466	396,332
Unamortized issuance costs	-	-	-
Primary government/component unit receivable (payable)	16,850	(37,321)	54,171
Capital assets	-	-	-
Derivative instrument interest rate swaps	6,228	19,673	(13,445)
Other assets	2,214	5,675	(3,461)
Total Noncurrent Assets	10,271,643	9,548,522	723,121
Total Assets	\$ 11,180,922	\$ 10,282,813	\$ 898,109

Deferred outflows of resources

Interest rate cap	1,368	1,368	-
Deferred loss on early retirement of debt	-	-	-
Deferred outflows pension related	-	-	-
Deferred outflows related to OPEB plan	-	-	-
Deferred outflows Interest rate swaps	12,458	-	12,458
Total deferred outflows of resources	\$ 13,826	\$ 1,368	\$ 12,458

Issuance of Revenue Bond Program
 Net Position Summary
 Current Period APR-19
 Unaudited

Program=Total HRB
 (in thousands)

April 30, 2019 October 31, 2018 Change

Liabilities and Net Position

Current Liabilities:

Bonds payable (net)	\$ 675,700	\$ 576,135	\$ 99,565
Debt obligations payable	-	-	-
Loan participation payable to Federal Financing Bank	-	-	-
Accrued interest payable	111,502	98,481	13,021
Payable to The City of New York	-	-	-
Payable to mortgage	1,345	1,376	(31)
Restricted earnings on investments	73	75	(2)
Accounts and other payables	248	48	200
Due to the United States Government	-	-	-
Total Current Liabilities	788,868	676,115	112,753

Noncurrent Liabilities:

Bonds and debt obligations payable:			
Bonds payable (net)	7,440,445	6,871,518	568,927
Debt obligations payable	-	-	-
Loan participation payable to Federal Financing Bank	-	-	-
Payable to The City of New York:			
Loan participation due to The City of New York	1,101,028	1,092,274	8,754
Others	129	129	-
Payable to mortgage	9,766	10,139	(373)
Post employment benefits payable	-	-	-
Derivative instrument interest rate swaps	12,458	-	12,458
Unearned revenues and other liabilities	77,464	75,417	2,047
Due to the United States Government	-	9	(9)
Total Noncurrent Liabilities	8,641,290	8,049,486	591,804
Total Liabilities	9,430,158	8,725,601	704,557

Deferred inflows from pension
 Deferred inflows from OPEB
 Interest rate swap fair value

Total Deferred Inflows of Resources	6,228	22,978	(16,750)
	6,228	22,978	(16,750)

Net Position:

Restricted for bond obligations	1,758,362	1,535,602	222,760
Restricted for insurance requirement and others	-	-	-
Unrestricted	-	-	-
Total Net Position	1,758,362	1,535,602	222,760
Total Liabilities and Net Position	\$ 11,194,748	\$ 10,284,181	\$ 910,567

Housing Revenue Bond Program
Statement of Revenue and Expenses Summary
Current Period APR-19

Program=Total HRB
(in thousands)

Unaudited

	Q2 FY 2019 (11/01/18-04/30/19)	Q2 FY 2018 (11/01/17-04/30/18)	Change
Operating Revenues			
Interest on loans	\$ 126,349	\$ 109,071	\$ 17,278
Fees and charges	24,922	16,584	8,338
Income on loan participation interests	1,368	251	1,117
Other	1,948	159	1,789
Total Operating Revenues	154,587	126,065	28,522
Operating Expenses			
Interest and amortization of bond premium and discount	122,483	93,602	28,881
Salaries and related expenses	-	-	-
Trustees' and other fees	221	438	(217)
Debt issuance costs	7,184	4,101	3,083
Corporate operating expenses	-	-	-
Total Operating Expenses	129,888	98,141	31,747
Operating Income (Loss)	24,699	27,924	(3,225)
Non-operating Revenues (Expenses)			
Earnings on investments	31,646	15,193	16,453
Unrealized gain (loss) on investment FMV	3,380	(3,622)	7,002
Loss on early retirement of debt	-	(129)	129
Other non-operating revenues (expenses), net	(99)	(62)	(37)
Operating transfers to (HDC) Corporate Services Fund	(9,469)	(2,833)	(6,636)
Operating transfers from REMIC Subsidiary	-	-	-
Total Non-operating Revenues (Expenses)	25,458	8,547	16,911
Income (Loss)	50,157	36,471	13,686
Capital transfers	172,603	171,057	1,546
Loan participation agreement securitization proceeds (2018 Series B-1)	-	-	-
Extinguishment of debt	-	-	-
Change in Net Position	222,760	207,528	15,232
Total net position - beginning of year	1,535,602	1,182,964	352,638
Total Net Position - End of Year	\$ 1,758,362	\$ 1,390,492	\$ 367,870

Housing Assistance Corporation
Net Position Summary
Current Period APR-19
Unaudited

Program=Total HAC
(in thousands)

April 30, 2019 October 31, 2018 Change

Assets

	April 30, 2019	October 31, 2018	Change
Current Assets:			
Cash	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables:			
Mortgage loans	-	-	-
Accrued interest	1	-	1
Notes	-	-	-
Other	-	-	-
Total receivables	1	-	1
Other assets	-	-	-
Total Current Assets	1	-	1
Noncurrent Assets:			
Restricted cash	-	-	-
Restricted investments	10,956	12,195	(1,239)
Purpose investment	-	-	-
Mortgage loans	-	-	-
Restricted receivables:			
Mortgage loans	122,063	129,121	(7,058)
Mortgage loan participation - Federal Financing Bank	-	-	-
Loan participation receivable - The City of NY	-	-	-
Accrued interest	-	-	-
Notes	-	-	-
Other	-	-	-
Total restricted receivables	122,063	129,121	(7,058)
Unamortized issuance costs	-	-	-
Primary government/component unit receivable (payable)	(5)	(1)	(4)
Capital assets	-	-	-
Other assets	-	-	-
Total Noncurrent Assets	133,014	141,315	(8,301)
Total Assets	\$ 133,015	\$ 141,315	\$ (8,300)
Deferred outflows of resources			
Interest rate cap	-	-	-
Deferred loss on early retirement of debt	-	-	-
Deferred outflows pension related	-	-	-
Deferred outflows related to OPEB plan	-	-	-
Deferred outflows Interest rate swaps	-	-	-
Total deferred outflows of resources	\$ -	\$ -	\$ -

Housing Assistance Corporation
 Net Position Summary
 Current Period APR-19
 Unaudited

Program= Total HAC
 (in thousands)

April 30, 2019 October 31, 2018 Change

Liabilities and Net Position

	April 30, 2019	October 31, 2018	Change
Current Liabilities:			
Bonds payable (net)	\$ -	\$ -	\$ -
Debt obligations payable			
Loan participation payable to Federal Financing Bank			
Accrued interest payable			
Payable to The City of New York			
Payable to mortgagors			
Restricted earnings on investments			
Accounts and other payables			
Due to the United States Government			
Total Current Liabilities			
Noncurrent Liabilities:			
Bonds and debt obligations payable:			
Bonds payable (net)			
Debt obligations payable			
Loan participation payable to Federal Financing Bank			
Payable to The City of New York:			
Loan participation due to The City of New York	133,015	141,315	(8,300)
Others			
Payable to mortgagors			
Post employment benefits payable			
Derivative instrument interest rate swaps			
Unearned revenues and other liabilities			
Due to the United States Government			
Total Noncurrent Liabilities	133,015	141,315	(8,300)
Total Liabilities	133,015	141,315	(8,300)
Deferred inflows from pension			
Deferred inflows from OPEB			
Interest rate swap fair value			
Total Deferred Inflows of Resources			
Net Position:			
Restricted for bond obligations			
Restricted for insurance requirement and others			
Unrestricted			
Total Net Position			
Total Liabilities and Net Position	\$ 133,015	\$ 141,315	(8,300)

Housing Assistance Corporation
Statement of Revenue and Expenses Summary
Current Period APR-19
Unaudited

Program=Total HAC
(in thousands)

	Q2 FY 2019 (11/01/18-04/30/19)	Q2 FY 2018 (11/01/17-04/30/18)	Change
Operating Revenues			
Interest on loans	\$ 4	\$ -	\$ 4
Fees and charges	-	-	-
Income on loan participation interests	-	-	-
Other	-	-	-
Total Operating Revenues	4	-	4
Operating Expenses			
Interest and amortization of bond premium and discount	-	-	-
Salaries and related expenses	-	-	-
Trustees' and other fees	-	-	-
Debt issuance costs	-	-	-
Corporate operating expenses	-	-	-
Total Operating Expenses	-	-	-
Operating Income (Loss)	4	-	4
Non-operating Revenues (Expenses)			
Earnings on investments	-	-	-
Unrealized gain (loss) on investment FMV	-	1	(1)
Loss on early retirement of debt	-	-	-
Other non-operating revenues (expenses), net	-	-	-
Operating transfers to (HDC) Corporate Services Fund	-	-	-
Operating transfers from HAC Subsidiary	(4)	(1)	(3)
Total Non-operating Revenues (Expenses)	(4)	-	(4)
Income (Loss)	-	-	-
Capital transfers	-	-	-
Loan participation agreement securitization proceeds	-	-	-
Extinguishment of debt	-	-	-
Change in Net Position	-	-	-
Total net position - beginning of year	-	-	-
Total Net Position - End of Year	\$ -	\$ -	\$ -

Residential Mortgage Insurance Corporation
 Net Position Summary
 Current Period APR-19
 Unaudited

Program=Total REMIC
 (in thousands)

April 30, 2019 October 31, 2018 Change

Assets

	April 30, 2019	October 31, 2018	Change
Current Assets:			
Cash	\$ -	\$ -	\$ -
Investments	-	-	-
Receivables:			
Mortgage loans	-	-	-
Accrued interest	-	-	-
Notes	-	-	-
Other	-	-	-
Total receivables	-	-	-
Other assets	-	-	-
Total Current Assets	-	-	-
Noncurrent Assets:			
Restricted cash	-	-	-
Restricted investments	140,877	127,729	13,148
Purpose investment	-	-	-
Mortgage loans	-	-	-
Restricted receivables:			
Mortgage loans	-	-	-
Mortgage loan participation - Federal Financing Bank	-	-	-
Loan participation receivable - The City of NY	-	-	-
Accrued interest	-	-	-
Notes	-	-	-
Other	-	-	-
Total restricted receivables	-	-	-
Unamortized issuance costs	-	-	-
Primary government/component unit receivable (payable)	(19)	(19)	-
Capital assets	-	-	-
Other assets	-	-	-
Total Noncurrent Assets	140,858	127,710	13,148
Total Assets	\$ 140,858	\$ 127,710	\$ 13,148
Deferred outflows of resources			
Interest rate cap	-	-	-
Deferred loss on early retirement of debt	-	-	-
Deferred outflows pension related	-	-	-
Deferred outflows related to OPEB plan	-	-	-
Deferred outflows Interest rate swaps	-	-	-
Total deferred outflows of resources	\$ -	\$ -	\$ -

Program=Total REMIC
 (in thousands)

April 30, 2019 October 31, 2018 Change

Liabilities and Net Position

	April 30, 2019	October 31, 2018	Change
Current Liabilities:			
Bonds payable (net)	\$ -	\$ -	\$ -
Debt obligations payable			
Loan participation payable to Federal Financing Bank			
Accrued interest payable			
Payable to The City of New York			
Payable to mortgagors			
Restricted earnings on investments			
Accounts and other payables			
Due to the United States Government			
Total Current Liabilities			
Noncurrent Liabilities:			
Bonds and debt obligations payable:			
Bonds payable (net)			
Debt obligations payable			
Loan participation payable to Federal Financing Bank			
Payable to The City of New York:			
Loan participation due to The City of New York			
Others			
Payable to mortgagors			
Post employment benefits payable			
Derivative instrument interest rate swaps			
Unearned revenues and other liabilities			
Due to the United States Government			
Total Noncurrent Liabilities			
Total Liabilities			
Deferred inflows from pension			
Deferred inflows from OPEB			
Interest rate swap fair value			
Total Deferred Inflows of Resources			
Net Position:			
Restricted for bond obligations			
Restricted for insurance requirement and others	81,960	79,378	2,582
Unrestricted	58,898	48,332	10,566
Total Net Position	140,858	127,710	13,148
Total Liabilities and Net Position	\$ 140,858	\$ 127,710	\$ 13,148

Residential Mortgage Insurance Corporation
Statement of Revenue and Expenses Summary
Current Period APR-19
Unaudited

Program=Total REMIC
(in thousands)

	Q2 FY 2019 (11/01/18-04/30/19)	Q2 FY 2018 (11/01/17-04/30/18)	Change
Operating Revenues			
Interest on loans	\$ -	\$ -	-
Fees and charges	1,930	2,226	(296)
Income on loan participation interests	-	-	-
Other	-	-	-
Total Operating Revenues	1,930	2,226	(296)
Operating Expenses			
Interest and amortization of bond premium and discount	-	-	-
Salaries and related expenses	-	-	-
Trustees' and other fees	-	-	-
Debt issuance costs	-	-	-
Corporate operating expenses	-	-	-
Total Operating Expenses	-	-	-
Operating Income (Loss)	1,930	2,226	(296)
Non-operating Revenues (Expenses)			
Earnings on investments	1,501	1,050	451
Unrealized gain (loss) on investment FMV	-	-	-
Loss on early retirement of debt	-	-	-
Other non-operating revenues (expenses), net	10,000	-	10,000
Operating transfers to (HDC) Corporate Services Fund	-	-	-
Operating transfers from REMIC Subsidiary	(283)	(273)	(10)
Total Non-operating Revenues (Expenses)	11,218	777	10,441
Income (Loss)	13,148	3,003	10,145
Capital transfers	-	-	-
Loan participation agreement rescuritization proceeds	-	-	-
Extinguishment of debt	-	-	-
Change in Net Position	13,148	3,003	10,145
Total net position - beginning of year	127,710	122,296	5,414
Total Net Position - End of Year	\$ 140,858	\$ 125,299	\$ 15,559

NEW ISSUE Bond Program
 Net Position Summary
 Current Period APR-19
 Unaudited

Program=Total NIBP
 (in thousands)

April 30, 2019 October 31, 2018 Change

Assets

	\$	\$	\$
Current Assets:			
Cash	9,466	10,182	(716)
Investments			
Receivables:			
Mortgage loans	2,054	2,002	52
Accrued interest	561	565	(4)
Notes	-	-	-
Other	-	-	-
Total receivables	2,615	2,567	48
Other assets	-	-	-
Total Current Assets	12,081	12,749	(668)
Noncurrent Assets:			
Restricted cash	313	395	(82)
Restricted investments	4,687	4,686	1
Purpose investment	10,146	10,259	(113)
Mortgage loans	-	-	-
Restricted receivables:			
Mortgage loans	264,466	265,506	(1,040)
Mortgage loan participation - Federal Financing Bank	-	-	-
Loan participation receivable - The City of NY	-	-	-
Accrued interest	-	-	-
Notes	-	-	-
Other	-	-	-
Total restricted receivables	264,466	265,506	(1,040)
Unamortized issuance costs	-	-	-
Primary government/component unit receivable (payable)	-	(1,200)	1,200
Capital assets	-	-	-
Other assets	-	-	-
Total Noncurrent Assets	279,612	279,646	(34)
Total Assets	\$ 291,693	\$ 292,395	\$ (702)
Deferred outflows of resources			
Interest rate cap	-	-	-
Deferred loss on early retirement of debt	-	-	-
Deferred outflows pension related	-	-	-
Deferred outflows related to OPEB plan	-	-	-
Deferred outflows Interest rate swaps	-	-	-
Total deferred outflows of resources	\$ -	\$ -	\$ -

NEW ISSUE BOND PROGRAM
 Net Position Summary
 Current Period APR-19
 Unaudited

Program=Total NIBP
 (in thousands)

