



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

2018 Annual Investment Report



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

Eric Enderlin
President

January 22, 2019

Honorable Bill de Blasio
Mayor
The City of New York
City Hall
New York, New York 10007

Dear Mayor de Blasio:

The New York City Housing Development Corporation (the "Corporation" or "HDC") is submitting its Annual Investment Report (the "Report") for the Corporation and its subsidiaries pursuant to Section 2925 of the Public Authorities Law ("PAL") of New York State. The Report presents the Corporation's investment record for fiscal year 2018. As required by statute, the report includes:

1. The investment record of the Corporation, which is discussed in this letter and detailed in the attached Quarterly Reports;
2. The Investment Guidelines as approved by the Members on September 26, 2018
3. Quarterly Reports submitted to the Members of the Corporation which disclose the investment purchases and the types of securities bought; and
4. The results of the annual independent audit. (DRAFT)

This report also includes descriptive charts on HDC's investments and investing environment, and a Counterparty Credit Risk Exposure Summary.

The Corporation

The Corporation was established in 1971 under the provisions of the Private Housing Finance Law of the State of New York ("HDC Act"). It was created primarily to offer low-interest mortgage loans and thereby encourage the investment of private capital in providing safe and sanitary housing for those whose need for housing cannot be provided by unassisted private enterprise.

To accomplish its objectives, the Corporation finances new construction and rehabilitation of multi-family residential housing developments through the issuance of tax-exempt and taxable debt. The Corporation is not authorized to levy taxes and has never received operating assistance from the City nor State. HDC is authorized to provide construction and/or permanent financing with mortgage loans generally secured by first or second liens on the real estate financed. These loans may also be guaranteed or secured in a variety of ways such as with bank letters of credit,

Fannie Mae or Freddie Mac guarantees and mortgage insurance provided by governmental agencies or private insurers.

To assist HDC in fulfilling its mandate, the State Legislature established four subsidiaries of HDC, two of which are currently active and have assets. The Housing Assistance Corporation (“HAC”) was established in 1985, and the New York City Residential Mortgage Insurance Corporation (“REMIC”) was established in 1993. The Housing New York Corporation (“HNYC”) was founded in 1986 and the NYC HDC Real Estate Owned Corporation (“REO”) was established in 2004 under 654-a of the Act. Both of these subsidiaries are currently inactive, however, the REO did acquire and immediately dispose of one property during FY 2011 as part of a preservation plan for a federally assisted development in the Bronx.

Investment Guidelines

As an integral part of the internal controls established by the Corporation to safeguard its assets, management has set forth Investment Guidelines (the “Guidelines”) which are annually reviewed and approved by the Members of the Corporation. The Corporation’s investment options are set by the PAL and the HDC Act, and the Guidelines establish permitted investments within this statutory framework. The current Guidelines were reviewed and adopted on September 26, 2018. A copy of which is attached for your review.

The Guidelines require the Corporation and its subsidiaries to seek to diversify their investment holdings and to establish an Investment Committee. The primary goal of the Committee is to safeguard the Corporation’s assets and maximize investment yield without undue risk. The Committee generally meets bi-weekly and authorizes purchases and sales of investments in accordance with the HDC Act, the various bond resolutions which govern the programs administered by the Corporation, and contractual obligations with other governmental agencies.

In addition to the Guidelines, HDC’s Cash Management Department operates according to written policies and procedures that govern the receipt and disbursement of funds. These policies and procedures work together with the Guidelines to provide a framework for safeguarding the Corporation’s investment assets.

Description of Monies Available for Investment

HDC invests funds from a variety of sources. Each time the Corporation issues bonds, the proceeds are invested until needed for mortgage advances, as well as the bond revenue and debt service reserve funds. The Corporation invests in permitted investments including demand deposits, certificates of deposit, repurchase agreements (all fully collateralized by U.S. Treasury or Agency securities), Guaranteed Investment Contracts (“GICs”), NYS/NYC municipal bonds, and direct purchases of U.S. Treasury and Agency obligations.

Most collections are pledged to the payment of bond principal and interest. These mortgage receipts are thus invested to the next debt service date. The applicable bond resolutions of the Corporation’s housing programs and the Investment Guidelines determine the types of securities that may be purchased with these monies.

HDC maintains substantial reserve funds as required by each program. Many HDC programs require the ability to liquidate securities at the original reserve amount at any time, regardless of market conditions. HDC enters into GICs for these restricted reserves, deposits funds in collateralized demand deposit accounts, or purchases U.S. Treasury or Agency obligations with maturity dates that target a five to ten year average life to provide this liquidity feature.

The Corporation also administers several types of escrow funds that are accumulated to pay certain expenses of the housing developments in order to protect the Corporation's mortgage liens. They include escrows for hazard insurance, real estate taxes, mortgage insurance premiums, water and sewer charges and working capital. These funds are generally outside the lien of the bond resolutions and are either held by the applicable trustee or a depository. They are invested on a short-term basis to coincide with the dates when the applicable payments must be made and are invested in U.S. Treasury or Agency obligations, collateralized demand deposit accounts, or repurchase agreements collateralized by U.S. Treasury or Agency securities.

A portion of the Corporation's mortgage portfolio is insured by the Federal Housing Administration ("FHA"), which requires developers to maintain a Reserve-for-Replacement Fund. The FHA determines the types of securities these accounts may hold. The Corporation usually purchases U.S. Treasury Bills to provide liquidity for this portfolio. As part of the 223(f) Housing Bond program, HDC funded the Claim Payment Fund, which functions as a coinsurance reserve and is required by FHA as part of the City's Mitchell-Lama refinancing program. Income from this fund inures to the Corporation. The investment of these funds is governed by a written agreement between the Corporation and FHA which only allows investments in U.S. Treasury or Agency obligations.

The Corporation is committed to assisting the City in implementing its affordable housing and community development strategy. Since 2003, unrestricted corporate funds in excess of \$2.72 billion have been allocated for this purpose, and are being used to provide 1% or low-interest loans. HDC also serves as a fee-based loan servicer for various City Department of Housing Preservation and Development ("HPD") housing loan programs. As such, the Corporation invests HPD loan funds that have not yet been advanced to the borrowers as well as project reserves. These funds are invested in short term repurchase agreements, collateralized demand deposits, or U.S. Treasury and Agency securities.

The Corporation has established the Corporate Services Fund as its operating fund. The cash and investments held in this fund are principally allocated to funding affordable housing programs and providing dedicated reserves to support the Corporation's "AA" rating. The HDC Act and the Guidelines determine the types of securities which may be purchased by this fund.

The Corporation administers the investments of its two active subsidiaries, HAC and REMIC. In July 2003 HAC approved the funding of a rental subsidy program for eligible tenants of the Ruppert/Yorkville development, which was leaving the Mitchell-Lama program. This subsidy has been funded by loans from HDC to HAC, by HAC revenues, and by a pre-payment from two of the HAC mortgages. In October 2017, in order to continue to fund the City Subsidy Program and repay HDC, the HAC Members authorized the sale of its remaining five loans with an aggregate outstanding balance of approximately \$32 million to HDC. HDC securitized these loans raising \$23.8 million for HAC. The loan sale proceeds were used to repay HDC its outstanding \$9.05

million loan to HAC. The remaining sale proceeds, together with earnings on the proceeds, should be sufficient to continue the City Subsidy Program through 2022. These proceeds need to be liquid and are currently invested in collateralized money market accounts. HDC staff will work with the City of New York to determine other potential resources to support the City Subsidy Program in the intervening period.

REMIC insures mortgages and underwrites to a zero loss standard. Therefore, liquidity is not a major concern and REMIC funds are invested for maximum yield in securities expected to be held to maturity. The current portfolio consists of fully collateralized bank certificates of deposit with a remaining maturity of approximately 1.58 years. Some earnings may be invested short term for a few months to accumulate or to aggregate with expected investment rollovers.

See Note 3 “Investment and Deposits” of the DRAFT FY 2018 financial statements for further details.

Investment Results

Earnings on investments totaled \$62.8 million in fiscal year 2018, an increase of \$24.98 million from fiscal year 2017, which can be attributed to an increase in short term interest rates and an increase in investment proceeds during FY 2018. The potential rising interest rates across the shorter term maturities and a flatter yield curve environment are factors to consider in the Corporation’s ongoing investment strategy.

Because of the Corporation’s commitments, the majority of investments must be held for the short term, which provides sufficient liquidity for the Corporation. **Chart A** summarizes HDC’s investment earnings since 2014. **Charts B and C** in this report illustrate how short-term investment rates, at historically low levels, increased over the past fiscal year and how spreads between maturities narrowed resulting in a flatter yield curve. In response to the current interest rate environment, the Corporation continued to invest primarily in collateralized demand deposits, certificates of deposit, and direct purchases of U.S. Treasury and Agency obligations in order to optimize yield. **Charts D and E** provide a breakdown of the pools of funds invested and the type of investments.