April 30, 2019 October 31, 2018 Change

Liabilities and Net Position

	April 30, 2019	October 31, 2018	Change
Current Liabilities:			
Bonds payable (net)	\$ 3,460	\$ 3,480	\$ (20)
Debt obligations payable			
Loan participation payable to Federal Financing Bank			
Accrued interest payable	3,698	3,720	(22)
Payable to The City of New York	-	-	-
Payable to mortgagors	-	-	-
Restricted earnings on investments	-	-	-
Accounts and other payables	-	-	-
Due to the United States Government	-	-	-
Total Current Liabilities	7,158	7,200	(42)
Noncurrent Liabilities:			
Bonds and debt obligations payable:			
Bonds payable (net)	278,620	280,340	(1,720)
Debt obligations payable	-	-	-
Loan participation payable to Federal Financing Bank	-	-	-
Payable to The City of New York:			
Loan participation due to The City of New York	-	-	-
Others	-	-	-
Payable to mortgagors	-	-	-
Post employment benefits payable	-	-	-
Derivative instrument interest rate swaps	-	-	-
Unearned revenues and other liabilities	-	-	-
Due to the United States Government	-	-	-
Total Noncurrent Liabilities	278,620	280,340	(1,720)
Total Liabilities	285,778	287,540	(1,762)
Deferred inflows from pension	-	-	-
Deferred inflows from OPEB	-	-	-
Interest rate swap fair value	-	-	-
Total Deferred Inflows of Resources	-	-	-
Net Position:			
Restricted for bond obligations	5,915	4,855	1,060
Total Net Position	5,915	4,855	1,060
Total Liabilities and Net Position	\$ 291,693	\$ 292,395	\$ (702)

New Issue Bond Program
Statement of Revenue and Expenses Summary
Current Period APR-19
Unaudited

Program=Total NIBP
(in thousands)

Q2 FY 2019 **Q2 FY 2018**
(11/01/18-04/30/19) (11/01/17-04/30/18) **Change**

Operating Revenues

Interest on loans	\$ 5,746	\$ 5,789	(43)
Fees and charges	-	-	-
Income on loan participation interests	-	-	-
Other	-	-	-
Total Operating Revenues	5,746	5,789	(43)

Operating Expenses

Interest and amortization of bond premium and discount	3,698	3,741	(43)
Salaries and related expenses	-	-	-
Trustees' and other fees	-	-	-
Debt issuance costs	-	-	-
Corporate operating expenses	-	-	-
Total Operating Expenses	3,698	3,741	(43)
Operating Income (Loss)	2,048	2,048	-

Non-operating Revenues (Expenses)

Earnings on investments	401	384	17
Unrealized gain (loss) on investment FMV	-	-	-
Loss on early retirement of debt	-	-	-
Other non-operating revenues (expenses), net	-	-	-
Operating transfers to (HDC) Corporate Services Fund	-	-	-
Total Non-operating Revenues (Expenses)	401	384	17
Income (Loss)	2,449	2,432	17
Capital transfers	(1,389)	(914)	(475)
Loan participation agreement resecuritization proceeds	-	-	-
Extinguishment of debt	-	-	-
Change in Net Position	1,060	1,518	(458)
Total net position - beginning of year	4,855	3,424	1,431
Total Net Position - End of Year	\$ 5,915	\$ 4,942	\$ 973

City of Washington Revenue Bond Program
 Net Position Summary
 Current Period APR-19
 Unaudited

Program=Total MINI Open
 (in thousands)

April 30, 2019 October 31, 2018 Change

Assets

	April 30, 2019	October 31, 2018	Change
Current Assets:			
Cash	\$ 17,457	\$ 8,919	8,538
Investments	-	-	-
Receivables:			
Mortgage loans	4,508	4,763	(255)
Accrued interest	617	862	(245)
Notes	-	-	-
Other	-	-	-
Total receivables	5,125	5,625	(500)
Other assets	-	-	-
Total Current Assets	22,582	14,544	8,038
Noncurrent Assets:			
Restricted cash	-	72	(72)
Restricted investments	5,696	5,696	-
Purpose investment	-	-	-
Mortgage loans	-	-	-
Restricted receivables:			
Mortgage loans	151,045	161,084	(10,039)
Mortgage loan participation - Federal Financing Bank	-	-	-
Loan participation receivable - The City of NY	-	-	-
Accrued interest	938	938	-
Notes	-	-	-
Other	-	-	-
Total restricted receivables	151,983	162,022	(10,039)
Unamortized issuance costs	-	-	-
Primary government/component unit receivable (payable)	(259)	(4,037)	3,778
Capital assets	-	-	-
Other assets	-	-	-
Total Noncurrent Assets	157,420	163,753	(6,333)
Total Assets	\$ 180,002	\$ 178,297	\$ 1,705
Deferred outflows of resources			
Interest rate cap	512	512	-
Deferred loss on early retirement of debt	-	-	-
Deferred outflows pension related	-	-	-
Deferred outflows related to OPEB plan	-	-	-
Deferred outflows Interest rate swaps	-	-	-
Total deferred outflows of resources	\$ 512	\$ 512	\$ -

05/16/19
 Page: 2
 Housing Revenue Bond Program
 Net Position Summary
 Current Period APR-19
 Unaudited

Program=Total MINI Open
 (in thousands)

April 30, 2019 October 31, 2018 Change

Liabilities and Net Position

	April 30, 2019	October 31, 2018	Change
Current Liabilities:			
Bonds payable (net)	\$ 7,435	\$ 7,605	\$ (170)
Debt obligations payable			
Loan participation payable to Federal Financing Bank			
Accrued interest payable	1,166	1,161	5
Payable to The City of New York	-	-	-
Payable to mortgagors	-	-	-
Restricted earnings on investments	-	-	-
Accounts and other payables	-	-	-
Due to the United States Government	-	-	-
Total Current Liabilities	8,601	8,766	(165)
Noncurrent Liabilities:			
Bonds and debt obligations payable:			
Bonds payable (net)	117,615	121,280	(3,665)
Debt obligations payable	-	-	-
Loan participation payable to Federal Financing Bank	-	-	-
Payable to The City of New York:			
Loan participation due to The City of New York	-	-	-
Others	-	-	-
Payable to mortgagors	-	-	-
Post employment benefits payable	-	-	-
Derivative instrument interest rate swaps	-	-	-
Unearned revenues and other liabilities	-	-	-
Due to the United States Government	-	-	-
Total Noncurrent Liabilities	117,615	121,280	(3,665)
Total Liabilities	126,216	130,046	(3,830)
Deferred inflows from pension	-	-	-
Deferred inflows from OPEB	-	-	-
Interest rate swap fair value	-	-	-
Total Deferred Inflows of Resources	-	-	-
Net Position:			
Restricted for bond obligations	54,298	48,763	5,535
Restricted for insurance requirement and others	-	-	-
Unrestricted	-	-	-
Total Net Position	54,298	48,763	5,535
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 180,514	\$ 178,809	\$ 1,705

..... Housing Revenue Bond Program
Statement of Revenue and Expenses Summary
Current Period APR-19
Unaudited

Program=Total MINI Open
(in thousands)

	Q2 FY 2019 (11/01/18-04/30/19)	Q2 FY 2018 (11/01/17-04/30/18)	Change
Operating Revenues			
Interest on loans	\$ 3,889	\$ 4,091	(202)
Fees and charges	-	-	-
Income on loan participation interests	-	-	-
Other	-	-	-
Total Operating Revenues	3,889	4,091	(202)
Operating Expenses			
Interest and amortization of bond premium and discount	2,348	2,270	78
Salaries and related expenses	-	-	-
Trustees' and other fees	-	-	-
Debt issuance costs	-	-	-
Corporate operating expenses	-	161	(161)
Total Operating Expenses	2,348	2,431	(83)
Operating Income (Loss)	1,541	1,660	(119)
Non-operating Revenues (Expenses)			
Earnings on investments	216	110	106
Unrealized gain (loss) on investment FMV	-	-	-
Loss on early retirement of debt	-	-	-
Other non-operating revenues (expenses), net	-	-	-
Operating transfers to (HDC) Corporate Services Fund	-	-	-
Total Non-operating Revenues (Expenses)	216	110	106
Income (Loss)	1,757	1,770	(13)
Capital transfers	3,778	3,312	466
Loan participation agreement securitization proceeds	-	-	-
Extinguishment of debt	-	-	-
Change in Net Position	5,535	5,082	453
Total net position - beginning of year	48,763	41,577	7,186
Total Net Position - End of Year	\$ 54,298	\$ 46,659	\$ 7,639



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

TO: Members of the Audit Committee
FROM: Ellen Duffy *[Signature]*
SUBJECT: Debt Report as of April 30, 2019
DATE: MAY 23, 2019

Attached please find the Corporation's Debt Report as of April 30, 2019.

The last debt report presented to the Audit Committee was as of February 28, 2018. During this time, the Corporation issued eight series of Open Resolution Bonds totaling \$475.8 million.

There were bond redemptions in one series of Open Resolution bonds in the amount of \$15.9 million and two series of stand-alone bonds in the amount of \$29.5 million.

The Corporation's debt outstanding as of April 30, 2019 is approximately \$12.3 billion. The Corporation's statutory debt capacity stands at \$13.5 billion.

Total HDC Debt		Open Resolution		New Issue Bond Program		Stand-Alone Bonds		MF Secured Resolution		MF Pass-Thru Resolution		Total HDC Bonds	
Outstanding Principal	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	
Fixed Rate	6,119,305,000	78.12%	282,080,000	100%	1,758,601,310	(1)	44,644	85,225,000	68%	63,005,460	100%	8,308,216,770.02	67.88%
Var-Term	414,150,000	5.29%	-	0%	161,889,623	(3)	4,11%	39,625,000	5%	-	0%	414,150,000.00	3.40%
VRDO	1,110,485,000	14.19%	-	0%	2,018,930,000	(4)	51.25%	125,050,000	100%	63,005,460	100%	1,312,289,628.42	10.72%
Total	7,639,720,000	100%	282,080,000	100%	3,939,520,933		100.00%	125,050,000	100%	63,005,460	100%	2,207,710,000.00	18.03%
Draw Down Bond Obligations													
Government Debt Obligation Allocation													
Statutory Limit													
Remaining Capacity													
Open Variable Rate Exposure													
Var-Index	37,590,000	13,195,315	276,465	2034	Quarterly 3 M FHLB Rate + 30 bps	2.77%	259,801	6.52%	214,692	(44,640) (5)			
2008 E	65,415,000	8,602,803	6,002,803	2037	Quarterly 3 M FHLB Rate + 30 bps	2.77%	481,394	3.22%	276,916	(314,369) (6)			
2008 F	39,625,226	29,010,000	44,202,756	2041	Quarterly 3 M FHLB Rate + 30 bps	3.19%	531,242	5.02%	485,408	(5,986) (6)			
2009 J	29,010,000	57,106,187	31,878,580	2043	Quarterly 3 M LIBOR + 61 bps	3.19%	191,188	5.66%	625,668	364,366			
2009 L2	68,180,000	75,359,409	2,503,646	2039	Quarterly 3 M LIBOR + 49 bps	3.06%	210,221	1.19%	455,465	(88,180)			
2010 H	18,780,000	28,275,015	4,871,655	2040	Quarterly 3 M LIBOR + 48 bps	3.12%	369,785	2.82%	1,597,243	18,555			
2011 F-2	12,540,000	18,433,945	3,205,477	2040	Quarterly 3 M LIBOR + 48 bps	3.06%	95,000	2.92%	877,629	(10,931)			
2013 D-2	55,000,000	193,732,914	3,205,477	2040	Quarterly 3 M LIBOR + 48 bps	3.06%	483,988	3.96%	249,105	153,205			
2014 B-2	50,000,000	144,484,204	7,004,415	2038	Quarterly 3 M LIBOR + 49 bps	3.07%	383,719	1.92%	928,077	484,090			
2014 D-2	38,000,000	49,091,700	2,169,308	2037	Quarterly 3 M LIBOR + 49 bps	3.07%	653,925	1.09%	383,719	10,084			
2014 H-2	50,000,000	57,632,573	4,409,081	2044	Quarterly 3 M LIBOR + 47 bps	3.05%	381,725	3.13%	384,572	93,017			
2016 B-2	33,000,000	16,172,350	1,672,350	2044	Quarterly 3 M LIBOR + 40 bps	2.98%	245,768	4.40%	634,074	252,949			
2017 B-2	78,000,000	51,539,063	16,172,350	2045	Quarterly 3 M LIBOR + 51 bps	3.09%	602,355	2.27%	291,917	46,150			
2017 B-2	61,500,000	134,322,881	4,093,085	2021	Quarterly 3 M LIBOR + 43 bps	3.01%	462,634	5.69%	1,289,399	697,044			
2018 B-2 (HDC Portion)	3,995,000	78,981,215	5,295,419	2046	Quarterly 3 M LIBOR + 43 bps	3.03%	25,709	0.69%	1,005,431	542,787			
2018 B-2 (NYC Portion)	96,995,000	223,824,170	417,453	2046	Quarterly 3 M LIBOR + 45 bps	3.03%	731,541	0.93%	520,391	(25,709)			
Total	689,495,000	1,374,667,567	118,509,341	(4)			6,552,809		9,042,737	2,489,948		231,690,000	
3rd-Index	161,500,000			(7)	2062	Quarterly 3 M LIBOR + 68 bps	3.26%						
2016 L-2	29,500,000			(7)	2062	Quarterly 3 M LIBOR + 68 bps	3.26%						
2017 A-3	50,000,000			2021	Monthly LIBOR + 70 + 50bps	2.29%							
Total	241,000,000												
100 Pass-Through													
115 D-3	15,000,000			(7)	2020	VRDO (Citibank Liquidity)	1.81%						
117 C-4	57,830,000			(7)	2027	VRDO (Wells Fargo Liquidity)	1.81%						
117 S-3	85,950,000			(7)	2027	VRDO (Wells Fargo Liquidity)	1.85%						
Total	158,780,000												
in-Open Variable Rate Exposure													
17 A-2	39,825,000	30,118,540	5,018,068	2041	Quarterly 3 M LIBOR + 41 bps	2.89%	297,562	5.45%	413,377	115,785		184,2188%	
Total	39,825,000	30,118,540	5,018,068				297,562		413,377	115,785			

Series	Bond Total	Mortgage Loan Balance	Cash & Inv Balance	Bond Maturity	Rate Reset Period/Index	Tax Status	Bond Rate	Bond Interest Due	Avg Loan Rate	Mortgage Interest Due	Loan Spread	Average Asset Pcty Ratio
2002 C	37,590,000	13,195,315	276,465	2034	Quarterly 3 M FHLB Rate + 30 bps	2.77%	259,801	6.52%	214,692	(44,640) (5)		
2008 E	65,415,000	8,602,803	6,002,803	2037	Quarterly 3 M FHLB Rate + 30 bps	2.77%	481,394	3.22%	276,916	(314,369) (6)		
2008 F	39,625,226	29,010,000	44,202,756	2041	Quarterly 3 M FHLB Rate + 30 bps	3.19%	531,242	5.02%	485,408	(5,986) (6)		
2009 J	29,010,000	57,106,187	31,878,580	2043	Quarterly 3 M LIBOR + 61 bps	3.19%	191,188	5.66%	625,668	364,366		
2009 L2	68,180,000	75,359,409	2,503,646	2039	Quarterly 3 M LIBOR + 49 bps	3.06%	210,221	1.19%	455,465	(88,180)		
2010 H	18,780,000	28,275,015	4,871,655	2040	Quarterly 3 M LIBOR + 48 bps	3.12%	369,785	2.82%	1,597,243	18,555		
2011 F-2	12,540,000	18,433,945	3,205,477	2040	Quarterly 3 M LIBOR + 48 bps	3.06%	95,000	2.92%	877,629	(10,931)		
2013 D-2	55,000,000	193,732,914	3,205,477	2040	Quarterly 3 M LIBOR + 48 bps	3.06%	483,988	3.96%	249,105	153,205		
2014 B-2	50,000,000	144,484,204	7,004,415	2038	Quarterly 3 M LIBOR + 49 bps	3.07%	383,719	1.92%	928,077	484,090		
2014 D-2	38,000,000	49,091,700	2,169,308	2037	Quarterly 3 M LIBOR + 49 bps	3.07%	653,925	1.09%	383,719	10,084		
2016 B-2	33,000,000	57,632,573	4,409,081	2044	Quarterly 3 M LIBOR + 47 bps	3.05%	381,725	3.13%	384,572	93,017		
2017 B-2	78,000,000	16,172,350	1,672,350	2044	Quarterly 3 M LIBOR + 40 bps	2.98%	245,768	4.40%	634,074	252,949		
2017 B-2	61,500,000	51,539,063	16,172,350	2045	Quarterly 3 M LIBOR + 51 bps	3.09%	602,355	2.27%	291,917	46,150		
2018 B-2	3,995,000	134,322,881	4,093,085	2021	Quarterly 3 M LIBOR + 43 bps	3.01%	462,634	5.69%	1,289,399	697,044		
2018 B-2 (HDC Portion)	3,995,000	78,981,215	5,295,419	2046	Quarterly 3 M LIBOR + 43 bps	3.01%	25,709	0.69%	1,005,431	542,787		
2018 B-2 (NYC Portion)	96,995,000	223,824,170	417,453	2046	Quarterly 3 M LIBOR + 45 bps	3.03%	731,541	0.93%	520,391	(25,709)		
Total	689,495,000	1,374,667,567	118,509,341	(4)			6,552,809		9,042,737	2,489,948		231,690,000
3rd-Index	161,500,000			(7)	2062	Quarterly 3 M LIBOR + 68 bps	3.26%					
2016 L-2	29,500,000			(7)	2062	Quarterly 3 M LIBOR + 68 bps	3.26%					
2017 A-3	50,000,000			2021	Monthly LIBOR + 70 + 50bps	2.29%						
Total	241,000,000											
100 Pass-Through												
115 D-3	15,000,000			(7)	2020	VRDO (Citibank Liquidity)	1.81%					
117 C-4	57,830,000			(7)	2027	VRDO (Wells Fargo Liquidity)	1.81%					
117 S-3	85,950,000			(7)	2027	VRDO (Wells Fargo Liquidity)	1.85%					
Total	158,780,000											