As required by GASB No. 31 the Corporation has recorded a fair value adjustment in its investment portfolio. The Corporation recorded a net depreciation of \$9.25 million for fiscal year 2018. As part of the Corporation’s investment policies, it looks to invest its bond and corporate related reserves in securities with the intent to hold the investment to maturity. As a result, any unrealized appreciation or depreciation is only reported as an accounting gain or loss at this time.

HDC funds under management increased about 25.2% from fiscal year-end 2017 to fiscal year-end 2018, from \$4.21 billion to \$5.26 billion. The Corporation had a 9.57% growth in net position over the last year.

While consolidated investment income was \$62.8 million, it is important to note that interest income accrues to the benefit of the bond issue or corporate fund from which it is derived. In particular, earnings on bond proceeds are applied to pay interest expense on the related bonds. In fiscal year 2018, \$40.6 million or 64.7% of the consolidated investment income was attributable

to bond programs and HPD related investments, and therefore was not available to the Corporation. An additional \$2.2 million was earned by and retained within REMIC and HAC. The remaining \$20.0 million of earnings is pledged to ongoing affordable housing programs of the Corporation.

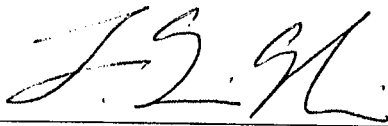
Fees and Charges Paid

HDC manages its funds internally through the Cash Management Division. HDC has not incurred nor paid any fees, commissions or other charges for investment services.

Internal Controls

Principal guidance of the Corporation's investments is provided by the Investment Guidelines and Investment Committee, as described above, and daily activities are carried out in accordance with written policies and procedures. In addition, there are multiple forms of oversight and review of the Corporation's investment practices:

- HDC's Credit Risk Unit reviews the Corporation's investment portfolio on a regular basis and includes investments in its monthly Corporate Counterparty Risk Report. This report is presented to HDC's executive staff on a monthly basis and to the Audit Committee of the HDC Board at each meeting. A summary chart is included in this report.
- An Investment Report is also presented at each Audit Committee meeting. This report details investments by type and pool and provides details on any significant developments.
- HDC's Internal Audit unit conducts a periodic audit of the Cash Management Division, including a review of its compliance with written policies and procedures. Findings are reported to the Audit Committee.
- HDC's external auditors, Ernst & Young LLP, conduct an annual examination of the Corporation's financial statements. The firm's annual audit included a review of the Corporation's investment practices, confirmation of outstanding investments, and determination of the market value of securities held by HDC. The Ernst & Young Report on Compliance with Investment Guidelines and Report on 2018 Financial Statements are both attached in DRAFT form.



Eric Enderlin
President

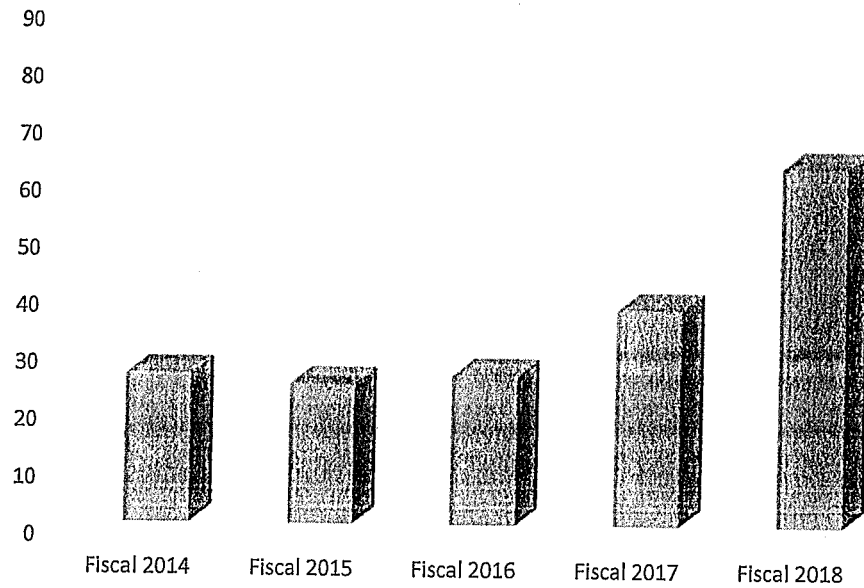
cc: Honorable Scott Stringer
Honorable Thomas P. DiNapoli

New York City Housing Development Corporation And Subsidiaries

Summary of Investment Earnings

Fiscal Years 2014-2018

Fiscal Year	Amount in Millions
2014	26.0
2015	24.4
2016	26.1
2017	37.8
2018	62.8

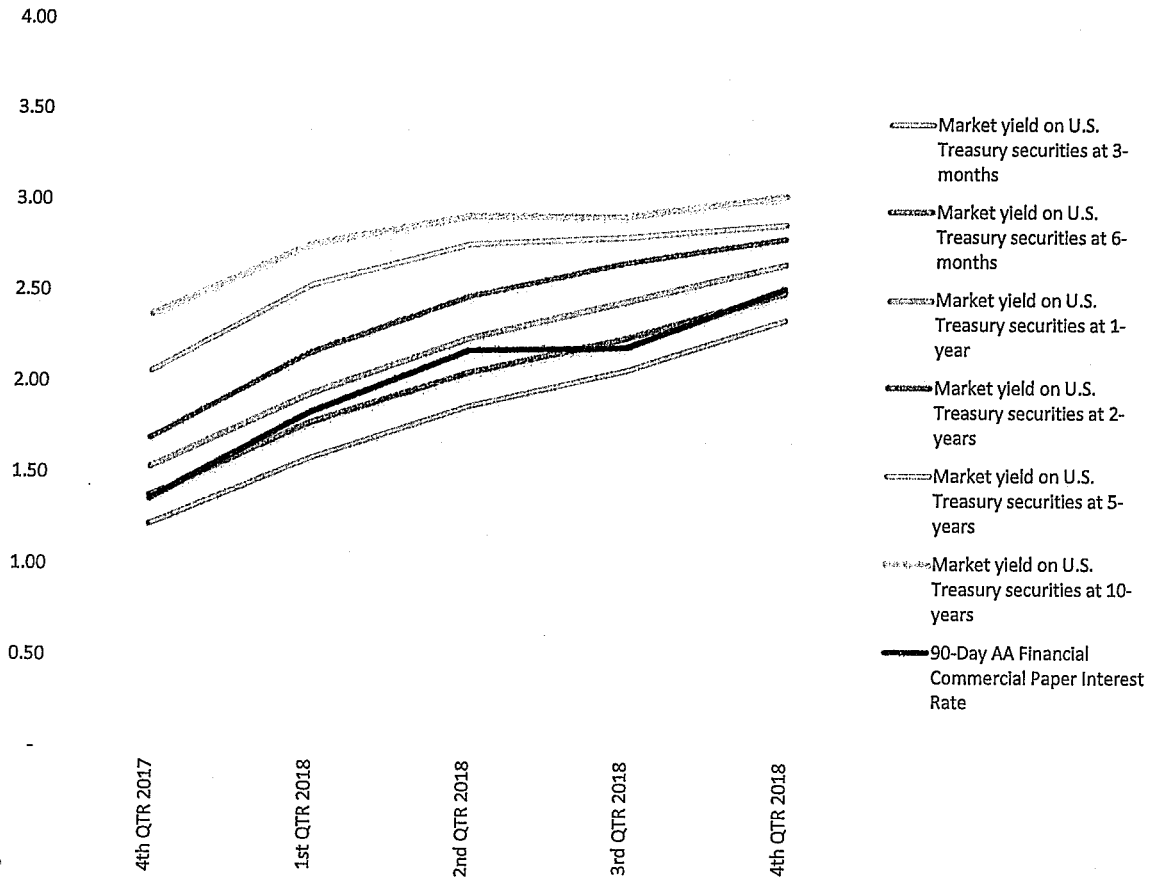


Note: Investment earnings do not include any Fair Market Value adjustment.

Sample Average Interest Rates for Fourth Quarter 2017 through Fourth Quarter 2018

Chart B

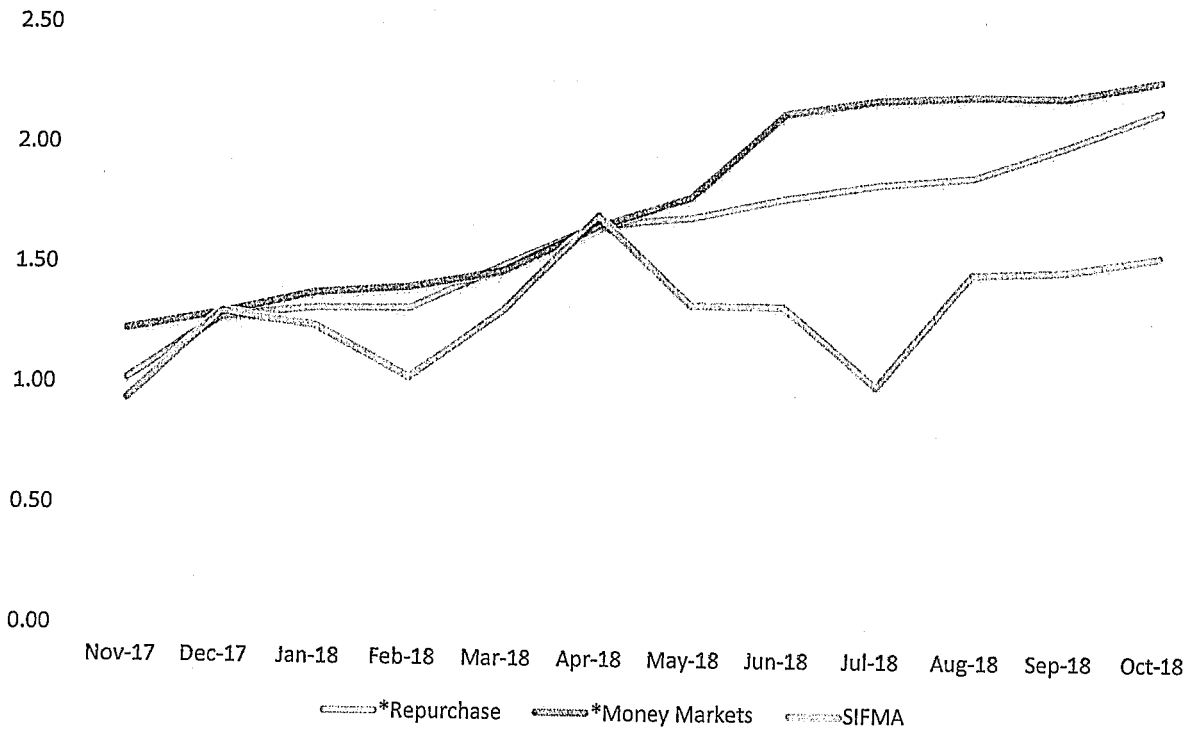
Descriptions:	4th QTR 2017	1st QTR 2018	2nd QTR 2018	3rd QTR 2018	4th QTR 2018
Market yield on U.S. Treasury securities at 3-months	1.22	1.58	1.87	2.07	2.36
Market yield on U.S. Treasury securities at 6-months	1.37	1.77	2.06	2.25	2.50
Market yield on U.S. Treasury securities at 1-year	1.54	1.94	2.25	2.46	2.67
Market yield on U.S. Treasury securities at 2-years	1.69	2.16	2.48	2.67	2.80
Market yield on U.S. Treasury securities at 5-years	2.06	2.53	2.77	2.81	2.88
Market yield on U.S. Treasury securities at 10-years	2.37	2.76	2.92	2.92	3.04
90-Day AA Financial Commercial Paper Interest Rate	1.36	1.83	2.18	2.20	2.53



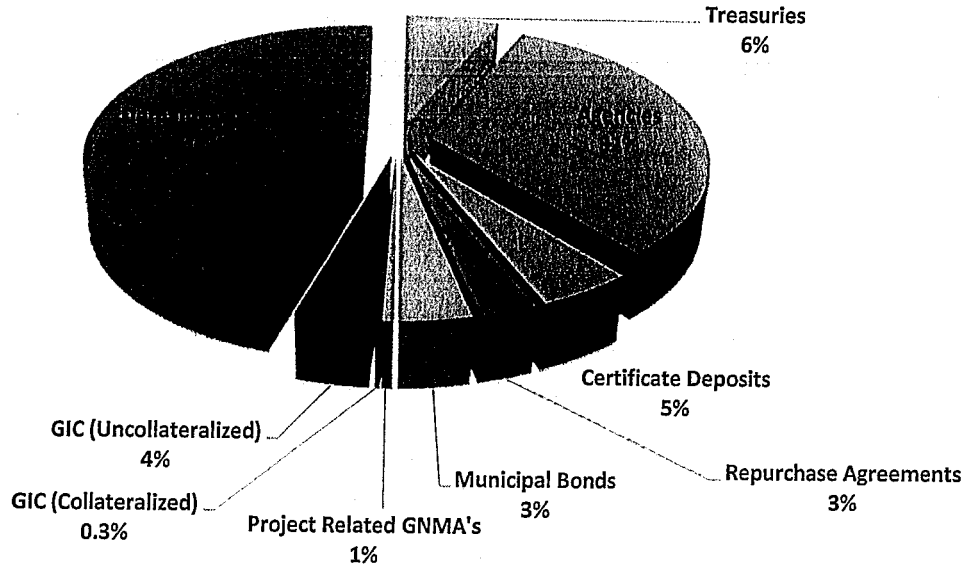
NYCHDC Average Interest Rates from Fiscal First Quarter 2017 through Fiscal Fourth Quarter 201

Month/Year	*Repurchase	*Money Markets	SIFMA
Nov-17	1.02	1.22	0.94
Dec-17	1.28	1.29	1.31
Jan-18	1.32	1.38	1.25
Feb-18	1.32	1.41	1.04
Mar-18	1.51	1.48	1.32
Apr-18	1.68	1.67	1.72
May-18	1.71	1.79	1.35
Jun-18	1.79	2.15	1.35
Jul-18	1.86	2.21	1.02
Aug-18	1.89	2.22	1.49
Sep-18	2.02	2.22	1.51
Oct-18	2.17	2.29	1.57

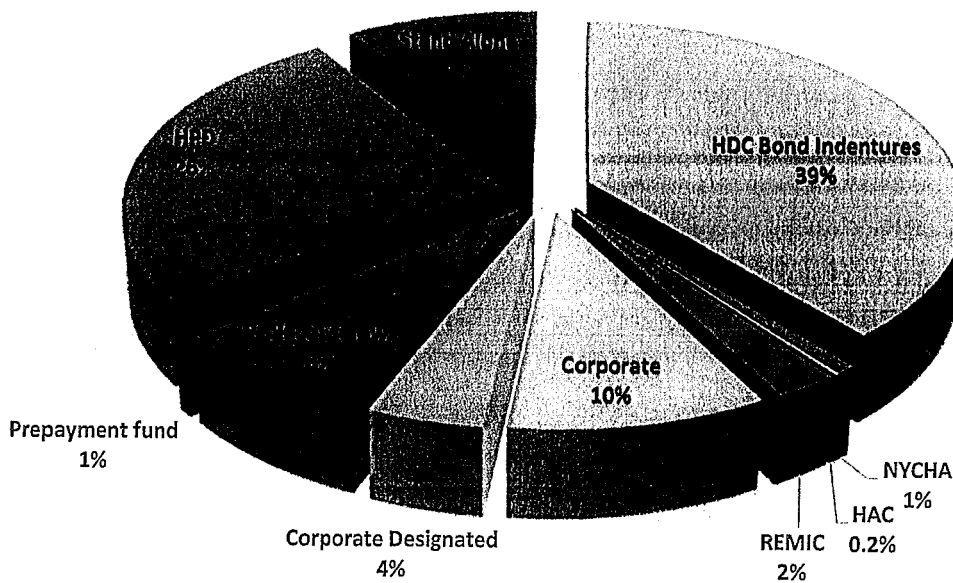
* Weighted Average



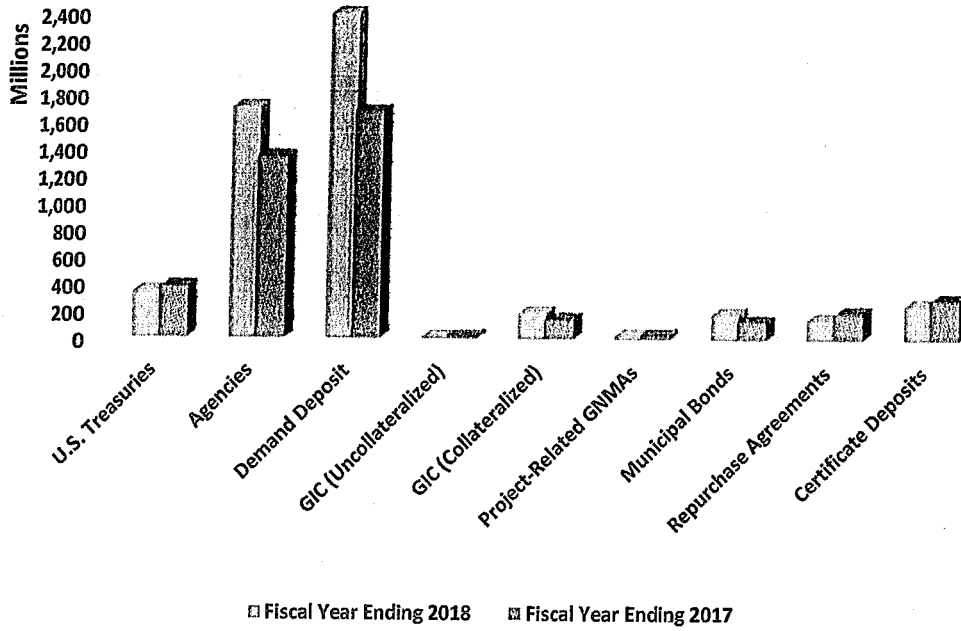
NYCHDC Outstanding Investments at Par by Type as of 10/31/2018