Series	Bond Total	Mortgage Loan Balance	Cash & Inv Balance	Bond Maturity	Rate Reset Period/Index	Tax Status	Bond Rate	Bond Interest Due	Avg Loan Rate	Mortgage Interest Due	Loan Spread	Average Asset Pcty Ratio
2002 C	37,590,000	13,195,315	276,465	2034	Quarterly 3 M FHLB Rate + 30 bps	2.77%	259,801	6.52%	214,692	(44,640) (5)		
2008 E	65,415,000	8,602,803	6,002,803	2037	Quarterly 3 M FHLB Rate + 30 bps	2.77%	481,394	3.22%	276,916	(314,369) (6)		
2008 F	39,625,226	29,010,000	44,202,756	2041	Quarterly 3 M FHLB Rate + 30 bps	3.19%	531,242	5.02%	485,408	(5,986) (6)		
2009 J	29,010,000	57,106,187	31,878,580	2043	Quarterly 3 M LIBOR + 61 bps	3.19%	191,188	5.66%	625,668	364,366		
2009 L2	68,180,000	75,359,409	2,503,646	2039	Quarterly 3 M LIBOR + 49 bps	3.06%	210,221	1.19%	455,465	(88,180)		
2010 H	18,780,000	28,275,015	4,871,655	2040	Quarterly 3 M LIBOR + 48 bps	3.12%	369,785	2.82%	1,597,243	18,555		
2011 F-2	12,540,000	18,433,945	3,205,477	2040	Quarterly 3 M LIBOR + 48 bps	3.06%	95,000	2.92%	877,629	(10,931)		
2013 D-2	55,000,000	193,732,914	3,205,477	2040	Quarterly 3 M LIBOR + 48 bps	3.06%	483,988	3.96%	249,105	153,205		
2014 B-2	50,000,000	144,484,204	7,004,415	2038	Quarterly 3 M LIBOR + 49 bps	3.07%	383,719	1.92%	928,077	484,090		
2014 D-2	38,000,000	49,091,700	2,169,308	2037	Quarterly 3 M LIBOR + 49 bps	3.07%	653,925	1.09%	383,719	10,084		
2016 B-2	33,000,000	57,632,573	4,409,081	2044	Quarterly 3 M LIBOR + 47 bps	3.05%	381,725	3.13%	384,572	93,017		
2017 B-2	78,000,000	16,172,350	1,672,350	2044	Quarterly 3 M LIBOR + 40 bps	2.98%	245,768	4.40%	634,074	252,949		
2017 B-2	61,500,000	51,539,063	16,172,350	2045	Quarterly 3 M LIBOR + 51 bps	3.09%	602,355	2.27%	291,917	46,150		
2018 B-2	3,995,000	134,322,881	4,093,085	2021	Quarterly 3 M LIBOR + 43 bps	3.01%	462,634	5.69%	1,289,399	697,044		
2018 B-2 (HDC Portion)	3,995,000	78,981,215	5,295,419	2046	Quarterly 3 M LIBOR + 43 bps	3.01%	25,709	0.69%	1,005,431	542,787		
2												

Interest Rate Hedges-- Monthly Report of December 31, 2018

Outstanding Interest Rate SWAPs

Purpose: Open Resolution (3 -Month LIBOR)*

Outstanding Notional Amount With PNC	85,000,000
Swap Rate	2.029%
Forward Start Date	5/1/2018
Maturity Date	11/1/2035

Outstanding Notional Amount With PNC	50,000,000
Swap Rate	1.2028%
Forward Start Date	6/1/2017
Maturity Date	8/1/2020

Outstanding Notional Amount With PNC	100,000,000
Swap Rate	3.0949%
Forward Start Date	2/1/2019
Maturity Date	5/1/2046

Outstanding Notional Amount With Wells Fargo	75,000,000
Swap Rate	3.022%
Forward Start Date	2/1/2019
Maturity Date	2/1/2036

Total 310,000,000

Purpose: Open Resolution (SIFMA)*

Outstanding Notional Amount With Wells Fargo	75,000,000
Swap Rate	2.538%
Forward Start Date	5/1/2019
Maturity Date	11/1/2043

Purpose: HPS (77.5%1ML)*

Outstanding Notional Amount With RBC	184,000,000
Swap Rate	2.538%
Forward Start Date	5/1/2024
Maturity Date	5/1/2050

Purpose: Caton/MEC (77.5%1ML)*

Outstanding Notional Amount With Citibank	98,895,000
Swap Rate	2.5017%
Forward Start Date	7/1/2022
Maturity Date	5/1/2051

Total 357,895,000

Purpose: FFB Forward Hedge - 3-Month LIBOR* >>> to hedge interest rate risk during Construction period

Outstanding Notional Amount With Wells Fargo	65,630,000
Swap Rate	2.240%
Forward Start Date	8/1/2019
Maturity Date	5/1/2047

Outstanding Notional Amount With Wells Fargo	54,126,321
Swap Rate	2.984%
Forward Start Date	2/1/2021
Maturity Date	5/1/2048

Outstanding Notional Amount With Citibank	135,460,000
Swap Rate	2.9563%
Forward Start Date	1/1/2021
Maturity Date	11/1/2038

Total 255,216,321

Outstanding Interest Rate CAPs

Purpose: Open Resolution*

Outstanding Notional Amount With Goldman Sachs	153,585,000
Strike Rate	7.35%
Maturity Date	11/1/2032

Outstanding Notional Amount With PNC	50,000,000
Strike Rate	4.50%-7.50%
Maturity Date	11/1/2033

Outstanding Notional Amount With Barclays	150,000,000
Strike Rate	3.50%
Maturity Date	11/1/2020

Total 353,585,000

Purpose: Mini-Open Resolution*

Outstanding Notional Amount With US Bank	39,825,000
Strike Rate	3.25%
Maturity Date	2/1/2023

*Interest rate hedges are obligations of the Corporation, with payments pledged to the specific Bond Resolution or program. These interest rate hedges are not legally tied to any specific bond series, therefore provides a hedge to the full Open Resolution variable rate portfolio.



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

TO: Members of the Audit Committee
FROM: Ellen Duffy *Duffy*
SUBJECT: Investment Report as of May 22, 2019
DATE: MAY 23, 2019

Attached please find HDC's investment report as of May 22, 2019. Funds under management totaled approximately \$5.3 billion. This report reflects routine investment activity.

Monday May 20th, 2019

	5/20/2019	5/7/2019	10/31/2018	10/31/2018 to Now
Total Investments	5,323,966,964	5,958,822,784	5,271,957,875	52,009,089.13
Investments by Security:				
Repurchase Agreements	182,028,000	369,539,000	147,595,000	34,433,000
Guaranteed Investment Contracts	435,752,555	434,152,380	1,76,058,986	259,693,589
Demand Deposit (Interest Bearing)	1,836,825,690	1,663,613,125	2,399,025,451	(562,199,762)
Certificate of Deposit	646,951,959	646,951,959	254,642,434	392,309,426
Citibank Forward Purchase Agreement (NYCHA DSR)	29,824,394	29,824,394	-	-
Agencies	1,519,887,000.00	1,494,887,000	25,000,000	(110,121,000)
Freddie Paydowns	79,035,879.49	79,035,879	83,066,759	(4,030,880)
Project-Related GNMA	28,615,486.45	28,659,996	28,972,751	(357,265)
*Municipal Bonds	223,195,000.00	223,195,000	185,795,000	37,400,000
Treasuries	341,851,000	341,374,000	336,969,000	4,882,000
Total	5,323,966,964	5,311,232,733	12,734,230	5,271,957,875

*VRDB \$52 Million

Diversification Details:

Repurchase Agreements:	Amount Outstanding	Avg. Mat.	Weighted Avg.
Daiva Securities	41,908,000		
Guggenheim Securities	137,094,000	13 Days	2.43
Mizuho Securities Usa, Inc.	3,026,000		
Total	182,028,000		

Guaranteed Investment Contracts	Amount Outstanding	%	Maturity	Interest Rate
Bayerische Landesbank	8,088,002	1.86%	5/2030-5/2037	*5.47
Rabobank International	4,688,229	1.08%	11/1/2033	*3.87
RBC Capital Markets Corporation	72,057,785	16.54%	12/1/2020	3.319
Societe Generale GIC	761,977	0.17%	11/1/2034	3.5
Toronto-Dominion Bank c/o TD Security-GIC - Var Rate*	60,675,382	13.92%	1/3/2021	1.65
Toronto-Dominion Bank c/o TD Security-GIC	72,230,000	16.58%	12/31/2021	3.023
Toronto-Dominion Bank c/o TD Security-GIC	217,251,180	49.86%	1/31/2022	2.921
Total	435,752,555	100.00%		

Note: All current agreements are uncollateralized

*SIFMA Based Variable Rate

Certificate of Deposit	Amount Outstanding	%	Maturity	Interest Rate
Signature - REMIC	120,000,000	18.21%	2/1/2022	2.85
NYCB - HPD/Reserve	184,000,000	27.99%	6/15/2020	1.72
NYCB - Hunters Point	186,902,399	28.37%	4/1/2024	3.76
NYCB - Corporate/Designated	68,000,000	10.32%	10/17/2019	2.60
NYCB - Corporate/Designated	100,000,000	15.18%	12/4/2019	2.60
Total	658,902,399	100.00%		

*Weighted Avg. for Rabobank and Bayerische

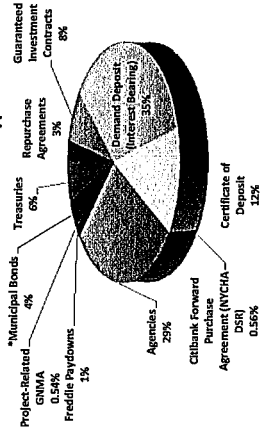
Demand Deposit (Interest Bearing)	Amount Outstanding	%	Interest Rate	Weighted Avg.
Bridge Hampton National Bank	18,244,916	0.99%	2.00%	0.02%
Customer Bank	364,326,470	19.83%	2.38%	0.47%
Empire National Bank	48,410,349	2.64%	2.05%	0.05%
Flushing Commercial Bank	117,512,372	6.40%	2.99%	0.19%
Flushing Commercial Bank - Non-ICS **	107,541,619	5.85%	3.00%	0.18%
Lakeland Bank	6,195,298	0.34%	2.00%	0.01%
NYC Community Bank*	137,371,604	7.48%	2.45%	0.18%
Bank of the Ozarks	57,405,167	3.13%	2.25%	0.07%
Santander Bank	26,362,206	1.44%	2.15%	0.03%
Signature	558,390,321	30.40%	2.40%	0.73%
Sterling National Bank	351,091,215	19.11%	2.50%	0.48%
US Bank	43,874,151	2.39%	1.70%	0.04%
Total	1,836,825,690	100.00%		2.43%

*Weighted Avg Rate for NYCB, Customers, and Flushing ICS

**Special Agreement

Note : Does not include DDA accounts that reconcile to zero.

Investment Type



Market Highlights	Portfolio Market Value
Fed Overnight	2.39
1 yr Treasury	2.361
2 yr Treasury	2.227
3 yr Treasury	2.168
5yr Treasury	2.189
10 yr Treasury	2.393
SIFMA	1.35

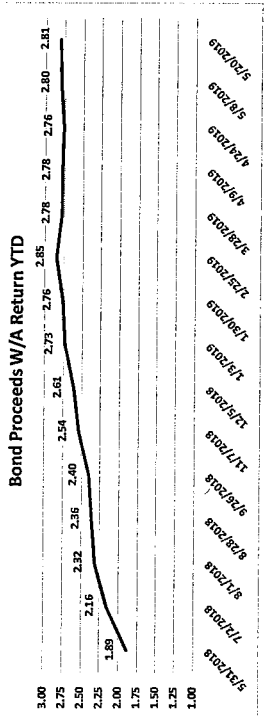
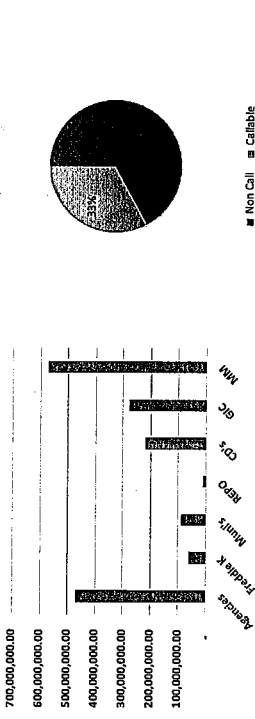
Book Value	Market Value
2,185,889,867	2,180,342,041

Shock Analysis	
Market Value Dn 50	2,191,517,719
Market Value Dn 25	2,185,473,456
Market Value Up 25	2,169,478,339
Market Value Up 50	2,160,426,782

Bond Proceeds Analysis

Investment Type	Amount
Agencies	1,519,887,000
Freddie	79,035,879
Munis	223,195,000
Repo	29,824,394
CDS	29,824,394
GIC	60,675,382
MM	72,230,000

Agency Breakdown



Monday, May 20th, 2019

	5/20/2019	5/7/2019	Weekly Change	10/31/2018	Change from 10/31/2018	10/31/2017	10/31/2016
Total Investments	5,323,966,964	5,311,232,733	12,734,230	5,271,957,875	52,009,089	4,209,594,605	3,444,740,628
Investments by Pool:							
Open Resolution Revenue	146,678,725	164,593,189	(17,914,464)	370,399,349	(223,720,624)	269,248,862	276,744,431
Project-Related GNIMAs	28,615,486	28,659,996	(44,509)	28,972,751	(657,265)	29,672,230	30,338,668
Open Resolution DSR	163,259,758	163,262,778	(3,020)	149,360,473	13,899,285	124,554,856	114,471,579
Open Resolution Bond Proceeds	1,700,320,673	1,710,803,655	(10,482,982)	1,432,993,991	267,826,682	1,484,466,277	1,055,951,826
Open Resolution Redemption	27,310	27,310	-	38,710,000	(38,682,690)	38,630,000	112,244,900
Open Resolution Prepayment	57,579,057	36,606,636	20,972,421	37,247,645	20,331,412	26,631,775	90,892,478
Debt Paydown Reserve Fund							15,512,677
Non Bonded Proceeds	348,461	348,461	-	343,823	4,638	338,374	336,144
Mitchell-Lama Prepayment	478,773	8,729	470,044	4,097,087	(3,618,314)	105,267	1,916,967
NYCHA (Stand Alone, All Funds)	38,670,194	38,661,694	8,500	38,147,344	522,850	37,228,914	73,037,609
HDC Pass Through	2,922,940	3,454,019	(531,080)	3,546,609	(623,670)	2,385,194	1,472,388
HPD Participating Loan (Schermerhorn)	17,760,013	20,559,999	(2,799,986)	28,733,274	(10,973,261)	13,489,684	203,120
HPD Grant Funds (Harp Proceeds)	3,759,240	3,749,940	9,300	3,654,001	105,239	3,495,993	3,369,780
Bond Proceeds, Non-OR	78,035,759	78,035,759	-	297,154,431	(219,118,672)	39,081,718	57,100,275
Bond Revenue Funds, Non-OR	133,298,326	134,150,737	(852,411)	201,294,095	(67,995,769)	125,476,547	119,361,288
Subtotal, Bond-Related	2,371,754,714	2,382,922,902	(11,168,188)	2,634,654,874	(262,900,160)	2,194,953,112	1,952,954,130
HPD Funds	268,386,007	265,283,488	3,102,519	247,996,899	20,389,108	215,184,390	195,680,920
HPD Grant Funds (Section 661)	1,194,939,724	1,205,000,744	(10,061,020)	995,776,780	199,162,944	516,028,252	183,066,341
Escrows (HDC retains earnings)	77,777,539	73,276,581	4,500,958	63,439,793	14,337,746	48,194,848	42,916,288
Reserves for Replacement, Escrows	384,649,028	381,031,349	3,617,678	350,711,709	33,937,319	322,500,312	241,842,594
Subtotal, Loan Servicing	1,925,752,297	1,924,592,163	1,160,134	1,657,925,181	267,827,116	1,101,907,801	663,505,143
Housing Assistance Corp.	10,744,753	10,955,570	(210,817)	12,173,821	(1,429,068)	14,943,835	990,130
REMIC	140,938,981	140,876,281	62,700	127,540,110	13,338,872	122,139,173	117,828,947
Mitchell-Lama Claim Payment Fund	9,000	9,000	-	36,000	(27,000)	131,000	363,000
NYSERDA - HFAJASA Loan Fund Proceeds	12,591,376	12,591,376	649,726	15,915,062	2,502,395	4,566,485	6,927,746
Construction Loan Mortgage Equity	18,417,458	17,767,732	649,726	61,576,464	(25,417,683)	79,577,200	1,820,213
Community Development Block Grant	36,158,781	36,158,781	-	138,793,781	789,092	132,866,169	107,808,244
Corporate Services -- 421a Funds	139,582,874	139,515,574	67,300	138,793,781	789,092	10,423,674	107,808,244
Corporate Services -- DOJ	5,622,873	5,632,393	(9,520)	8,123,524	(2,500,651)	10,423,674	112,752,640
Corporate Services -- Committed to HDC Loans	38,925,862	38,921,282	4,580	26,556,074	12,369,808	64,594,284	79,906,339
Corporate Services -- Committed to HDC Open Res	62,585,077	69,209,866	(6,624,789)	142,150,048	(79,564,971)	107,329,383	145,445,795
Corporate Services -- General/Operating**	297,547,172	268,817,588	28,729,584	191,395,992	108,151,180	143,812,849	45,491,413
Corporate Services -- Future Mitchell Lama Loan Fund	50,247,672	50,247,872	(200)	45,640,071	4,607,601	45,583,075	4,114,470
Corporate Services -- HUD Multi-Family Loan Fund	4,438,675	4,433,375	5,300	4,081,130	357,545	4,356,074	1,251,790
Corporate Services -- HPD 15 Year Reserves	2,026,800	2,026,800	-	2,001,403	25,397	942,247	8,435,000
HPDMOU	12,600	12,600	-	8,435,000	-	8,435,000	1,006,037
Corporate Services -- OPEB****	8,435,000	8,435,000	-	988,288	2,452	986,738	1,006,037
Corporate Services -- NYCEEC	990,740	990,740	-	-	-	-	-
Corporate Services -- Designated and Restricted / Rating and Reserves**	197,184,238	197,128,438	55,800	185,713,256	11,470,981	163,846,618	171,132,132
Subtotal, HDC Non-Bond Programs	1,026,459,952	1,003,717,668	22,729,684	971,124,584	55,335,368	904,533,802	805,273,896
Total, All Pools	5,323,966,964	5,311,232,733	12,721,630	5,263,704,639	60,262,325	4,201,394,715	3,421,733,169

* This amount represents the 2nd mortgage payoffs from the Mitchell Lama closing held by HDC prior to transfer to REMIC trustee

** 110,500,000 Rating Agency Reserve

** 4,233,750 2014 B DSR

** 8,273,750 2018 B DSR

** 15,000,000 HDC Risk Sharing Reserves COOP City (139)

** 14,155,556 HDC Financial Guaranty Reserves NYCHA Tax credit (140)

** 2,250,000 PCN Risk Sharing Reserve (139)

** 2,500,000 CPC Risk Sharing Reserve (139)

** 8,135,200 FHA Risk Sharing Reserve (139)

** 23,579,250 Working Capital

** 11,563,916.32 Green Swap (178)

*** 3M Self Insurance Reserve for Errors and Omissions

*** 19M Six Month Operating Reserve

*** 2,250,000 Down Payment Assistant Fund (258)


**** OPEB Cash Balance 85,446.47



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

To: Members of the Audit Committee

From: Mary Hom 
Chief Risk Officer

Date: May 30, 2019

Re: Counterparty Credit Risk Exposure

I have attached an unaudited report detailing the Corporation's counterparty exposure as of April 30, 2019. The previous report to the Audit Committee was dated February 28, 2019.

Please let me know if you have any questions.

FOR INTERNAL USE ONLY

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
 Counterparty Credit Risk Exposure Report as of April 30, 2019
 (UNAUDITED)

Counterparty	Moody's	S&P	Construction LOC	Permanent Enhancement	Investment	Liquidity Providers	TOTAL		% Total Counterparty Exposure
							COUNTERPARTY EXPOSURE	COUNTERPARTY EXPOSURE	
Bank of America NA	Aa2	A+	\$349,945,000	\$26,455,000			\$376,400,000	2.63%	
Bank of New York Mellon NA	Aa1	AA-	\$362,155,000				\$362,155,000	2.53%	
Bank OZK	NR	NR			\$57,364,024		\$57,364,024	0.40%	
Bayerische Landesbank	Aa3	NR			\$10,537,759		\$10,537,759	0.07%	
Bridgeman National Bank	NR	NR			\$17,367,076		\$17,367,076	0.12%	
Capital One Bank	A1	BBB+		\$22,700,000			\$22,700,000	0.16%	
Citibank NA	Aa3	A+	\$952,530,000	\$204,071,122	\$29,824,394	\$15,000,000	\$1,201,425,516	8.39%	
Customers Bank	NR	NR			\$579,450,002		\$579,450,002	4.04%	
Daiwa Securities	A3	A		\$55,000,000	\$1,115,000		\$1,115,000	0.01%	
Deutsche Bank	A3	BBB+					\$55,000,000	0.38%	
Dormitory Authority of the State of NY (DASNY)	Aa1	AAA			\$13,960,000		\$13,960,000	0.10%	
Empire National Bank	NR	NR			\$48,394,443		\$48,394,443	0.34%	
Empire State Development Corp	Aa1	AA+			\$22,000,000		\$22,000,000	0.15%	
Flushing Bank	NR	NR			\$117,512,372		\$117,512,372	0.82%	
Goldman Sachs Bank	A1	A+	\$191,000,000				\$191,000,000	1.33%	
Guggenheim Securities	NR	NR			\$190,478,000		\$190,478,000	1.33%	
HDC	Aa2	AA	\$288,264,513				\$288,264,513	2.01%	
JPMorgan Chase Bank NA	Aa1	A+	\$472,820,000	\$9,510,000			\$482,330,000	3.37%	
Lakeland Bank	NR	NR			\$6,182,267		\$6,182,267	0.04%	
Landesbank Baden-Wuerttemberg	Aa3	NR		\$70,000,000			\$70,000,000	0.49%	
NYC GO	Aa2	AA			\$19,800,000		\$19,800,000	0.14%	
NYC Transitional Finance Authority	Aa1	AAA			\$105,160,000		\$105,160,000	0.73%	
NY Community Bank	A2	BBB-			\$726,651,351		\$726,651,351	5.07%	
NYS HFA	NR	A			\$62,000,000		\$62,000,000	0.43%	
Promontory (FDIC-insured)	Aaa	AA+			\$113,920,819		\$113,920,819	0.80%	
Rabobank	Aa3	A+			\$5,296,934		\$5,296,934	0.04%	
REMIC	NR	AA		\$275,424,983			\$275,424,983	1.92%	
Royal Bank of Canada	Aa2	AA-			\$72,057,785		\$72,057,785	0.50%	
Santander Bank NA	A2	A-			\$27,467,656		\$27,467,656	0.19%	
Signature Bank	NR	NR			\$877,593,664		\$877,593,664	6.13%	
Societe Generale	A1	A			\$1,386,353		\$1,386,353	0.01%	
SONYMA	Aaa/Aa1	NR		\$479,635,679			\$479,635,679	3.35%	
Sterling National Bank	NR	NR			\$382,526,265		\$382,526,265	2.67%	
SunTrust Bank	A1	A-		\$112,500,000			\$112,500,000	0.79%	
TD Bank NA	Aa2	AA-	\$61,060,000		\$358,815,501		\$419,875,501	2.93%	
US Bank	Aa1	AA-			\$45,126,935		\$45,126,935	0.31%	
US Agency:	Aaa	AA+	\$321,655,000	\$3,290,440,502	\$1,627,582,875		\$5,239,678,377	36.57%	
FFCB					\$81,750,000		\$81,750,000	0.57%	
FHA/HUD			\$0	\$356,891,883			\$356,891,883	2.49%	
FHLB			\$321,655,000		\$739,507,000		\$1,061,162,000	7.41%	
FHLMC			\$0	\$962,944,301			\$1,593,380,180	11.12%	
FNMA			\$0	\$1,970,604,318			\$2,117,834,318	14.78%	
GNMA					\$28,659,996		\$28,659,996	0.20%	
US Treasury	Aaa	AA+			\$341,250,000		\$341,250,000	2.38%	
Wells Fargo Bank NA	Aa1	A+	\$762,853,007			\$143,780,000	\$906,633,007	6.33%	
TOTAL			\$3,762,282,520	\$4,545,737,286	\$5,861,096,475	\$158,780,000	\$14,327,896,281	100.00%	

*Counterparty Exposures Above 10% Are Highlighted

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
 Counterparty Credit Risk Exposure Report as of April 30, 2019
 (UNAUDITED)

<u>Municipal Investments:</u>		<u>Amount</u>					
<u>Issuer</u>							
Dormitory Authority of the State of NY		\$13,960,000					
Empire State Development Corp		\$22,000,000					
NYC GO		\$19,800,000					
NYC TFA		\$105,160,000					
NYS HFA		\$62,000,000					
SONYMA		\$273,000					
Total Municipal Investments		\$223,195,000					
Exposure to Counterparties Rated A-Minus and Below, or Not-Rated:							
<u>Counterparty</u>	<u>Type of Exposure</u>	<u>Amount</u>			<u>% Total Counterparty Exposure</u>		
Bank OZK*	Money Market	\$57,364,024			0.40%		
Bridgehampton National Bank*	Money Market	\$17,367,076			0.12%		
Capital One Bank	Permanent Enhancement	\$22,700,000			0.16%		
Customers Bank*	Money Market	\$579,450,002			4.04%		
Daiwa Securities*	Repo	\$1,115,000			0.01%		
Deutsche Bank*	Repo/Perm Enhancement	\$55,000,000			0.38%		
Empire National Bank*	Money Market	\$48,394,443			0.34%		
Flushing Bank*	Money Market	\$117,512,372			0.82%		
Guggenheim Securities*	Repo	\$190,478,000			1.33%		
Lakeland Bank*	Money Market	\$6,182,267			0.04%		
NY Community Bank*	Money Market	\$726,651,351			5.07%		
Santander Bank*	Money Market	\$27,467,656			0.19%		
Signature Bank*	Money Market	\$877,593,664			6.13%		
Sterling National Bank*	Money Market	\$382,526,265			2.67%		
SunTrust Bank	Permanent Enhancement	\$112,500,000			0.79%		
TOTAL		\$3,222,302,120			22.49%		
<i>* Fully- or over-collateralized by FHLB LOC and/or US Treasury/Agency securities</i>							
<u>Country Exposure (Ex-U.S.):</u>							
<u>Country</u>	<u>Type</u>	<u>\$ Amount</u>			<u>% Total Counterparty Exposure</u>		
Canada (TD Bank/Royal Bank of Canada)	LOC/Liq	\$491,933,286			3.43%		
France (Societe Generale)	GIC	\$1,386,353			0.01%		
Germany (Bayerische Landesbank/Deutsche/LBW)	GIC/LOC	\$135,337,759			0.95%		
Japan (Daiwa)	RP/LOC	\$1,115,000			0.01%		
Netherlands (Rabobank Nederland)	GIC	\$5,296,934			0.04%		
Spain (Santander)	MM	\$27,467,656			0.19%		
TOTAL		\$662,736,988			4.63%		

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Credit Enhancement Diversification as of April 30, 2019
 (UNAUDITED)

CONSTRUCTION PROJECTS

Provider	Moody's	S&P	Enhancement During Construction:		Expected Permanent Enhancement:			
			Number of Projects	LOC Amount	% of Total Construction	Number of Projects	Expected Permanent Enhanced or Insured Amount	% of Total During Permanent
Bank of America	Aa2	A+	11	\$349,945,000	9.30%	0	\$0	0.00%
Bank of New York Mellon	Aa1	AA-	9	\$362,155,000	9.63%	0	\$0	0.00%
Citibank	Aa3	A+	22	\$952,530,000	25.32%	2	\$156,240,000	11.06%
FHA	Aaa	AA+	0	\$0	0.00%	24	\$565,979,500	40.05%
FHLB	Aaa	AA+	11	\$321,655,000	8.55%	0	\$0	0.00%
FHLMC*	Aaa	AA+	0	\$0	0.00%	3	\$338,685,000	23.97%
Goldman Sachs Bank	A1	A+	1	\$191,000,000	5.08%	0	\$0	0.00%
HDC	Aa2	AA	13	\$288,264,513	7.66%	0	\$0	0.00%
JPMorgan Chase	Aa1	A+	16	\$472,820,000	12.57%	0	\$0	0.00%
NONE	NR	NR	1	\$0	0.00%	1	\$0	0.00%
REMIC	NR	AA	0	\$0	0.00%	63	\$186,664,903	13.21%
SONYMA	Aa1	NR	0	\$0	0.00%	11	\$165,660,000	11.72%
TD Bank NA	Aa2	AA-	2	\$61,060,000	1.62%	0	\$0	0.00%
Wells Fargo	Aa1	A+	16	\$762,853,007	20.28%	0	\$0	0.00%
TOTAL			102	\$3,762,282,520	100.00%	104	\$1,413,229,403	100.00%

Rating	% of Total
AAA	0.00%
AA	27.46%
A	72.54%
TOTAL	100.00%

*Two projects with FHLMC are risk share with HDC

PERMANENT LOANS WITH ENHANCEMENT

Provider	Moody's	S&P	Enhancement		In Permanent:	
			Number of Projects	Enhanced Amount	Rating	% of Total
Bank of America	Aa2	A+	2	\$26,455,000	AAA	0.00%
Capital One	A1	BBB+	1	\$22,700,000	AA	90.54%
Citibank	Aa3	A+	30	\$204,071,122	A	7.76%
Deutsche Bank	A3	BBB+	1	\$55,000,000	BBB	1.71%
FHA	Aaa	AA+	27	\$356,891,883	TOTAL	100.00%
FHLMC	Aaa	AA+	32	\$962,944,301		
FNMA	Aaa	AA+	50	\$1,970,604,318		
JPMorgan Chase	Aa1	A+	2	\$9,510,000		
Landesbank Baden Wuer	Aa3	NR	1	\$70,000,000		
REMIC*	NR	AA	218	\$275,424,983		
SONYMA	Aa1	NR	74	\$479,635,679		
SunTrust Bank	A1	A-	1	\$112,500,000		
TOTAL			439	\$4,545,737,286		

*Unenhanced portion totals approximately \$1.1 billion

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Investment Summary as of April 30, 2019
(UNAUDITED)