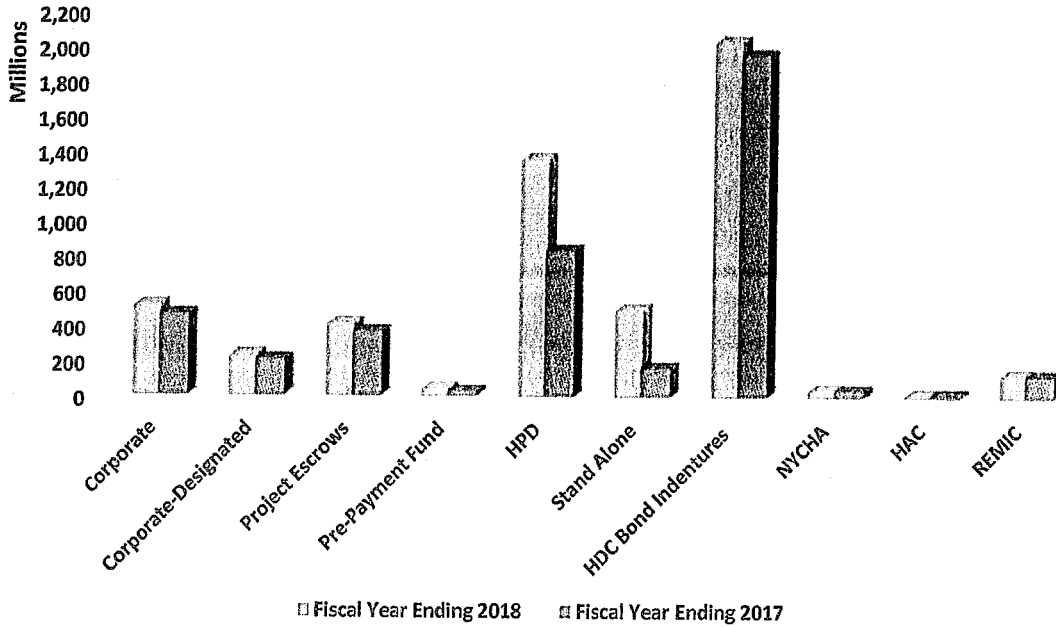
NYCHDC Outstanding Investments at Par by Pool as of 10/31/2018



**NYCHDC Outstanding Investments at Par by Pool as of Year End 2018
with Comparison to Fiscal Year End 2017**



**NYCHDC Outstanding Investments at Par by Type as of Year End 2018
with Comparison to Fiscal Year End 2017**



NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Investment Summary as of October 31, 2018
(UNAUDITED)

Investment Securities & Repo-By Ratings:

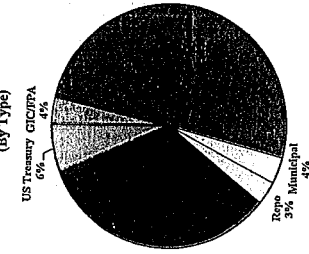
Counterparty	Type	NRSRO Rating-October 31, 2018:					Amount	NR*
		AAA	AA	A	BBB*			
Bank of the Ozarks	MM					\$216,753,801	\$216,753,801	
Bayerische Landesbank	GIC		\$10,848,614			\$10,848,614		
Bridgemanpton National Bank	MM					\$30,774,378		
Citibank NA	FPA					\$29,824,394		
Customers Bank	MM					\$337,453,991		
Daiwa Securities	REPO					\$59,342,000		
Deutsche Bank	REPO					\$14,238,220		
Dormitory Authority of the State of NY	MUNI					\$12,345,000		
Empire National Bank	MM					\$61,846,981		
Flushing Bank	MM					\$178,000,000		
Lakeland Bank	MM					\$19,800,000		
Mizho Securities	REPO					\$88,253,000		
NYC GO	MUNI					\$19,800,000		
NYC TPA	MUNI					\$91,375,000		
NY Community Bank	MM					\$674,282,800		
NYS HFA	MUNI					\$62,000,000		
Promontory	MM					\$78,461,930		
Rabobank	GIC					\$5,462,111		
Santander Bank NA	MM					\$66,061,753		
Signature Bank	MM					\$1,318,636		
Societe Generale	GIC					\$275,000		
SONYMA	MUNI					\$144,191,405		
Sterling National Bank	MM					\$78,528,882		
TD Bank	GIC					\$1,742,047,510		
US Bank	MM					\$336,969,000		
US Agency	US Agency					\$5,271,957,875		
US Treasury	US Treasury					\$100,000		
% of Total		0.01%	47.70%	5.92%	13.06%	\$688,521,020	\$1,756,332,620	
							33.31%	

*BBB and NR exposures are fully-collateralized

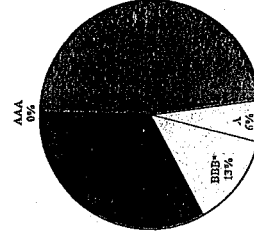
Weighted Average Maturity (Years): 1.51

Investment Portfolio-By Type of Investment:	% Total	Amount
GIC/FPA	3.64%	\$191,645,160
Money Market	50.34%	\$2,653,667,985
Municipal	3.52%	\$185,795,000
Repo	3.07%	\$161,833,220
US Agency	33.04%	\$1,742,047,510
US Treasury	6.39%	\$336,969,000
Total	100.00%	\$5,271,957,875

INVESTMENT PORTFOLIO
(By Type)



INVESTMENT PORTFOLIO
(By Rating)



Report of Independent Auditors

Management and the Members of the
New York City Housing Development Corporation

Report on the Schedule of Investments

We have audited the accompanying Schedule of Investments for the New York City Housing Development Corporation (the "Corporation"), a component unit of the City of New York, as of October 31, 2018 and the related notes.

Management's Responsibility for the Financial Schedule

Management is responsible for the preparation and fair presentation of the Schedule of Investments in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule of Investments that is free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Schedule of Investments based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Investments is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule of Investments. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule of Investments, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedule of Investments in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedule of Investments.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Schedule of Investments referred to above presents fairly, in all material respects, the investments of the Corporation at October 31, 2018, in conformity with U.S. generally accepted accounting principles.

Report on the Financial Statements as of October 31, 2018

We have audited, in accordance with auditing standards generally accepted in the United States and *Government Auditing Standards*, the financial statements of the Corporation as of and for the year ended October 31, 2018, and our report thereon dated _____, 2019, expressed an unmodified opinion on those financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also have issued our report dated _____, 2019 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters with respect to the Schedule of Investments. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance with respect to the Schedule of Investments.

_____, 2019

Report of Independent Auditors on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of the Schedule of Investments Performed in
Accordance with *Government Auditing Standards*

Management and the Members of the
New York City Housing Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the Schedule of Investments of the New York City Housing Development Corporation (the "Corporation"), a component unit of the City of New York, as of October 31, 2018, and the related notes to the Schedule of Investments, and have issued our report thereon dated _____, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the Schedule of Investments, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Schedule of Investments, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's Schedule of Investments will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's Schedule of Investments is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, investment policies established by the Corporation and the New York State Comptroller's investment guideline requirements as presented in Section 201.3(c) of the *Accounting, Reporting and Supervision Requirements for Public Authorities*, noncompliance with which could have a direct and material effect on the determination of Schedule of Investment amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

_____, 2019

New York City Housing Development Corporation

Schedule of Investments
(In Thousands of Dollars)

October 31, 2018

Purpose investments	\$ 29,081
Restricted investments	2,517,462
Unrestricted investments	135,589
Total investments	<u>\$ 2,682,132</u>

The accompanying notes are an integral part of this schedule.

Draft

New York City Housing Development Corporation

Notes to Schedule of Investments

October 31, 2018

1. Background and Organization

The accompanying Schedule of Investments includes the investments of the New York City Housing Development Corporation (the "Corporation" or "HDC") and its component units, the New York City Housing Assistance Corporation ("HAC") and the New York City Residential Mortgage Insurance Corporation ("REMIC").

HDC is a corporate governmental agency constituting a public benefit corporation organized and existing under the laws of the State of New York (the "State"). The Corporation is also a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, (the "Code"). The Corporation was established in 1971, under the provisions of Article XII of the Private Housing Finance Law (the "Act") of the State and is to continue in existence for at least as long as bonds, notes or other obligations of the Corporation are outstanding.

The Corporation was created to encourage the investment of private capital through low-interest mortgage loans in order to increase the supply of safe and sanitary dwelling accommodations for families and persons whose need for housing accommodations cannot be provided by unassisted private enterprise. To accomplish its objectives, the Corporation is empowered to finance housing through new construction or rehabilitation and to provide permanent financing for multi-family residential housing. The Corporation finances significant amounts of its activities through the issuance of bonds, notes and debt obligations. The bonds, notes and debt obligations of the Corporation are not debts of either the State or the City of New York (the "City").

Pursuant to Governmental Accounting Standards Board ("GASB") Codification 2100, *Defining the Financial Reporting Entity*, the Corporation's financial statements are included in the City's financial statements as a component unit for financial reporting purposes.

HAC is a public benefit corporation established pursuant to Section 654-b of the Act as a subsidiary of the Corporation.