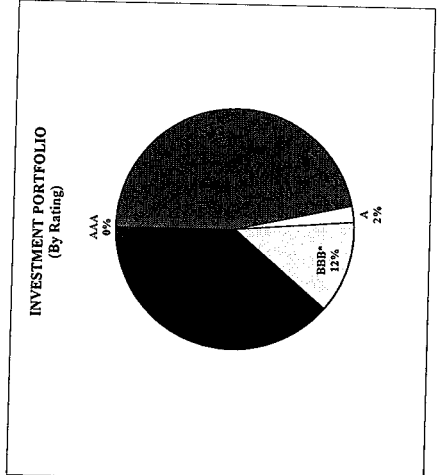
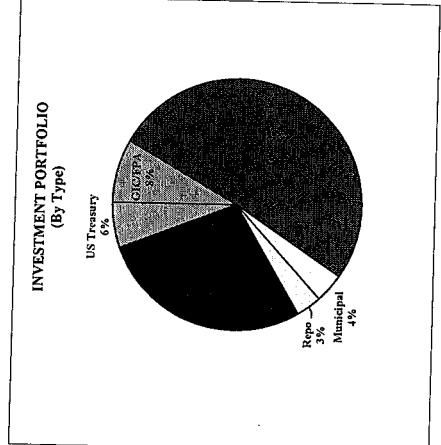
Investment Securities & Repo-By Rating:

Counterparty	Type	NRSRO Rating-April 30, 2019:					NR*
		AAA	AA	A	BBB*	NR*	
Bank OZK	MM						\$57,364,024
Bayerische Landesbank	GIC		\$10,537,759				\$17,367,076
Bridgehampton National Bank	MM						\$29,824,394
Citibank N.A.	FPA						\$579,450,002
Customers Bank	MM			\$29,824,394			\$17,367,076
Daiwa Securities	REPO						\$579,450,002
Dormitory Authority of the State of NY	MUNI						\$579,450,002
Empire National Bank	MM		\$13,960,000	\$1,115,000			\$48,394,443
Empire State Development Corp	MM						\$117,512,372
Flushing Bank	MUNI		\$22,000,000				\$190,478,000
Guggenheim Securities	REPO						\$6,182,267
Lakeland Bank	MM						\$6,182,267
NYC GO	MM						\$117,512,372
NYC TFA	MUNI						\$19,800,000
NY Community Bank	MUNI		\$105,160,000				\$105,160,000
NYS HFA	MM						\$726,651,351
Promontory	MM						\$62,000,000
Rabobank	GIC			\$62,000,000			\$113,920,819
Royal Bank of Canada	GIC						\$5,296,934
Santander Bank N.A.	GIC			\$5,296,934			\$72,057,785
Signature Bank	MM						\$27,467,656
Societe Generale	MM						\$877,593,664
SONYMA	GIC						\$1,386,353
Sterling National Bank	MUNI		\$275,000				\$275,000
TD Bank	MM						\$382,526,265
US Bank	GIC						\$358,815,501
US Agency	MM						\$45,126,935
US Treasury	US Agency						\$1,627,582,875
US Treasury	US Treasury						\$341,250,000
% of Total		\$5,861,096,475	\$275,000	\$2,730,211,674	\$127,090,337	\$726,651,351	\$2,276,868,113
		100.00%	0.00%	46.58%	2.17%	12.40%	38.85%

*BBB and NR exposures are fully-collateralized

Weighted Average Maturity (Years): 1.53

Investment Portfolio-By Type of Investment:	Amount	% Total
GIC/FPA	\$477,918,726	8.15%
Money Market	\$2,999,556,874	51.18%
Municipal	\$223,195,000	3.81%
Repo	\$191,593,000	3.27%
US Agency	\$1,627,582,875	27.77%
US Treasury	\$341,250,000	5.82%
Total	\$5,861,096,475	100.00%



NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Liquidity Providers as of April 30, 2019
 (UNAUDITED)

CITIBANK	
Issue	Amount
2015 D-3	\$15,000,000
	<u><u>\$15,000,000</u></u>

WELLS FARGO BANK	
Issue	Amount
2017 C-4	\$57,830,000
2017 G-3	\$85,950,000
	<u><u>\$143,780,000</u></u>

Diversification:	Amount	% Total
Citibank	\$15,000,000	9.45%
Wells Fargo Bank	\$143,780,000	90.55%
TOTAL	<u><u>\$158,780,000</u></u>	<u><u>100.00%</u></u>



INTEROFFICE MEMORANDUM

To: Audit Committee
From: Mary Hom, Chief Risk Officer *MH*
Date: May 30, 2019
Re: Audit Committee Charter Revisions

Please find attached proposed revisions to the Audit Committee Charter. The last time the Audit Committee approved revisions to the Audit Committee Charter was June 2, 2011. The proposed revisions are minor and are highlighted in the attached draft.



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

AUDIT COMMITTEE CHARTER
(Revised and Re-adopted May 30, 2019)

The Audit Committee shall be composed of three (3) of the Corporation's public Members, one (1) of which will be the Corporation's Vice Chairperson and shall be elected at a duly called meeting of the Members of the Corporation. The Corporation's Vice Chairperson shall serve as the Audit Committee's Chairperson. Members of the Audit Committee shall not accept any consulting, advisory, or other compensatory fee from the Corporation, and shall not be an employee of the Corporation. Each Member shall have sufficient financial experience and ability to enable them to discharge their responsibilities as a Member of the Committee, and at least one Member shall be a financial expert.

Purpose

The purpose of the Committee shall be to assist the Board in its oversight of the integrity of the financial statements of the Corporation, of the Corporation's compliance with legal and regulatory requirements, the independence and qualifications of the independent auditor, and the performance of the Corporation's internal controls, internal audit function, and independent auditors.

Authority and Responsibility

In furtherance of this purpose, the Committee shall have the following authority and responsibilities:

1. To discuss with management and the independent auditor the annual audited financial statements and quarterly financial statements, including matters required to be reviewed under applicable legal and regulatory requirements.
2. To discuss with management and the independent auditor, as appropriate, financial information provided to analysts and to rating agencies.
3. To permit the independent auditor to examine the Corporation's accounts, controls, and financial statements. The Committee shall have the sole authority and responsibility to select, evaluate and, if necessary, replace the independent auditor. The Committee shall have the sole authority to approve all audit engagement fees and terms, and the Committee, or a Member of the Committee, must pre-approve any non-audit service provided to the Corporation by the Corporation's independent auditor.
4. To discuss with management and the independent auditor, as appropriate, any audit problems or difficulties and management's response, and the Corporation's risk assessment and risk management policies, including the Corporation's major financial risk exposure and steps taken by management to monitor and mitigate such exposure.

5. To review and approve the annual audit plan prepared by Internal Audit. To review and approve the Internal Audit staff functions, including: (i) purpose, authority, and organizational reporting lines; (ii) budget and staffing; and (iii) concurrence in the appointment, compensation and rotation of the Corporation's chief audit executive (CAE), currently the Chief Risk Officer.
6. To review the Corporation's financial reporting and accounting standards and principles, significant changes in such standards or principles, or in their application, and the key accounting decisions affecting the Corporation's financial statements, including alternatives to, and the rationale for, the decisions made.
7. To review with the Corporation's President, Chief Operating Officer (COO) or Executive Vice President (EVP), Treasurer, and the CAE, or such others as the Committee deems appropriate, the Corporation's internal system of audit and financial controls and the results of internal audits.
8. To obtain and review at least annually a formal written report from the independent auditor delineating: the auditing firm's internal control procedures; any material issues raised within the preceding five years by the auditing firm's internal quality-control reviews, by peer reviews of the firm, or by any governmental or other inquiry or investigation relating to any audit conducted by the firm. The Committee will also review steps taken by the auditing firm to address any findings in any of the foregoing reviews. Also, in order to assess auditor independence, the Committee will review, at least annually, all relationships between the independent auditor and the Corporation.
9. To set policies for the hiring of employees or former employees of the Corporation's independent auditor.
10. To review and investigate any matters pertaining to the integrity of management, including conflicts of interest, or adherence to standards of business conduct as required in the policies of the Corporation and state and local law. In connection with these reviews, the Committee will meet, as deemed appropriate, with the General Counsel and other Corporation officers or employees.

The Committee shall meet separately, at least quarterly, with management, with the CAE, and also with the Corporation's independent auditors.

The Committee shall have authority to retain such outside counsel, experts, and other advisors as the Committee may deem appropriate in its sole discretion. The Committee shall have sole authority to approve related fees and retention terms.

The Committee shall report its recommendations to the Board after each Committee meeting. The Committee shall review at least annually the adequacy of this Charter and recommend any proposed changes to the Board for approval.

Key Practices

The Audit Committee has adopted the following key practices to assist it in undertaking the responsibilities set forth in its charter:

1. Meetings

The Committee will meet at least quarterly, generally on the day of the regularly scheduled Board meeting and will allow sufficient time for in-depth discussion of all relevant issues.

2. Review of Financial Statements

The Committee will review the Corporation's quarterly financial statements in detail with the President, the COO or EVP, or the Treasurer at a meeting following the close of each business quarter. The Committee will review the Corporation's financial statements in detail with the President, the COO or EVP, the Treasurer, and the Members at an extended board meeting following the completion of the annual audit. The Corporation's CAE and independent auditor will be present at this meeting.

3. Review of Information Provided to Analysts and Rating Agencies

Prior to the event, the President, the COO or EVP, or the Treasurer shall review with the Committee, or the Members, the substance of any presentations to analysts or rating agencies that constitute a shift in Corporation strategy or outlook. In addition, the President, COO or EVP, or the Treasurer shall review subsequently with the Committee, or the Members, a summary of major presentations that have been given to analysts or rating agencies that do not constitute a shift in strategy or outlook.

4. Oversight of the Internal Audit Function

Prior to the commencement of each calendar year, the Committee shall approve the audit plan and establish an internal audit schedule with the CAE. At each meeting of the Committee, the Members will review progress on the internal audit schedule and will review the internal audit reports completed since the last meeting. The Committee will ensure that management addresses any deviations from the Corporation's policies and procedures that are noted in such internal audit reports promptly.

5. Credit Surveillance and Risk Assessment Policies

At least quarterly, the President, the COO or EVP, the Treasurer, or the Chief Risk Officer will report to the Committee on the Corporation's major risk exposures and the steps that management has taken to monitor and control such exposures.

6. Approval of Audit and Non-Audit Services

In addition to approving the engagement of the independent auditor to audit the Corporation's financial statements, the Committee will approve all use of the Corporation's independent auditor for non-audit services prior to any such engagement, to the extent permissible by law or regulation. The Corporation will obtain such limited non-audit services from the Corporation's auditor only when the services offered by the auditor's firm are more effective

or economical than services available from other providers, and, to the extent possible, only following competitive bidding for such services.

7. Hiring Guidelines for Independent Auditor Employees

The Committee has adopted the following practices regarding the hiring by the Corporation of any partner, director, manager, staff, advising member of the department of professional practice, reviewing actuary, reviewing tax professional and any other persons having responsibility for providing audit assurance to the Corporation's independent auditor on any aspect of their certification of the Corporation's financial statements. "Audit assurance" includes all work that results in the expression of an opinion on financial statements, including audits of statutory accounts.

- a. No member of the audit team that is auditing the Corporation can be hired by the Corporation for a period of one year following association with that audit.
- b. No former employee of the independent auditor may be named an officer of the Corporation for two years following employment by the independent auditor.
- c. The Corporation's COO or EVP, and Treasurer must approve all hires from the independent auditor.
- d. The Corporation's COO or EVP, or Treasurer shall report annually to the Audit Committee the profile of the preceding year's hires from the independent auditor.

8. Process for Handling Complaints about Accounting and Integrity Matters

As part of the Member's procedure for receiving and handling complaints or concerns about the Corporation's conduct, the Committee has established the following procedures for: (i) the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by the Corporation's employees of concerns regarding questionable accounting or auditing matters.

- a. The Corporation has established and published on its website a special telephone number for receiving complaints regarding accounting, internal controls, or auditing matters.
- b. All such complaints shall be sent electronically to the CAE upon receipt. The CAE will then report these complaints to each Member of the Committee.
- c. The Corporation's employees have been instructed that they should report any complaints to the New York City Inspector General.
- d. Complaints shall be reported to the New York City Inspector General in accordance with the Corporation's procedures.
- e. All complaints will be handled by the Corporation's internal audit, finance, and legal staffs in the normal manner, and progress with regards to investigating and resolving complaints will be reported regularly to the Committee by the CAE.
- f. The status of such complaints will be reported on a quarterly basis to the Audit Committee and, if they so direct, to the full Board.

- g. The Committee chair may request special treatment, including the retention of outside counsel or other advisors, for any complaint.

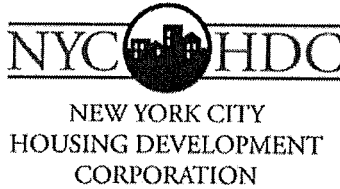
The Corporation's employment manual prohibits any employee from retaliating or taking any adverse action against anyone for raising or helping to resolve an integrity concern. The Corporation's staff has received training regarding appropriate ethical behavior and each employee's responsibility to report behavior that falls outside of the Rules of the Conflict of Interest Board and Chapter 68 of the City Charter.

9. Code of Ethics and Conflicts of Interest Policy

The Corporation's employee manual includes a description of the Corporation's ethical code of conduct for employees. In addition, every employee has received Chapter 68 of the New York City Charter and the Rules of the Conflicts of Interest Board. These apply to all employees, including the President and the Corporation's financial professionals. Written acknowledgement of receipt of these materials is required upon initial employment with the Corporation. Annually, the Committee shall receive a report from the CAE that each employee has reaffirmed his or her acknowledgement of the Corporation's Code of Ethics and the Conflicts of Interest policy. Generally, each employee, including the President and senior financial officers, is required to resolve ethically any actual or apparent conflicts of interest, and to comply with all generally accepted accounting principles, laws, and regulations designed to produce full, fair, accurate, timely, and understandable disclosure in the Corporation's financial statements.


10. Audit Partner Rotation

The Committee shall ensure that the lead audit partners assigned by the Corporation's independent auditor to the Corporation, as well as the audit partner responsible for reviewing the Corporation's audit, shall be changed at least every five years.



MEMORANDUM

To: Members of the Audit Committee

From: Mary Hom 
Chief Risk Officer

Date: May 30, 2019

Re: Internal Audit Reports

Three internal audits were completed since the last report to the Audit Committee on March 28, 2019. A copy of each report is attached, and a summary of each report follows:

2018 Employee Expenses Audit

Objective:

To evaluate the effectiveness of internal controls over employee expense reimbursements and other related expenses, and to evaluate and test compliance with the Corporation's policies and procedures related to employee and other related expenses.

Audit Results:

We determined that management has effective controls in place to ensure employee reimbursement and vendor payments are properly authorized, appropriate, and accurately recorded. We noted no matters involving internal controls that we considered material weaknesses.

2018 Petty Cash Audit

Objective:

To determine whether adequate internal controls exist to ensure that (i) the cash asset was safeguarded and maintained; (ii) petty cash disbursements were in compliance with the Corporation's policies and procedures; and (iii) the Imprest Fund was properly authorized, processed, and reconciled.

Audit Results:

We found the Corporation's guidelines to be effective and found no matters involving internal controls and its operation that we consider to be material weaknesses. Petty cash disbursements were in compliance with policies and procedures; the petty cash on hand was kept in a secured lockbox and maintained in the proper amount; and all expenditures were properly authorized, processed, and reconciled.

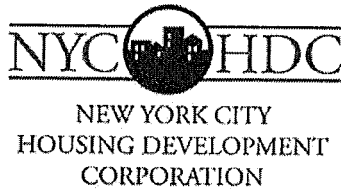
2018 President's Office Expenses Audit

Objective:

To determine accuracy of the President's Office expenses recorded in the financials and ensure they are accurately recorded in the general ledger, and to determine whether the expenses classified under the President's Office adhere to the applicable policies and procedures for employee expense reimbursements.

Audit Results:

We noted no major matters involving internal controls and its operation that we considered material weaknesses. We found that the Corporation's guidelines were effective and that the President's Office expenses were generally processed with supporting documentation and correctly recorded according to the policies in the Employee Handbook and the 2013 MOU between HDC and the City's Department of Investigation (DOI).



To: Cathleen Baumann, SVP, Treasurer
From: Mary Hom, Chief Risk Officer
Date: March 29, 2019
Re: 2018 Employee Expenses Audit

Internal Audit has completed its review of employee expenses for the period covering November 1, 2017 through October 31, 2018.

I. Background

The Corporation's employees may incur expenses related to various policies outlined in the HDC Employee Handbook. The major policy initiatives where employees incur expenses are:

- *Travel* (local or out-of-town transportation, lodging, meals, and other expenses associated with attendance at relevant training, conferences, and seminars)
- *Employee Development* (continuous learning by encouraging participation in work-related training classes, workshops, seminars, and tuition reimbursement; also includes professional memberships and work-related events)
- *Employee Health* (providing a 50% allowance toward the cost of health club membership or health-related programs, up to a maximum of \$250 per calendar year, per employee)

All employees are jointly responsible with HDC's Treasury Department for the administration of, and compliance with, the Corporation's policies and procedures. Department and Division Head approvals are required on all forms and vouchers seeking reimbursement and/or payment to vendors to ensure that incurred expenses have been verified, validated, and adhere to established policies and procedures. HDC's Cash Management and Office Services departments collaborate to support the Corporation's policies and procedures through the internal review and verification of the supporting documentation prior to payment processing.

II. Audit Objectives

The objectives of this audit were to:

- Evaluate the effectiveness of internal controls over employee expense reimbursements and other related expenses to ensure they were appropriate, properly authorized, and accurately recorded; and

- Evaluate and test compliance with the Corporation’s policies and procedures relating to employee and other related expenses.

III. Audit Scope and Methodology

The audit scope covered payments made for selected employee expenses during the period November 1, 2017 through October 31, 2018. During this period, payments totaling \$82,376.28 were made to employees, and payments totaling \$256,208.23 were made to vendors, as summarized in the table below.

Employee Expense Categories	Number of Employees	Payments to Employees	Number of Vendors	Payment to Vendors	Total Payments
Training & Conferences	23	\$63,198.35	12	\$21,079.00	\$84,277.35
Local Transportation	9	2,073.92	2	4,000.64	6,074.56
Flowers & Gifts	-	-	3	1,225.00	1,225.00
Office Events	-	-	5	22,600.00	22,600.00
Working Meals	21	9,294.51	5	11,371.09	20,665.60
Employee Development Program	1	40.00	16	72,629.10	72,669.10
Publications & Books	1	296.03	16	37,933.40	38,229.43
Membership Dues	5	1,679.00	19	70,998.00	72,677.00
Miscellaneous	2	512.72	6	14,372.00	14,884.72
Legislative Travel	1	588.75	-	-	588.00
Health Club Reimbursements	25	4,692.99	-	-	4,692.99
GRAND TOTALS		\$82,376.28		\$256,208.23	\$338,584.51

In conducting this audit, we relied on our evaluation of the controls over travel and related expenses, and the analysis of the associated risks performed during the 2016 Employee Expenses audit (since there were no major changes in controls or processes since that audit).

As part of our evaluation, we:

- Reviewed the Corporation’s policies and procedures relating to the above-selected employee expense categories from the HDC Employee Handbook, and
- Reviewed the 2003 Memorandum of Understanding between HDC and the NYC Department of Investigation (“MOU”) recommendations to establish controls for travel and entertainment

expenses, as well as the purchasing and accounts payable procedures relating to selected employee expense categories.

During testing, we performed the following:

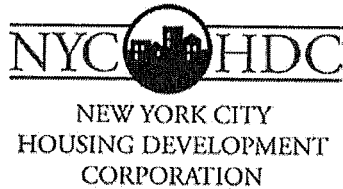
- *Health Club Reimbursements*: Reviewed reimbursements and supporting documentation for a sample selection of 12 employees to ensure compliance with policy regarding-eligibility;
- *Payments to Employees Over \$1,000*: Reviewed and verified payments and supporting documentation for a sample selection of 14 employees and a total of 106 invoices;
- *Payments to Vendors Over \$10,000*: Reviewed the invoices and supporting documentation for a sample selection of 5 vendors and a total of 28 invoices;
- *Training and Conferences*: Listed all training and conferences attended by 20 employees.

The audit excluded the adjusting entries to the general ledger, President's Office expenses, and petty cash reimbursements. A detailed review of vouchers for car service providers will be part of the 2019 audit.

IV. Audit Results

We determined that management has effective controls in place to ensure employee reimbursement and vendor payments are properly authorized, appropriate, and accurately recorded. Our review of the selected expenses determined that employees generally complied with the policies and procedures for processing employee reimbursements and vendor payments.

cc: Eric Enderlin, President
Rich Froehlich, First EVP, Chief Operating Officer
Jim Quinlivan, SVP, Administration
Robert Schmidt, VP, Office Services
Lois Bricken-McCloskey, VP, Human Resources



To: Robert Schmidt, VP, Office Services
From: Mary Hom, Chief Risk Officer
Date: April 1, 2019
Re: 2018 Petty Cash Audit

Internal Audit has completed its review of Petty Cash and the Imprest Fund for the period covering December 22, 2017 to March 12, 2019.

I. Background

The Corporation has an in-house petty cash fund with a maximum balance of \$700.00 that is used for reimbursement of minor expenses incurred in daily business operations and is periodically replenished. The Vice President, Office Services is the petty cash custodian. The custodian is responsible for safeguarding, disbursing, and replenishing the petty cash fund. Petty cash procedures developed by Office Services govern the disbursements from the petty cash fund.

The petty cash fund is replenished periodically from the Imprest Fund checking account. Prior to February 2018, the Imprest Fund checking account was held at HSBC Bank. As of February 2018, the Imprest Fund checking account is held at Atlantic Bank. This account was established to cover minor miscellaneous/petty cash expenses (classified under general ledger account 5060622) and to replenish the petty cash fund. Disbursements from this account generally follow Accounts Payable procedures established by the Cash Management division.

II. Audit Objectives

Our primary audit objectives were to determine whether adequate internal controls exist to ensure that:

- The cash asset was safeguarded and maintained in the proper amount;
- Petty cash disbursements were in compliance with the Corporation's policies and procedures; and
- The Imprest Fund was properly authorized, processed, and reconciled.

III. Audit Scope and Methodology

In-house Petty Cash Fund

The audit period covered petty cash disbursements from December 22, 2017 through March 12, 2019. During this period, the petty cash custodian processed 49 petty cash disbursements totaling \$1,159.12.

Imprest Fund

The audit period covered transactions from December 22, 2017 through March 12, 2019. The total amount of four checks issued during this period from the Imprest Fund account was \$2,270.76.

In conducting this audit, we evaluated the adherence to the Corporation's policies and procedures relating to the petty cash reimbursements and the Imprest Fund. We interviewed key personnel, conducted a surprise cash count to ensure that the correct amount was maintained, reviewed the supporting documentation of all 49 petty cash disbursements to determine whether the disbursements were business-related and authorized by management, and reviewed the effectiveness of the Corporation's internal control practices for the Imprest Fund bank account.

IV. Audit Results

We found the Corporation's guidelines to be effective and found no matters involving internal controls and its operation that we consider to be material weaknesses. With respect to the specific audit results, we established that the petty cash disbursements were in compliance with policies and procedures; the petty cash on hand was kept in a secured lockbox and maintained in the proper amount; and all expenditures were properly authorized, processed, and reconciled.

cc: Eric Enderlin, President
Rich Froehlich, First EVP and Chief Operating Officer
Jim Quinlivan, SVP, Administration and Chief of Staff
Cathleen Baumann, SVP, Treasurer
Mary John, VP, Controller



INTEROFFICE MEMORANDUM

To: Audit Committee
From: Mary Hom, Chief Risk Officer
Date: May 30, 2019
Re: President's Office Expenses Audit 2018

Internal Audit has completed its review of the President's Office expenses for the period covering October 1, 2017 through October 30, 2018.

I. Background

The President's Office expenses are governed by the guidelines outlined in the Corporation's Employee Handbook. With respect to travel expenses, the Corporation's travel expense policy is to provide employees who travel locally or out-of-town to conferences, training, and seminars with adequate transportation, lodging, meals, and other services that are a necessary part of doing business.

In addition, the car services policy states that employees may use corporate car service or "yellow cab" taxis for travel to and from an airport or when working past 7:30 p.m. The President may use the corporate car in performance of his/her official duties and is entitled to the use of a full-time car, including for commuting purposes, in accordance with policies and procedures adopted by the Board as part of the 2003 Memorandum of Understanding between HDC and the New York City Department of Investigation ("MOU").

II. Audit Objectives

The objectives of this audit were to:

1. Determine accuracy of the President's Office expenses recorded in the financials and ensure they are accurately recorded in the general ledger.
2. Determine whether the expenses classified under the President's Office adhere to the applicable policies and procedures for employee expense reimbursements.

III. Audit Scope and Methodology

The audit scope covered all expenditures classified under the President's Office (general ledger division number "500000") for the period of October 1, 2017 to October 31, 2018 in the following expense categories:

- Publications and Books
- Printing and Photography
- Local Transportation
- Training and Conferences
- Legislative Travel Expenses
- Working Meals
- Messenger Services

During this period, the Corporation made reimbursements to the following employees:

• President	\$12,661.86
• SVP-Administration & Chief of Staff	\$2,613.81
• Executive Director-Financing & Lending Strategies	\$2,283.27
• VP-Government Affairs	\$19,718.39

During this period, the Corporation made direct payments to twenty-four vendors totaling \$30,054.96.

In conducting this audit, we relied on the evaluation of the controls over travel and related expenses and the analysis of the associated risks performed in the last President's Office expenses audit (October 1, 2016 to September 30, 2017). During the audit, we tested controls of expenses classified under the President's Office and reviewed the supporting documentation to ensure that it was complete and that expenses were reasonable, justified, business-related, authorized, and accurately recorded.

IV. Audit Results:

Upon completion of this audit, we noted no major matters involving internal control and its operation that we consider to be material weaknesses. We found the Corporation's guidelines were effective and that the President's Office expenses were generally processed with supporting documentation and correctly recorded according to the policies in the Employee Handbook and the MOU.

cc: Eric Enderlin, President
 Richard Froehlich, COO & First EVP
 Jim Quinlivan, SVP, Administration & Chief of Staff
 Cathleen Baumann, SVP, Treasurer



MEMORANDUM

TO: Members of the Audit Committee

FROM: Richard Froehlich *RJ*

SUBJECT: Approval of HDC's Purchasing Guidelines

DATE: May 23, 2019

Pursuant to Sections 2824 (e) and 2879 of the Public Authorities Law, HDC is required to have its Members annually review and approve the procurement guidelines of the Corporation. After approval, the guidelines are submitted to the Office of the State Comptroller, through its Public Authorities Reporting Information System ("PARIS"). The guidelines are also published on the Corporation's website.

Updates to the attached guidelines are related to changes of two titles within HDC since the guidelines were last approved. One other minor change is related to MIS Purchases over \$7,500. Due to organizational changes made within HDC last year, the IT department now reports to the Chief Operating Officer and no longer reports to the Senior Vice President of Administration. Therefore, the approval of purchases over \$7,500 will now be done by the Senior Vice President of Asset Management instead of the Senior Vice President of Administration.

There are no other changes to the guidelines.

Attached are clean and blacklined versions of HDC's purchasing guidelines.

Recommendation and Action by Members

Staff recommends that the Members approve the attached purchasing guidelines.

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

PURCHASING PROCEDURES

Updated as of December 7, 2018
(Reaffirmed on May 30, 2019)

I. ORDERING ITEMS

All requests for purchases are to be coordinated through the Department of Office Services. The employee who requests goods to be purchased must contact the Purchasing Specialist by e-mail. All requests for purchases must have a prior approval from the employee's Department or Division Head. The Purchasing Specialist and the IT Systems Administrator are the only employees who have the ability to purchase items. However, the IT Systems Administrator does not have authority to purchase items for any department other than the MIS Department. In the event such individual is unavailable, the Vice President of Office Services is deemed to have authority to purchase items.

No item can be purchased without a valid contract. After a Contract Officer from the Legal Department has determined that a contract is valid and all appropriate approvals have been confirmed, the Legal Department is responsible for entering details of the contract into the Oracle Contract Management Module.

For each contract, the following fields are maintained: Contract Number, Contract Description, Begin Date, Department, Contract Expiration Date, Automatic Renewal and Comments. The Legal Department is responsible for generating a contract number.

A Purchase Order cannot be created until a contract number is generated. A contract number can also be generated for vendors used where a contract is not needed or for an item that cannot be competitively bid (hotel, conferences, meals). In such instances a memo from the department requesting the contract number will provide the Legal Department with a written explanation of the vendor chosen and what kind of goods and/or services are being purchased. The Legal Department will add the vendor to its spreadsheet and assign the vendor a contract number. Where possible, categories of vendors (such as books, publications, training and development) will be maintained under one category by subject. In cases where categorization is not possible such vendor will receive its own number.

If the amount of goods or services exceeds our competitive bid threshold, then proper bidding procedures must be adhered to in order to generate a purchase order.

The Legal Department and the Purchasing Specialist should monitor the expiration date on a contract before a renewal order can be placed. The Purchasing Specialist shall insure that a product received is in accordance with the contract, but if there is a service provided, that service should be monitored by the department or employee that has engaged such service.

Each purchase will go through an electronic email-based hierarchy approval process except for those purchases that are required to flow through a manual signature process through the First Executive Vice President/Chief Operating Officer or a Senior Vice President (such as sign off on time sheets for interns and part-time employees). For purchases that flow through the email-based hierarchy system, the following procedures must be completed before a final payment can be generated:

Procedures for Corporate Related Purchases:

After receiving the e-mail request, the Purchasing Specialist will create a Purchase Order with the specific contract number that was assigned by the Legal Department, which will be forwarded electronically in Oracle to the Vice President of Office Services for final review and approval.

If a Purchase Order has goods and/or services valued over \$1,500, the Purchase Order requires an additional level of review and will be electronically routed to the Senior Vice President of Asset Management for the final review and approval after the Vice President of Office Services has reviewed and approved it. After the final approval, the Purchasing Specialist will be notified electronically and will generate the Purchase Order.

In the event the aforementioned individuals are unavailable for signatures, the following individuals are authorized to review and approve Purchase Orders: First Executive Vice President/Chief Operating Officer or a Senior Vice President. In the event the Purchasing Specialist is unavailable to generate the Purchase Order, the Vice President of Office Services will create a Purchase Order with the specific contract number that was assigned by the Legal Department, which will be forwarded electronically in Oracle to the Senior Vice President of Asset Management for final review and approval.

If a Purchase Order has goods and/or services valued over \$1,000,000 the Purchase Order requires an additional level of review and will be electronically routed to the First Executive Vice President/Chief Operating Officer for the final review and approval after the Senior Vice President of Asset Management has reviewed and approved it.

Procedures for MIS Related Purchases:

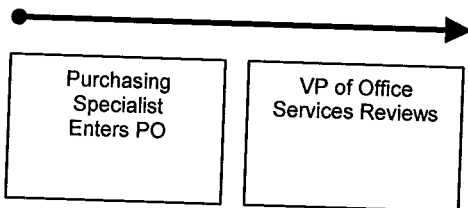
The IT System Administrator or the Purchasing Specialist will create a Purchase Order with a specific contract number which will be input into the Oracle database for the Senior Project Manager, MIS review and approval. The Senior Project Manager, MIS will review and approve the Purchase Order and forward it to the Vice President of Office Services. The Vice President of Office Services will review and approve the Purchase Order and forward it to the Chief Information Officer for final review and approval.

If a Purchase Order has goods and/or services valued over \$7,500, the Purchase Order requires an additional level of review and will be electronically routed to the Senior Vice President of Asset Management for final review and approval after the Chief Information Officer has reviewed and approved it. After the final approval the Purchasing Specialist will be notified electronically and will then generate the Purchase Order.

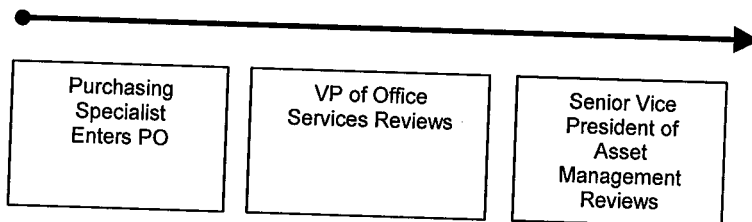
If there is a change on an MIS related Purchase Order after it has gone through all necessary approvals, the IT System Administrator will notify the Purchasing Specialist of the change by e-mail. The Purchasing Specialist will in turn make the change within the Oracle system and resubmit the Purchase Order for approval.

In the event the aforementioned individuals are unavailable for signatures, the following individuals are authorized to review and approve Purchase Orders: First Executive Vice President/Chief Operating Officer or a Senior Vice President. In the event the IT System Administrator is unavailable to generate the Purchase Order, the Senior Project Manager, MIS can begin the Purchase Order process within the IT System.