HAC is empowered to receive monies from any source, including, but not limited to, the Corporation, the City or the State, for the purpose of assisting rental developments to maintain rentals affordable to low and moderate-income persons for whom the ordinary operation of private enterprise cannot supply safe, sanitary and affordable housing accommodations. In order to accomplish this objective, HAC may transfer, lend, pledge or assign these monies to any rental development or assist the Corporation in financing such developments. As a subsidiary of HDC, HAC's functions are administered by the Corporation and its Board Members substantially overlap with HDC's Board Members, so it is reported as a blended component unit in HDC's financial statements.

New York City Housing Development Corporation

Notes to Schedule of Investments (continued)

REMIC is a public benefit corporation established pursuant to Section 654-d of the Act as a subsidiary of HDC. REMIC is the successor entity to the New York City Rehabilitation Mortgage Insurance Corporation ("Old REMIC"), which was dissolved on January 27, 1993. REMIC has the authority to insure residential mortgage loans throughout the City in order to promote the preservation of neighborhoods which are blighted, are becoming blighted or may become blighted, to discourage divestment and encourage the investment of mortgage capital in such neighborhoods and to provide safe, sanitary and affordable housing accommodations to persons and families for whom the ordinary operations of private enterprise cannot supply such accommodations.

2. Summary of Significant Accounting Policies for Investments

Investments

Short-term bank deposits and investments with stated maturities of 90 days or less are reported as Cash and Cash Equivalents and are not included in the Schedule of Investments. All investments with maturities longer than 90 days are reported as investments in the Schedule of Investments and are carried at fair value, except for certificates of deposit and investment agreements. The Corporation's investment agreements can take the form of open time deposits or fixed repurchase agreements and are reported in the Schedule of Investments at an amount equal to principal and accrued interest.

Purpose Investments

As part of its financing activities, HDC has made three housing development loans that are secured by GNMA certificates rather than mortgages on the related properties. The GNMA certificates provide payments at such times and in such amounts as to fully repay the respective HDC loans, and are the only source of repayment for these loans. The GNMA certificates are treated under U.S. Treasury regulations as acquired program obligations. The GNMA certificates are classified in the Schedule of Investments as purpose investments and identified separately from other investments and restricted investments in the schedule. However, interest earned on the GNMA certificates is included in investment income.

The Corporation's policy is to record GNMA certificates at amortized cost, which amounted to \$29,081,000 at October 31, 2018. The fair value of these purpose investments amounted to \$29,067,000 at October 31, 2018.

3. Investments

The Corporation is authorized to engage in investment activity pursuant to the Act and the Corporation's respective bond resolutions. Investment policies are set for the Corporation by the

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Housing Development Corporation

Notes to Schedule of Investments (continued)

Members of the Corporation on an annual basis, through the annual adoption of written investment guidelines. Investments are reviewed on a periodic basis by the Corporation's Audit Committee. Day-to-day investment decisions are made by the Corporation's Investment Committee. The Corporation principally invests in securities of the United States and its agencies, open time deposits ("OTDs") in the form of investment agreements, demand accounts, and repurchase agreements. In fiscal year 2018, HDC continued investing in taxable municipal bonds of New York State and New York City, consistent with the Corporation's statute and Investment Guidelines. The Corporation did not enter into any reverse repurchase agreements during the year ended October 31, 2018. Management of the Corporation is not aware of any violations of any provisions of the foregoing policies.

All securities, other than securities held by the respective trustees for the benefit of the bondholders, were held by the Corporation or its agents in the Corporation's name. Bond program investments are held by the trustee of the applicable program.

All investment transactions are recorded on the trade date. Investments, other than purpose investments, which are reported at fair value at October 31, 2018, were as follows:

Investment Type	Fair Value 2018	Investment Maturities at October 31, 2018 (In Years)			
		Less than 1	1-5	6-10	More than 10
<i>(In Thousands)</i>					
Money Market and NOW Accounts	\$2,403,444	\$2,403,444	\$—	\$—	\$—
FHLMC Bonds	760,661	395,379	313,326	25,013	26,943
FHLB	612,832	42,840	569,992	—	—
U.S. Treasury (Bonds, Notes, Bills)	335,398	331,839	3,559	—	—
NYS/NYC Municipal Bonds*	184,583	12,904	119,576	—	52,103
FFCB	180,297	98,757	81,540	—	—
Fixed Repurchase Agreements	147,752	147,752	—	—	—
FNMA Bonds	132,087	24,694	107,393	—	—
Term repurchase Agreements	14,249	14,249	—	—	—
Sub-total	\$4,771,303	3,471,858	1,195,386	25,013	79,046
Less amounts classified as cash equivalents	(2,565,163)	(2,565,163)	—	—	—
Total investments	\$2,206,140	\$906,695	\$1,195,386	\$25,013	\$79,046

* Note: These are mostly Variable Rate Demand Obligation ("VRDO") instruments, which can be put weekly.

Total investments recorded on the Schedule of Investments at October 31, 2018 of \$2,653,051,000 is made up the following: (a) investments recorded at fair value of \$2,206,140,000, (b) certificates of deposits in the amount of \$254,994,000 and (c) open time deposits in the amount of \$191,917,000.

PRELIMINARY AND TENTATIVE FOR DISCUSSION ONLY

New York City Housing Development Corporation

Notes to Schedule of Investments (continued)

HDC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The Corporation has the following recurring fair value measurements as of October 31, 2018:

- NYC/NYS Municipal securities of \$184,583,000 are valued using quoted market prices (Level 1 inputs)
- U.S. Treasury securities of \$335,398,000 are valued based on models using observable inputs (Level 2 inputs)
- U.S. Agency securities of \$1,685,877,000 are valued based on models using observable inputs (Level 2 inputs)

In addition to the investments identified above, as of October 31, 2018, the Corporation held \$16,995,000 uninvested as cash in various trust and escrow accounts.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Corporation's Investment Guidelines charge the Investment Committee with "...determining appropriate investment instruments based on length of time funds are available for investment purposes..." among other factors. Thus, maturities are matched to the Corporation's liquidity needs. As part of the Corporation's investment policies, it looks to invest its bond and corporate related reserves in long term securities that carry a higher yield, with the intent to hold the investments to maturity.

Credit Risk: The Corporation's investment guidelines and policies are designed to protect principal by limiting credit risk. This is accomplished by making decisions based on a review of ratings, collateral, and diversification requirements that vary according to the type of investment.

As of October 31, 2018, investments in Federal National Mortgage Association ("FNMA" or "Fannie Mae"), Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac") and Federal Home Loan Bank ("FHLB") were rated by Standard & Poor's and/or Moody's Investors Service (Fannie Mae, Freddie Mac and FHLB are collectively referred to as "Agency"). These ratings were AA+ and A-1+ by Standard & Poor's, and Aaa and P-1 by Moody's for long-term and short-term instruments, respectively. Investments in Fannie Mae, Freddie Mac and FHLB are implicitly guaranteed by the U.S. government. They carry ratings equivalent to the credit ratings for the U.S. government. Some investments were not rated by Fitch Ratings. Of the investments

New York City Housing Development Corporation

Notes to Schedule of Investments (continued)

that were rated by Fitch Ratings, they carried ratings from AAA to F2. Money market accounts are either backed by collateral held by the provider or letters of credit provided by third parties.

Ratings for NYS/NYC municipal bonds are usually the highest rated securities held at HDC. The ratings by Standard and Poor are ranged from AAA to A; Moody's ranged from Aaa to Aa2 and Fitch Ratings Service ranged from AAA to AA. Money market, open time deposits and Repurchase Agreements in the form of OTDs are not rated; however, the providers are rated.

Custodial Credit Risk: For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Corporation, and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the Corporation.

The Corporation manages custodial credit risk by limiting its investments to highly rated institutions and/or requiring high quality collateral be held by the counterparty in the name of the Corporation.

As of October 31, 2018, open time deposits in the amount of \$30,093,000, repurchase agreements in the amount of \$162,001,000, certificates of deposits in the amount of \$254,994,000 and demand accounts in the amount of \$2,246,336,000 were collateralized by high quality instruments such as U.S. Treasury Notes, U.S. Treasury Bills, and Agency investments and letters of credits held by the Corporation's agent in the name of the Corporation. A portion of collateral supporting the demand accounts was in the form of FHLB letters of credit.

For deposits, custodial credit risk is the risk that in the event of a bank failure the Corporation's deposit may not be returned to it. HDC bank deposits amounted to \$25,494,000 at October 31, 2018, of which \$24,664,000 was uninsured by the Federal Deposit Insurance Corporation ("FDIC") and uncollateralized. Correspondingly, \$15,159,000 was secured in trust accounts, which are protected under state law and \$10,334,000 was held in demand deposit accounts ("DDA"). HDC limits its deposits to highly rated institutions, and such deposits are either in trust accounts or partially insured through the FDIC. The maximum coverage of \$250,000 is available to depositors under the FDIC's general deposit insurance rules. All of the Corporation's funds held in the DDA are subject to this provision.