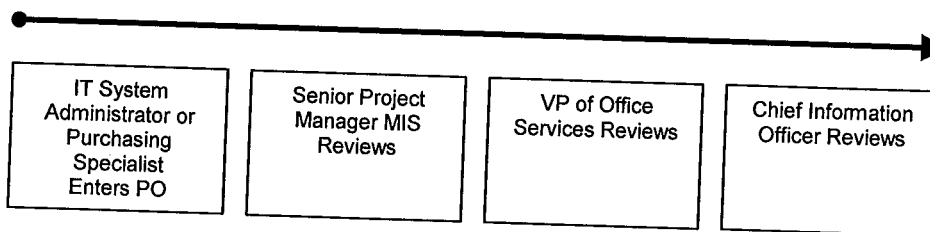
CORPORATE PURCHASES (NON-MIS) UNDER \$1,500



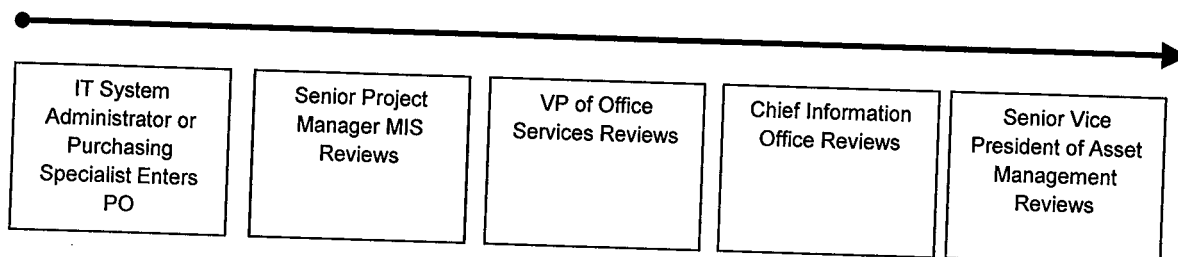
CORPORATE PURCHASES (NON-MIS) OVER \$1,500



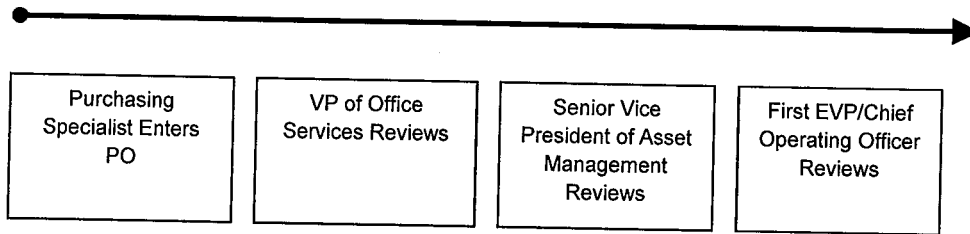
MIS PURCHASES UNDER \$7,500



MIS PURCHASES OVER \$7,500



CORPORATE PURCHASES (NON-MIS) OVER \$1,000,000



A. PURCHASES REQUIRING COMPETITIVE BIDDING

If the aggregate total of goods and services is over \$5,000, then a competitive bidding process must be performed prior to the purchase of such goods and services. A Purchase Order will not be generated until such process has been successfully completed. Upon successful completion, the Purchase Order will be generated and forwarded to the Cash Management Department, Accounts Payable Administrator. The following procedures shall be followed:

1. The Purchasing Specialist, after receiving the e-mail request for goods will contact at least three vendors for price quotes, including at least one vendor (if available) on a list of approved vendors maintained by the New York State Office of General Services. This solicitation can be done either verbally or in writing. However, written solicitations are required for all purchases that are expected to equal or exceed \$10,000. The written solicitation must contain a description of the item; the date the bid must be received by HDC and the name and telephone number of the Purchasing Specialist. Responsive bids must be obtained from at least two vendors.

For office, computer and pantry supplies, printing services, and other similar items ordered frequently, bids should be obtained annually or in some cases every two or three years (such determination shall be made by either the VP of Office Services, First Executive Vice President/Chief Operating Officer or a Senior Vice President or Chief Information Officer for MIS related supplies). A summary of received bids should be completed by the Purchasing Specialist and/or IT Systems Administrator and submitted to the Chief Information Officer, VP of Office Services, and/or Senior Vice President for approval.

All other items totaling over \$5,000 must be bid at the time of request, unless an emergency purchase must be made. The order is to be awarded based on the most favorable bid or advantageous offer.

If the lowest bidder or the bidder with the most advantageous offer is found to be non-responsive or not responsible, the Purchasing Specialist will provide a written determination describing the specific reasons for such findings. This written determination is to be reviewed and approved by the VP of Office Services, First

Executive Vice President/Chief Operating Officer or a Senior Vice President or Chief Information Officer for MIS related items and retained in the vendor file.

Price quotes for technical items can be obtained by the applicable department. For example: the MIS Department can obtain bids for computer equipment and software purchases. The procedures set forth in the preceding paragraph must be followed and all documentation must be forwarded to the Purchasing Department before a purchase order will be generated.

If there is only one source for the required item, the determination and the basis must be in writing and submitted to the VP of Office Services, First Executive Vice President/Chief Operating Officer or a Senior Vice President or Chief Information Officer for MIS related items for review and approval. This documentation is to be retained in the vendor file.

If an emergency purchase has to be made, a written determination of the basis for the emergency procurement is to be made as soon as possible. This is to be approved by the VP of Office Services, First Executive Vice President/Chief Operating Officer or Senior Vice President, or Chief Information Officer for MIS related items and filed in the vendor file.

All goods must be purchased through a valid contract. In instances where common purchases are done and a contract will not be obtained, a memo is written and stored with the Legal Department detailing the purchase and reason for using a specific vendor. This memo will be used as a reference in creating a contract number for use within the Purchase Order system. When contracts are done, the contract must be reviewed and approved by the Legal Department and signed by the President, First Executive Vice President/Chief Operating Officer or a Senior Vice President. All approved contracts must be sent to the Scanning Specialist for scanning.

2. The Purchase Order will then be routed to the Purchasing Specialist, who will then place the order with the vendor. Under HDC's data management program, an open Purchase Order file can be accessed only by the following people:

Purchasing Specialist

Accounts Payable Administrator

Vice President of Office Services

IT System Administrator

3. All purchases must be made with the prior approval of the VP of Office Services, First Executive Vice President/Chief Operating Officer or Senior Vice President, or Chief Information Officer for MIS related purchases. The Corporation will not be responsible for purchases made without an authorized Purchase Order.

4. The Purchasing Department is to perform an as needed review of the City's Vendex and Office of General Services list to obtain or review vendors. This list

will also serve as the determination of whether the vendor is classified as a minority or women-owned enterprise. Efforts are to be made to include minority and women-owned enterprises.

B. PURCHASES NOT REQUIRING COMPETITIVE BIDDING

Certain items cannot be competitively bid due to their nature. The following is a list of categories to date that cannot be competitively bid:

Books & Publications: A check request form is to be prepared in lieu of a purchase order. The check request shall be approved by the employee's Division Head, Department Head and the Senior Vice President Treasurer and then retained in the vendor file;

Local Transportation: A list of car services utilized by the Corporation and comparison of charges shall be maintained by the VP of Office Services.

Training & Conference: Literature pertaining to the class or conference shall be retained in the vendor file. All requests must be approved by the Division Head, the Department Head and the Senior Vice President Treasurer;

Memberships: Renewal notices and/or literature pertaining to the organization is to be retained in the vendor file. The employee's Division Head, Department Head and the Senior Vice President Treasurer must approve all memberships; and

Employment Agencies: All agencies must agree in writing to HDC's fee policy before applicants can be interviewed. A copy of this agreement is to be retained in the vendor file.

Contract numbers must be received for all items even if such items cannot be bid. The contract number will be used as a reference in creating a contract number for use within the Purchase Order system.

The following procedures shall be followed for those items that cannot be competitively bid:

The department requesting the contract number will provide the Legal Department with a written explanation of the vendor chosen and what kind of goods and/or services are being purchased. The Legal Department will add the vendor to its spreadsheet and assign the vendor a contract number. Where possible categories of vendors (such as books, publications, training and development), will be maintained under one category by subject. In cases where categorization is not possible such vendor will receive its own number.

C. PURCHASES ON THE INTERNET

All requests for purchases on the Internet are to be coordinated through the Department of Office Services. In this case employees shall also send an e-mail to the Purchasing Specialist describing the items requested, and follow the procedures previously set forth in either Section IA or IB, whichever is applicable.

D. PURCHASING VERSUS LEASING

In certain circumstances the Corporation may determine to lease products rather than purchasing them. For these items the procedures set forth in the previous paragraphs should also be followed. In addition, an analysis should be performed to compare the costs and benefits of buying versus leasing such item. The terms of the lease should be compared to the terms of purchasing the item outright to determine the best option. The buy versus lease analysis should be submitted to the VP of Office Services, First Executive Vice President/Chief Operating Officer or Senior Vice President, or Chief Information Officer for MIS related items for review and approval and filed in the vendor file.

E. COMPETITIVE PROPOSAL PROCESS

A request for proposal process must be conducted for the selection of:

Legal Counsel

Underwriters

Annual Report Design

Auditing and Accounting Services: The Corporation must follow the City Comptroller's Directive No.22, "Guidelines for Component Unit Audit & Financial Reporting" when selecting a Certified Public Accounting firm:

- Requests for proposals should be sent to at least five firms selected from those on the Comptroller's approved list.
- Contracts should not be awarded for more than four years.
- Firms performing the audit for more than four consecutive years should be required to assign a different senior manager and partner in charge.
- The audit selection process should be completed no later than 60 days after the beginning of the Corporation's fiscal year.

A request for proposals may also be required for the selection of other

professional services; such determination shall be made by the Legal Department.

II. RECEIVING ITEMS

Upon receipt of the goods by the Receiving Clerk or designee, the following process shall be followed:

1. The Receiving Clerk or designee who receives the goods shall date and initial the packing slips, and then check them in Oracle as received;
2. The Purchase Order is compared to the packing slip and the items received to ensure that the order is complete. The Receiving Clerk shall maintain a file for all packing slips;
3. Any discrepancy must be noted on the Purchase Order and Packing Slip and brought to the attention of the Purchasing Specialist;
4. Orders shall not be accepted if a material discrepancy exists or if goods delivered are damaged;
5. The Receiving Clerk shall make an entry in Oracle that the item has been received; and
6. The Purchasing Specialist is responsible for all follows-up with respect to discrepancies and damaged items including if an item has not been received in a reasonable amount of time.

III. PROCESSING INVOICES - ACCOUNTS PAYABLE

In order to process an invoice received, the following procedures shall be followed:

1. The Accounts Payable Administrator shall receive and review all Invoices received and such invoices shall be compared to the Purchase Order. If a Purchase Order has not been created, the Accounts Payable Administrator will forward the invoice, along with the appropriate documentation (e.g., accounts payable voucher, personal reimbursement form, or travel expense form, depending upon which is applicable) to the Purchasing Specialist who will then create a Purchase Order. The Purchasing Specialist will then forward the Purchase Order through Oracle to the Vice President of Office Services for review and approval. The Purchasing Specialist will return the invoice and attached documentation to the Accounts Payable Administrator who will then create an invoice batch. Any discrepancies are to be brought to the attention of the Purchasing Specialist, and the invoice should not be paid until all discrepancies have been resolved. Invoices that do not require a Purchase Order (e.g. payments for bond programs) are to be referred to the individual who initiated the

order for proper authorization;

2. The Accounts Payable Administrator will then prepare the Payment Batch. During this stage, the Preliminary Payment Register, Checks, and Final Payment Register are printed.

3. Upon receipt of written authorization from the Vice President or Assistant Vice President of the Cash Management division, the Accounts Payable Administrator will forward the checks, invoices, and Final Payment Register to the Senior Vice President Treasurer for review. In the Senior Vice President Treasurer's absence, such documentation shall be sent to the First Executive Vice President/Chief Operating Officer.

4. The Final Payment Register must be signed by the President for all checks greater than \$20,000. The President shall not approve any invoices unless and until approval has been obtained by the Senior Vice President Treasurer. Once approved, all documentation shall be returned to the Senior Vice President Treasurer. Once complete, all checks and supporting documents will be forwarded to the Controller for the second signature.

5. In the event the aforementioned individuals are unavailable for signatures, the following individuals are authorized to sign checks: President, First Executive Vice President/Chief Operating Officer, Senior Vice President of Asset Management, and Senior Vice President Capital Markets. The Final Payment Register may be signed by the First Executive Vice President/Chief Operating Officer in the absence of the President. During this process, the Accounts Payable Administrator will keep track of the payment registers signed by these authorized individuals.

6. The Accounts Payable Administrator shall prepare and submit a disbursement along with the Preliminary Payment Report to Cash Management, who will fund the OTPS bank account;

7. Invoices in the Imaging system will be stamped "paid". In terms of the paper vendor files, invoices received from vendors must be stamped "paid" when payment is made. In cases where there are multiple pages of invoices such as telephone bills, the page with the remittance stub should be stamped "paid". If there is no remittance stub page then all pages of the invoice must be stamped. Documents such as check requests and personal reimbursement forms should have all supporting documentation such as receipts, memos and emails attached to it. The check request and the personal reimbursement forms should be stamped "paid";

8. The Accounts Payable Administrator shall make the necessary copies and mail the payment and remittance copy to the vendor;

9. All voided checks automatically voided by the computer will be sent to the Accounting Department for reference; and

10. The Accounts Payable Administrator will file the invoices and the check stubs in the vendor's file and shall maintain a register of such transactions.

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

PURCHASING PROCEDURES

Updated as of December 7, 2018~~November 19,~~
2015

(Reaffirmed on May 30, 2019~~Feb 10, 2017~~)

I. ORDERING ITEMS

All requests for purchases are to be coordinated through the Department of Office Services. The employee who requests goods to be purchased must contact the Purchasing ~~Specialist~~Manager by e-mail. All requests for purchases must have a prior approval from the employee's Department or Division Head. The Purchasing ~~Specialist~~Manager and the IT Systems Administrator are the only employees who have the ability to purchase items. However, the IT Systems Administrator does not have authority to purchase items for any department other than the MIS Department. In the event such individual is unavailable, the Vice President of Office Services is deemed to have authority to purchase items.

No item can be purchased without a valid contract. After a Contract Officer from the Legal Department has determined that a contract is valid and all appropriate approvals have been confirmed, the Legal Department is responsible for entering details of the contract into the Oracle Contract Management Module.

For each contract, the following fields are maintained: Contract Number, Contract Description, Begin Date, Department, Contract Expiration Date, Automatic Renewal and Comments. The Legal Department is responsible for generating a contract number.

A Purchase Order cannot be created until a contract number is generated. A contract number can also be generated for vendors used where a contract is not needed or for an item that cannot be competitively bid (hotel, conferences, meals). In such instances a memo from the department requesting the contract number will provide the Legal Department with a written explanation of the vendor chosen and what kind of goods and/or services are being purchased. The Legal Department will add the vendor to its spreadsheet and assign the vendor a contract number. Where possible, categories of vendors (such as books, publications, training and development) will be maintained under one category by subject. In cases where categorization is not possible such vendor will receive its own number.

If the amount of goods or services exceeds our competitive bid threshold, then proper bidding procedures must be adhered to in order to generate a purchase order.

The Legal Department and the Purchasing ~~Specialist~~Manager should monitor the expiration date on a contract before a renewal order can be placed. The Purchasing ~~Specialist~~Manager shall insure that a product received is in accordance with the contract, but if there is a service provided, that service should be monitored by the department or employee that has engaged such service.

Each purchase will go through an electronic email-based hierarchy approval process except for those purchases that are required to flow through a manual signature process through the First Executive Vice President/Chief Operating Officer/Executive Vice President or a Senior Vice President (such as sign off on time sheets for interns and part-time employees). For purchases that flow through the email-based hierarchy system, the following procedures must be completed before a final payment can be generated:

Procedures for Corporate Related Purchases:

After receiving the e-mail request, the Purchasing SpecialistManager will create a Purchase Order with the specific contract number that was assigned by the Legal Department, which will be forwarded electronically in Oracle to the Vice President of Office Services for final review and approval.