Concentration of Credit Risk: The Corporation follows its annually adopted investment guidelines in accordance with concentration limits. The Corporation reviews its credit concentration monthly. The Corporation's Credit Risk unit monitors concentration risk amongst issuers and reports regularly to the Members of the Corporation's Audit Committee.

New York City Housing Development Corporation

Notes to Schedule of Investments (continued)

The following table shows issuers that represent 5% or more of the total investments at October 31, 2018 (dollars in thousands):

<u>Issuer</u>	<u>Dollar Amount</u>	<u>Percentage</u>
FHLMC	\$760,661	14.58%
NY Community Bank	675,319	12.94
FHLB	612,832	11.74
Signature Bank	513,613	9.84
Sterling National Bank(*)	399,627	7.66
Customers Bank(*)	338,055	6.48

**Note: Either fully or partially covered by FHLB securities and/or FHLB letter of credit collateral held at FHLB as the Corporation's collateral agent.*

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION INVESTMENT GUIDELINES

Originally Adopted August 14, 1984
Approved September 26, 2018

I. Purpose

These "Investment Guidelines" (also referred to as the "Guidelines") are adopted pursuant to Section 2925 of the Public Authorities Law and, after adoption by the Members, shall be annually reviewed and approved by the Corporation. These Investment Guidelines shall be effective with respect to all investments entered into by the Corporation after the date of their adoption.

II. Investment Committee

Investments of the Corporation shall be made and monitored by the Corporation's Investment Committee (the "Committee") under the chairmanship of the Executive Vice President. In the absence of the Executive Vice President, the Senior Vice President of Debt Issuance and Finance shall chair the Committee. The Committee's members shall also include the Treasurer, the Controller, the Vice President for Cash Management and the Assistant Vice President for Cash Management or Investment Analyst. No person shall serve on the Committee who has not completed college level or higher courses in finance or two or more years of professional experience in investment activities. The Vice President of Cash Management shall be responsible for daily supervision of investment activities.

The Committee shall meet on a regular basis to determine funds available for investment and the appropriate Investment Instruments (as hereinafter defined) for those funds based on market conditions, length of time the funds are available for investment purposes, investment restrictions imposed by related bond or note resolutions, and the diversification of the Corporation's investment portfolio. Any funds derived from the issuance of bonds will be invested pursuant to the related bond resolution, as approved by the Members. In addition, the Committee shall determine the Corporation's periodic need for funds, based on anticipated construction advances, dates of debt service payments on the Corporation's obligations, and other financial requirements.

III. Approved Investment Instruments

1. Any bonds, debentures, notes, participation certificates or other similar obligations under consideration for investment will be rated in one of the two highest rating categories of a nationally recognized rating service. Subject to the provisions of any bond or note resolution, the Committee may use only the following Investment Instruments to invest the funds of the Corporation or funds held by the Corporation:

- A. direct obligations of or obligations guaranteed by the United States.
- B. bonds, debentures, notes, participation certificates or other similar obligations issued by any one or combination of any of the following:

Government National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Farm Credit System Banks Consolidated Obligations, Banks for Cooperatives, Tennessee Valley Authority, Washington Metropolitan Area Transportation Authority, United States Postal Service, Farmers' Home Administration and Export-Import Bank of the United States.
- C. bonds, debentures, notes, participation certificates or other similar obligations issued by any federal agency and backed by the full-faith and credit of the United States.
- D. any other obligations of the United States or any federal agencies which may be purchased by New York State Savings Banks.
- E. participation certificates of the Federal Home Loan Mortgage Corporation and mortgage-backed securities of the Federal National Mortgage Association rated in the highest rating category of a nationally recognized rating service.
- F. short-term corporate obligations, known as Commercial Paper, with a maturity of up to ninety days which are issued by corporations that are deemed by a nationally recognized rating service to be in the highest short-term rating category of such rating service.

Concentration limits: not to exceed 60% of portfolio, or \$50 million with any one issuer.
- G. deposits in interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements (i) secured by any of the obligations described in A through D above, or (ii) fully insured by the Federal Deposit Insurance Corporation, or (iii) made with banking institutions, or their parents which either (a) have unsecured debt rated in one of the two highest rating categories of a nationally recognized rating service or (b) are deemed by a nationally recognized rating service to be an institution rated in one of the two highest rating categories of such rating service.

Concentration limits: not to exceed 60% of portfolio

- H. obligations of the City and State of New York.
- I. obligations of the New York City Municipal Water Finance Authority.
- J. obligations, the principal and interest of which, are guaranteed by the City or State of New York.
- K. obligations in which the Comptroller of the State of New York is authorized to invest in as specified in section ninety-eight of the State Finance Law.

2. Except for Investment Instruments in book-entry form, Investment Instruments above shall be physically delivered for retention by the Corporation or its agent. Any agent or custodian for the Corporation shall maintain such Investment Instruments in a segregated account and shall provide such confirmations of Investment Instruments and other information as may be required by the Corporation in order to supervise the Investment Instruments. In the case of book-entry Investment Instruments, the Corporation shall take such actions as may be necessary to obtain title or a perfected security interest in such Investment Instruments.

3. Repurchase Agreements

The Corporation may enter into repurchase agreements for the Investment Instruments described in Secs. III 1. A to D above, pursuant to the delivery requirements of Sec. III 2. The Investment Instruments shall be held by an agent of the Corporation, such agent shall not be an agent, with respect to the repurchase transaction, of the party with whom the Corporation has entered into the repurchase agreement and the agent shall not assert any claims against the Investment Instruments, based on claims it may have against said party.

Concentration limits: not to exceed 50% of portfolio.

A. Short Term Fixed Repurchase Agreements

All Short Term Fixed Repurchase Agreements (those repurchase agreements which do not exceed thirty-four days and require repurchase on a predetermined date) must be made with a financial institution meeting the qualifications of Sec. V.A. (iii) hereof. To the maximum extent possible, consistent with market practice, such Short Term Fixed Repurchase Agreements shall be pursuant to a written master agreement and, in the event no written agreement is feasible, shall be made, monitored and secured in a manner sufficient to protect the Corporation's interests.

The terms of such Short Term Fixed Repurchase Agreement must permit the Corporation to sell Investment Instruments if the other party to such agreement shall fail to promptly repurchase the Investment

Instrument on the day required by the repurchase agreement. To assure such repurchase, the agreement shall require that there be maintained on an ongoing basis in such account Investment Instruments having a market value at least equal to 101% of the moneys held under overnight repurchase agreements and 102% of the moneys held under longer term repurchase agreements, which will be marked to market daily by the Corporation. At the option of the Corporation, repurchase agreements with the same party may be combined for the purpose of valuating the Investment Instruments to market.

B. Long Term Repurchase Agreements

All funds invested for more than thirty-four days through flexible or fixed repurchase agreements ("Long Term Repurchase Agreements") shall be pursuant to written agreements incorporating the provisions required above except that the Investment Instruments held shall be marked to market according to the negotiated terms of each agreement but in no event less than monthly. In addition, any institution or its parent with whom the Corporation enters into a Long Term Repurchase Agreement and which (a) does not have unsecured debt rated in one of the three highest rating categories of a nationally recognized rating service or (b) is not deemed by a nationally recognized rating service to be an institution rated in one of the three highest rating categories of such rating service, shall be required to provide Investment Instruments with a market value at least equal to 103% of the moneys held under the repurchase agreement, which Investment Instruments will be marked to market at least weekly. Additional Investment Instruments must be provided when the market value falls below 103% of money held under these Long Term Repurchase Agreements.

IV. Diversification

The Committee, in making its investment decisions based on these guidelines, shall seek to diversify both its investment holdings and the parties with whom it deals in making investment decisions.

Subject to the provisions of these Guidelines, the limitations set on the total percentage of the portfolio invested with any one party may be lower than the maximums permitted under the Guidelines and will be based on the financial review indicated in section V. C (below), with a maximum determined by the Committee under advisement from the Corporation's Credit Risk department.

The Corporation shall seek at least three bids, whenever feasible, in selecting offers for repurchase agreements, government securities or certificates of deposit. In awarding investment contracts, diversification of forms of Investment Instruments and

trading partners shall be a major consideration.

V. Qualifications

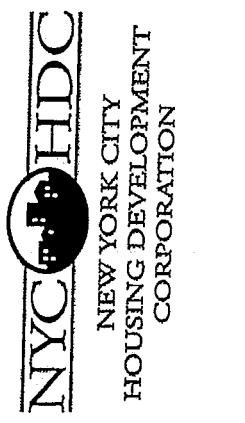
- A. Pursuant to the limitations established in the Investment Guidelines, the Corporation shall enter into investment transactions only with the following entities:
- (i) Any member bank of the Federal Reserve System;
 - (ii) Any bank or trust company organized under the laws of any state or any national banking association;
 - (iii) any government bond dealer currently listed on the List of the Government Securities Dealers Reporting to the Market Reports Division of the Federal Reserve Bank of New York, or other substantial financial institution which itself or its parent either (a) has unsecured debt rated in one of the three highest rating categories of a nationally recognized rating service or (b) is deemed by a nationally recognized rating service to be an institution rated in one of the three highest rating categories of such rating service;
 - (iv) with regard to the purchasing and/or sale of government and municipal securities, other than repurchase agreements, any dealer that provides for simultaneous security transactions and payments.
- B. Any agent or custodian of Investment Instruments for the Corporation must be a bank or trust company organized under the laws of any state or a national banking association. Any custodian of Investment Instruments for the Corporation will be rated in an investment grade category of a nationally recognized rating service.
- C. The Credit Risk Department of the Corporation shall review the financial statements, level of capitalization, ratio of repurchase transactions to capitalization (for parties to repurchase agreements), its rating, and financial situation of any new bank, broker, securities dealer, investment advisor or agent and shall review such party's financial status periodically thereafter.

VI. Reporting

The Committee shall prepare a quarterly report for the Members on the investment activities of the Corporation and in addition shall prepare an annual report which shall include these Investment Guidelines, any amendments, an explanation of

the guidelines and amendments, the results of the annual independent audit, the investment income record of the Corporation and a list of fees paid for investment services. This annual report, which may incorporate parts of the Corporation's annual report, shall be submitted to the Mayor, the Comptroller of the City of New York and the New York State Department of Audit and Control, and shall be available to the public upon reasonable request.

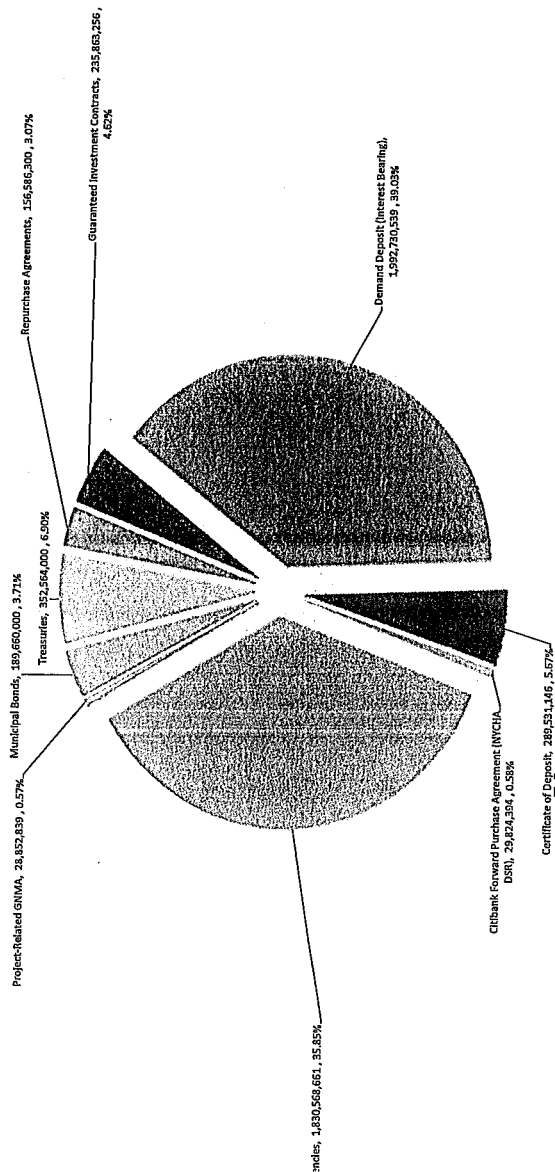
NYCHDC



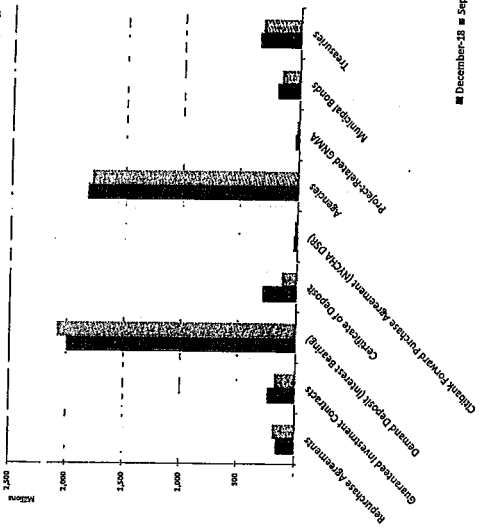
	Current Quarter End 5,106,181,134	Previous Quarter End 4,950,413,089	Quarterly Change 155,768,045
Total Investments	5,106,181,134	4,950,413,089	155,768,045
Investments by Security:			
Repurchase Agreements	156,566,300	190,205,700	(33,619,400)
Guaranteed Investment Contracts	285,863,256	181,285,187	54,578,068
Demand Deposit (Interest Bearing)	1,962,790,539	2,083,401,216	(90,670,677)
Citibank Forward Purchase Agreement (NYCHA DSR)	289,531,146	132,455,307	157,075,839
Project-Related GNMA	1,801,266,940	28,824,394	29,271,722
Municipal Bonds	28,852,839	1,801,266,940	(1,772,404)
Treasuries	189,660,000	29,032,345	(1,795,000)
Total	5,106,181,134	4,950,413,089	155,768,045

	December-18	September-18
Current Quarter Percentage of Type of Securities Held	100.00%	100.00%
Repurchase Agreements	3.07%	3.84%
Guaranteed Investment Contracts	5.62%	3.66%
Demand Deposit (Interest Bearing)	38.83%	41.47%
Citibank Forward Purchase Agreement (NYCHA DSR)	5.67%	2.67%
Project-Related GNMA	36.45%	0.57%
Municipal Bonds	0.57%	36.45%
Treasuries	3.71%	0.57%

Current Quarter



Comparison to previous quarter



Please Note: Report format has been changed to better reflect the investment activity of NYCHDC.

Current Quarter Percentage of Type of Securities Held

	December-18	September-18	Quarterly Change
Total Investments	128,215,636	127,027,892	1,187,744
Investments by Security:			
Repurchase Agreements	127,700	167,300	(59,600)
Demand Deposit (Interest Bearing)	5,825,777	4,898,059	927,718
Certificate of Deposit	122,466,560	121,942,533	524,027
Municipal Bonds	-	-	-
Agencies	-	-	-
Total	128,215,636	127,027,892	1,187,744

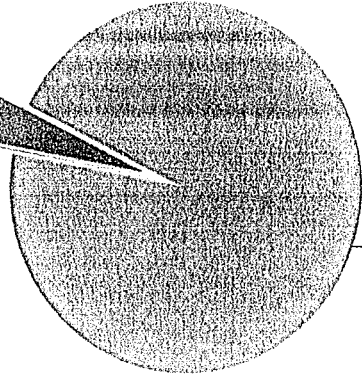


NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

Current Quarter

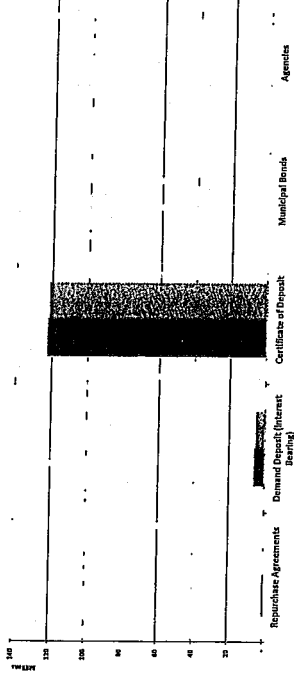
Repurchase Agreements, 127,700, 0.10%

Demand Deposits
5,825,777
4.58%



Certificate of Deposit, 122,466,560, 95.52%

Comparison to previous quarter



Please Note: Report format has been changed to better reflect the investment activity of REMIC.

EXECUTIVE SUMMARY
As of December 31, 2018
(UNAUDITED)

<u>Insured</u>	
# Projects	235
# Units	29,132
Insured Amount	258,197,176
Mortgage Amount	1,192,999,903

<u>Committed</u>	
# Projects	69
# Units	11,538
Insured Amount	136,498,106
Mortgage Amount	671,957,069

Average Loan Outstanding:	5,076,595
Average Insured Amount:	1,098,711
Average HDC Loan Outstanding:	6,182,183
Average HDC Insured Amount:	1,272,874

<u>Pipeline</u>	
# Projects	21
# Units	5,333
Insured Amount	61,651,677
Mortgage Amount	308,258,383

By Borough:

Boro	# Projects	Units	Current Insured Amount	% Total Current Insured Amount	Mortgage Outstanding
BRONX	114	10,763	119,687,308	46.4%	573,853,959
BROOKLYN	63	11,854	68,330,154	26.5%	306,320,824
MANHATTAN	45	4,241	47,636,636	18.4%	200,109,729
QUEBENS	11	2,077	20,484,818	7.9%	102,424,090
STATEN ISLAND	2	197	2,058,260	0.8%	10,291,300
Grand Total	235	29,132	258,197,176	100.0%	1,192,999,903

By Lender:

Lender	# Projects	Units	Current Insured Amount	% Total Current Insured Amount	Mortgage Outstanding
CPC	45	1,164	16,351,112	6.3%	18,385,079
HDC	190	27,968	241,846,064	93.7%	1,174,614,824
Grand Total	235	29,132	258,197,176	100.0%	1,192,999,903