If a Purchase Order has goods and/or services valued over \$1,500, the Purchase Order requires an additional level of review and will be electronically routed to the Senior Vice President of Asset Management for the final review and approval after the Vice President of Office Services has reviewed and approved it. After the final approval, the Purchasing SpecialistManager will be notified electronically and will generate the Purchase Order.

In the event the aforementioned individuals are unavailable for signatures, the following individuals are authorized to review and approve Purchase Orders: First Executive Vice President/Chief Operating Officer/Executive Vice President or a Senior Vice President. In the event the Purchasing SpecialistManager is unavailable to generate the Purchase Order, the Vice President of Office Services will create a Purchase Order with the specific contract number that was assigned by the Legal Department, which will be forwarded electronically in Oracle to the Senior Vice President of Asset Management for final review and approval.

If a Purchase Order has goods and/or services valued over \$1,000,000 the Purchase Order requires an additional level of review and will be electronically routed to the First Executive Vice President/Chief Operating Officer/Executive Vice President for the final review and approval after the Senior Vice President of Asset Management has reviewed and approved it.

Procedures for MIS Related Purchases:

The IT System Administrator or the Purchasing SpecialistManager will create a Purchase Order with a specific contract number which will be input into the Oracle database for the Senior Project Manager, MIS review and approval. The Senior Project Manager, MIS will review and approve the Purchase Order and forward it to the Vice President of Office Services. The Vice President of Office Services will review and approve the Purchase Order and forward it to the Chief Information Officer for final review and approval.

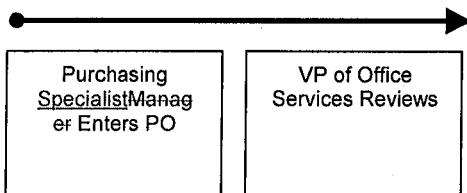
If a Purchase Order has goods and/or services valued over \$7,500, the Purchase

Order requires an additional level of review and will be electronically routed to the Senior Vice President of Asset Management Administration for final review and approval after the Chief Information Officer has reviewed and approved it. After the final approval the Purchasing Specialist Manager will be notified electronically and will then generate the Purchase Order.

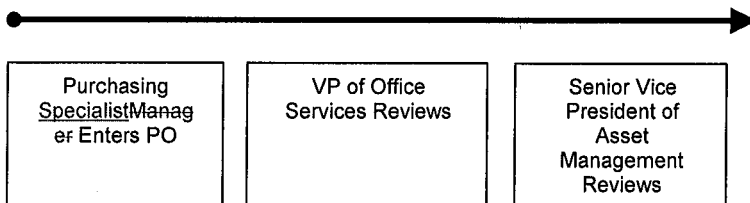
If there is a change on an MIS related Purchase Order after it has gone through all necessary approvals, the IT System Administrator will notify the Purchasing Specialist Manager of the change by e-mail. The Purchasing Specialist Manager will in turn make the change within the Oracle system and resubmit the Purchase Order for approval.

In the event the aforementioned individuals are unavailable for signatures, the following individuals are authorized to review and approve Purchase Orders: First Executive Vice President/Chief Operating Officer/Executive Vice President or a Senior Vice President. In the event the IT System Administrator is unavailable to generate the Purchase Order, the Senior Project Manager, MIS can begin the Purchase Order process within the IT System.

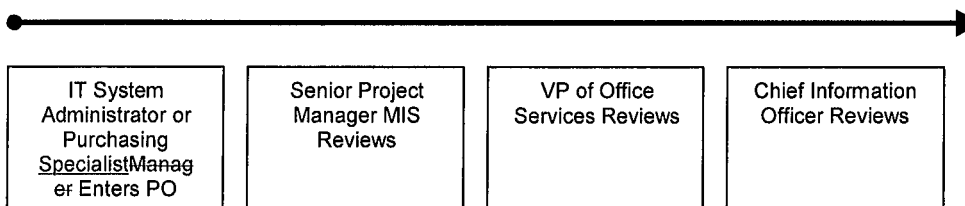
CORPORATE PURCHASES (NON-MIS) UNDER \$1,500



CORPORATE PURCHASES (NON-MIS) OVER \$1,500



MIS PURCHASES UNDER \$7,500



MIS PURCHASES OVER \$7,500



IT System
Administrator or
Purchasing
Specialist Enters
PO

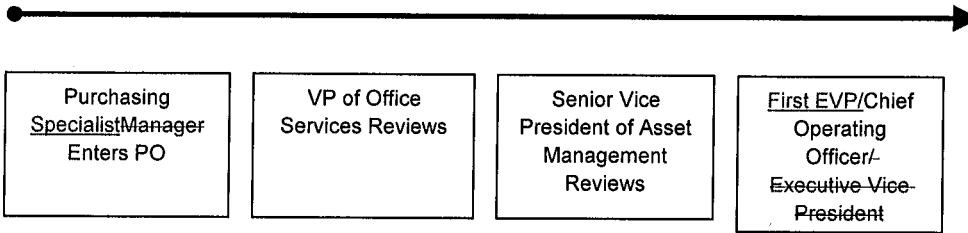
Senior Project
Manager MIS
Reviews

VP of Office
Services Reviews

Chief Information
Office Reviews

Senior Vice
President of
Admin Asset
Management
Reviews

CORPORATE PURCHASES (NON-MIS) OVER \$1,000,000



A. PURCHASES REQUIRING COMPETITIVE BIDDING

If the aggregate total of goods and services is over \$5,000, then a competitive bidding process must be performed prior to the purchase of such goods and services. A Purchase Order will not be generated until such process has been successfully completed. Upon successful completion, the Purchase Order will be generated and forwarded to the Cash Management Department, Accounts Payable Administrator. The following procedures shall be followed:

1. The Purchasing ~~Specialist Manager~~, after receiving the e-mail request for goods will contact at least three vendors for price quotes, including at least one vendor (if available) on a list of approved vendors maintained by the New York State Office of General Services. This solicitation can be done either verbally or in writing. However, written solicitations are required for all purchases that are expected to equal or exceed \$10,000. The written solicitation must contain a description of the item; the date the bid must be received by HDC and the name and telephone number of the Purchasing ~~Specialist Manager~~. Responsive bids must be obtained from at least two vendors.

For office, computer and pantry supplies, printing services, and other similar items ordered frequently, bids should be obtained annually or in some cases every two or three years (such determination shall be made by either the VP of Office Services, ~~First Executive Vice President/Chief Operating Officer/Executive Vice President~~ or a Senior Vice President or Chief Information Officer for MIS related supplies). A summary of received bids should be completed by the Purchasing ~~Specialist Manager~~ and/or IT Systems Administrator and submitted to the Chief Information Officer, VP of Office Services, and/or Senior Vice President for approval.

All other items totaling over \$5,000 must be bid at the time of request, unless an emergency purchase must be made. The order is to be awarded based on the most favorable bid or advantageous offer.

If the lowest bidder or the bidder with the most advantageous offer is found to be non-responsive or not responsible, the Purchasing ~~Specialist Manager~~ will provide a written determination describing the specific reasons for such findings. This written determination is to be reviewed and approved by the VP of Office Services, ~~First Executive Vice President/Chief Operating Officer/Executive Vice President~~ or a Senior Vice President or Chief Information Officer for MIS related items and retained in the vendor file.

Price quotes for technical items can be obtained by the applicable department. For example: the MIS Department can obtain bids for computer equipment and software purchases. The procedures set forth in the preceding paragraph must be followed and all documentation must be forwarded to the Purchasing Department before a purchase order will be generated.

If there is only one source for the required item, the determination and the basis must be in writing and submitted to the VP of Office Services, First Executive Vice President/Chief Operating Officer/~~Executive Vice President~~ or a Senior Vice President or Chief Information Officer for MIS related items for review and approval. This documentation is to be retained in the vendor file.

If an emergency purchase has to be made, a written determination of the basis for the emergency procurement is to be made as soon as possible. This is to be approved by the VP of Office Services, First Executive Vice President/Chief Operating Officer or Senior Vice President, or Chief Information Officer for MIS related items and filed in the vendor file.

All goods must be purchased through a valid contract. In instances where common purchases are done and a contract will not be obtained, a memo is written and stored with the Legal Department detailing the purchase and reason for using a specific vendor. This memo will be used as a reference in creating a contract number for use within the Purchase Order system. When contracts are done, the contract must be reviewed and approved by the Legal Department and signed by the President, First Executive Vice President/Chief Operating Officer/~~Executive Vice President~~ or a Senior Vice President. All approved contracts must be sent to the Scanning Specialist for scanning.

2. The Purchase Order will then be routed to the Purchasing ~~Specialist~~Manager, who will then place the order with the vendor. Under HDC's data management program, an open Purchase Order file can be accessed only by the following people:

Purchasing ~~Specialist~~Manager

Accounts Payable Administrator

Vice President of Office Services

IT System Administrator

3. All purchases must be made with the prior approval of the VP of Office Services, First Executive Vice President/Chief Operating Officer/~~Executive Vice President~~ or Senior Vice President, or Chief Information Officer for MIS related purchases. The Corporation will not be responsible for purchases made without an authorized Purchase Order.

4. The Purchasing Department is to perform an as needed review of the City's Vendex and Office of General Services list to obtain or review vendors. This list will also serve as the determination of whether the vendor is classified as a minority or women-owned enterprise. Efforts are to be made to include minority and women-owned enterprises.

B. PURCHASES NOT REQUIRING COMPETITIVE BIDDING

Certain items cannot be competitively bid due to their nature. The following is a list of categories to date that cannot be competitively bid:

Books & Publications: A check request form is to be prepared in lieu of a purchase order. The check request shall be approved by the employee's Division Head, Department Head and the Senior Vice President Treasurer and then retained in the vendor file;

Local Transportation: A list of car services utilized by the Corporation and comparison of charges shall be maintained by the VP of Office Services.

Training & Conference: Literature pertaining to the class or conference shall be retained in the vendor file. All requests must be approved by the Division Head, the Department Head and the Senior Vice President Treasurer;

Memberships: Renewal notices and/or literature pertaining to the organization is to be retained in the vendor file. The employee's Division Head, Department Head and the Senior Vice President Treasurer must approve all memberships; and

Employment Agencies: All agencies must agree in writing to HDC's fee policy before applicants can be interviewed. A copy of this agreement is to be retained in the vendor file.

Contract numbers must be received for all items even if such items cannot be bid. The contract number will be used as a reference in creating a contract number for use within the Purchase Order system.

The following procedures shall be followed for those items that cannot be competitively bid:

The department requesting the contract number will provide the Legal Department with a written explanation of the vendor chosen and what kind of goods and/or services are being purchased. The Legal Department will add the vendor to its spreadsheet and assign the vendor a contract number. Where possible categories of vendors (such as books, publications, training and development), will be maintained under one category by subject. In cases where categorization is not possible such vendor will receive its own number.

C. PURCHASES ON THE INTERNET

All requests for purchases on the Internet are to be coordinated through the Department of Office Services. In this case employees shall also send an e-mail to the Purchasing Specialist Manager describing the items requested, and follow the procedures previously set forth in either Section IA or IB, whichever is applicable.

D. PURCHASING VERSUS LEASING

In certain circumstances the Corporation may determine to lease products rather than purchasing them. For these items the procedures set forth in the previous paragraphs should also be followed. In addition, an analysis should be performed to compare the costs and benefits of buying versus leasing such item. The terms of the lease should be compared to the terms of purchasing the item outright to determine the best option. The buy versus lease analysis should be submitted to the VP of Office Services, First Executive Vice President/Chief Operating Officer or Senior Vice President, or Chief Information Officer for MIS related items for review and approval and filed in the vendor file.

E. COMPETITIVE PROPOSAL PROCESS

A request for proposal process must be conducted for the selection of:

Legal Counsel

Underwriters

Annual Report Design

Auditing and Accounting Services: The Corporation must follow the City Comptroller's Directive No.22, "Guidelines for Component Unit Audit & Financial Reporting" when selecting a Certified Public Accounting firm:

- Requests for proposals should be sent to at least five firms selected from those on the Comptroller's approved list.
- Contracts should not be awarded for more than four years.
- Firms performing the audit for more than four consecutive years should be required to assign a different senior manager and partner in charge.
- The audit selection process should be completed no later than 60 days after the beginning of the Corporation's fiscal year.

A request for proposals may also be required for the selection of other

professional services; such determination shall be made by the Legal Department.

II. RECEIVING ITEMS

Upon receipt of the goods by the Receiving Clerk or designee, the following process shall be followed:

1. The Receiving Clerk or designee who receives the goods shall date and initial the packing slips, and then check them in Oracle as received;
2. The Purchase Order is compared to the packing slip and the items received to ensure that the order is complete. The Receiving Clerk shall maintain a file for all packing slips;
3. Any discrepancy must be noted on the Purchase Order and Packing Slip and brought to the attention of the Purchasing Specialist~~Manager~~;
4. Orders shall not be accepted if a material discrepancy exists or if goods delivered are damaged;
5. The Receiving Clerk shall make an entry in Oracle that the item has been received; and
6. The Purchasing Specialist~~Manager~~ is responsible for all follows-up with respect to discrepancies and damaged items including if an item has not been received in a reasonable amount of time.

III. PROCESSING INVOICES - ACCOUNTS PAYABLE

In order to process an invoice received, the following procedures shall be followed:

1. The Accounts Payable Administrator shall receive and review all Invoices received and such invoices shall be compared to the Purchase Order. If a Purchase Order has not been created, the Accounts Payable Administrator will forward the invoice, along with the appropriate documentation (e.g., accounts payable voucher, personal reimbursement form, or travel expense form, depending upon which is applicable) to the Purchasing Specialist~~Manager~~ who will then create a Purchase Order. The Purchasing Specialist~~Manager~~ will then forward the Purchase Order through Oracle to the Vice President of Office Services for review and approval. The Purchasing Specialist~~Manager~~ will return the invoice and attached documentation to the Accounts Payable Administrator who will then create an invoice batch. Any discrepancies are to be brought to the attention of the Purchasing Specialist~~Manager~~, and the invoice should not be paid until all discrepancies have been resolved. Invoices that do not require a Purchase Order (e.g. payments for bond programs) are to be referred to the individual who initiated the order for proper authorization;

2. The Accounts Payable Administrator will then prepare the Payment Batch. During this stage, the Preliminary Payment Register, Checks, and Final Payment Register

are printed.

3. Upon receipt of written authorization from the Vice President or Assistant Vice President of the Cash Management division, the Accounts Payable Administrator will forward the checks, invoices, and Final Payment Register to the Senior Vice President Treasurer for review. In the Senior Vice President Treasurer's absence, such documentation shall be sent to the First Executive Vice President/Chief Operating Officer.

4. The Final Payment Register must be signed by the President for all checks greater than \$20,000. The President shall not approve any invoices unless and until approval has been obtained by the Senior Vice President Treasurer. Once approved, all documentation shall be returned to the Senior Vice President Treasurer. Once complete, all checks and supporting documents will be forwarded to the Controller for the second signature.

5. In the event the aforementioned individuals are unavailable for signatures, the following individuals are authorized to sign checks: President, First Executive Vice President/Chief Operating Officer/~~Executive Vice President, Executive Vice President of Real Estate, Senior Vice President of Asset Management, and Senior Vice President Capital Markets~~. The Final Payment Register may be signed by the First Executive Vice President/Chief Operating Officer/~~Executive Vice President, Executive President of Capital Markets or the Executive Vice President of Real Estate~~ in the absence of the President. During this process, the Accounts Payable Administrator will keep track of the payment registers signed by these authorized individuals.

6. The Accounts Payable Administrator shall prepare and submit a disbursement along with the Preliminary Payment Report to Cash Management, who will fund the OTPS bank account;

7. Invoices in the Imaging system will be stamped "paid". In terms of the paper vendor files, invoices received from vendors must be stamped "paid" when payment is made. In cases where there are multiple pages of invoices such as telephone bills, the page with the remittance stub should be stamped "paid". If there is no remittance stub page then all pages of the invoice must be stamped. Documents such as check requests and personal reimbursement forms should have all supporting documentation such as receipts, memos and emails attached to it. The check request and the personal reimbursement forms should be stamped "paid";

8. The Accounts Payable Administrator shall make the necessary copies and mail the payment and remittance copy to the vendor;

9. All voided checks automatically voided by the computer will be sent to the Accounting Department for reference; and

10. The Accounts Payable Administrator will file the invoices and the check stubs in the vendor's file and shall maintain a register of such transactions.