Top 10 Exposures:

Property	# Units	Lender	Insured Amount	% Total REMIC Insured	Mortgage Outstanding
47th Ave Big Six (59-40,55 47th A 69-10 Qns B1;60 -10 47th A	983	HDC	7,911,884	3.06%	39,559,422
11 Broadway	160	HDC	5,996,388	2.32%	29,981,941
NYCHA Public Housing Preservation II LLC	5,674	HDC	5,115,536	1.98%	25,577,679
St. Ann's Terrace ABH	166	HDC	4,896,811	1.90%	24,484,056
Morris Court	201	HDC	4,238,455	1.64%	21,192,275
St. Ann's Terrace CDE	314	HDC	3,996,373	1.55%	19,981,866
Bradford	105	HDC	3,849,308	1.49%	19,246,540
LMLD Citywide	662	HDC	3,781,488	1.46%	18,907,440
The Ciena Hobbs Court (305-319 E 102 St/304-320 E 103 St/30	340	HDC	3,553,108	1.38%	17,765,542
Gateway Elton III	287	HDC	3,535,557	1.37%	17,677,787
Grand Total	8,892		46,874,910	18.15%	234,374,548

Reserves

Total Reserves as of Dec 31, 2018	128,313,694
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Restricted	Committed (20%)	27,299,621
	New REMIC (20%)	51,639,435
Restricted Total		78,939,056
Pipeline	Pipeline (20%)	12,330,335
		12,330,335
Total Restricted + Pipeline		91,269,392

Restricted Reserves

HDC	48,369,213
Committed (HDC)	26,772,948
Committed (CPC)	526,673
Other (CPC)	3,270,222
TOTAL	78,939,056

Available Reserves	37,044,302
Potential Insured	185,221,511
Potential Mortgage Amount	926,107,556
Risk/Capital (Insured)	2.01
Risk/Capital (Insured + Committed)	3.08
Risk/Capital (Insured + Committed + Pipeline)	3.56

HOUSING ASSISTANCE CORPORATION
FUND BALANCE AND EARNINGS FROM 1/01/18 TO 12/31/18

Assets:

Cash	85.70	
Investment (1)		
Repo Agreement	375,992.71	
MM SIGNATURE	11,385,775.39	
Unrealized Gains & Losses as of Dec 31, 2018 (1)	0.00	
Cash & Investments Balances	<u> </u>	11,761,853.80
Mortgage Loans		
HAC City Capital Loan-BEC Continuum Resyndication (002510)	259,859.65	
Stuyvesant Town-Peter Cooper Village (612140)	121,750,316.10	
Total Mortgage Loan Receivable Balances	<u> </u>	122,010,175.75
Interest Receivable		
HAC City Capital Loan-BEC Continuum Resyndication (002510)	564.84	
Total Mortgage Interest Receivables		564.84
Due to/from Other Program		
HAC City Capital Loan-BEC Continuum Resyndication (002510)	(2,252.64)	
Total Due to/from Other Program		(2,252.64)
Total Assets		<u><u>133,770,341.75</u></u>

Liabilities and Fund Balances:

Payable to New York City as of Dec 31, 2017 (2)	143,136,074.79	
Investment Earned Jan thru Dec 2018	233,745.33	
TAC Payments	(2,582,922.00)	
Yearly Mortgage Loan Evaporating-Stuyvesant Town-Peter Cooper Village(143,235,666.00/20)	(7,161,783.30)	
Close out Mort Int Rec CPC 1 to Due to NYC	145,226.93	
Payable to New York City as of Dec 31, 2018		133,770,341.75
Restricted Investment Earnings (Fair Market Value as of Dec 31, 2018)		<u>0.00</u>
Total Liabilities and Fund Balances		<u><u>133,770,341.75</u></u>

**HOUSING ASSISTANCE CORPORATION
FUND BALANCE AND EARNINGS FROM 1/01/18 TO 12/31/18**

Income/Earning Analysis

Investment Earned Jan thru Dec 2018	<u>233,737.24</u>	233,737.24
Total Earnings Distributed to Due to NYC		
TAC Payments to Yorkville Jan thru Dec 2018	(2,582,922.00)	(2,582,922.00)
Total TAC Payment Distributed to Due to NYC		
Net Changes Due to NYC		<u>(2,349,184.76)</u>

(1) This is based on the Fair Market Value of the Treasury Strips and is considered Restricted Funds.

(2) Primarily the mortgage loans (listed above as "MORTGAGE LOANS"), the accrued interest on these mortgage loans and fund held to provide for TAC payments.

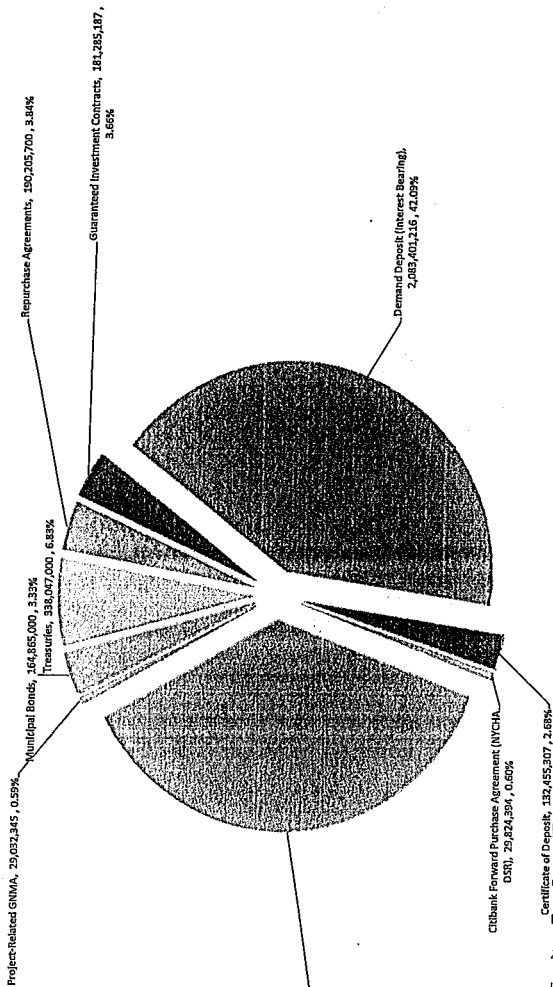
Please note that this report has been revised to reflect HDC's financial statement format



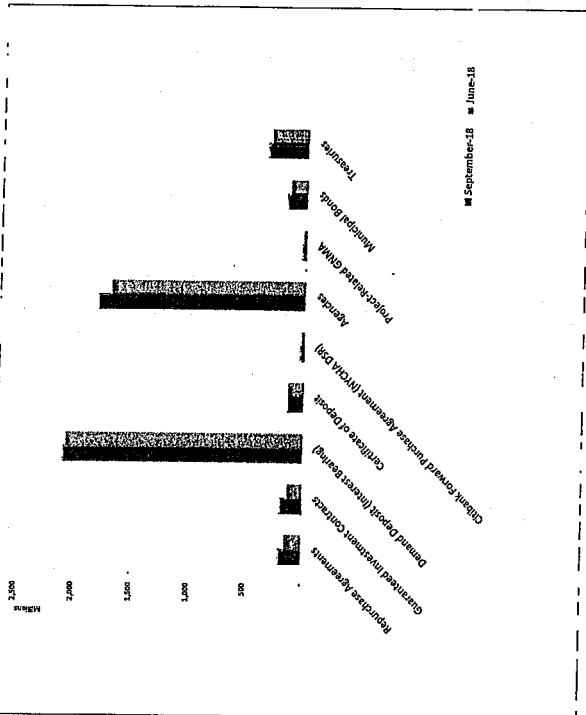
**NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION**

	Current Quarter End 4,950,413,089	Percentage of Type of Securities Held	Previous Quarter End 4,686,099,928	Quarterly Change 264,313,161
Total Investments	4,950,413,089		4,686,099,928	264,313,161
Investments by Security:				
Repurchase Agreements	190,205,700	3.84%	144,421,300	45,784,400
Guaranteed Investment Contracts	181,285,187	3.66%	125,420,748	55,864,439
Demand Deposit (Interest Bearing)	2,083,401,216	42.09%	2,064,395,967	19,005,249
Certificate of Deposit	132,455,307	2.68%	132,285,942	219,365
Citibank Forward Purchase Agreement (NYCHA DSR)	29,824,394	0.60%	29,824,394	-
Agencies	1,801,298,940	36.39%	1,694,903,489	106,395,450
Project-Related GNMA	29,032,345	0.59%	29,209,687	(177,342)
Municipal Bonds	164,865,000	3.33%	147,655,000	17,210,000
Treasuries	556,047,000	6.53%	318,034,000	20,013,000
Total	4,950,413,089	100.00%	4,686,099,928	264,313,161

Current Quarter



Comparison to previous quarter



Please Note: Report format has been changed to better reflect the investment activity of NYCHDC.

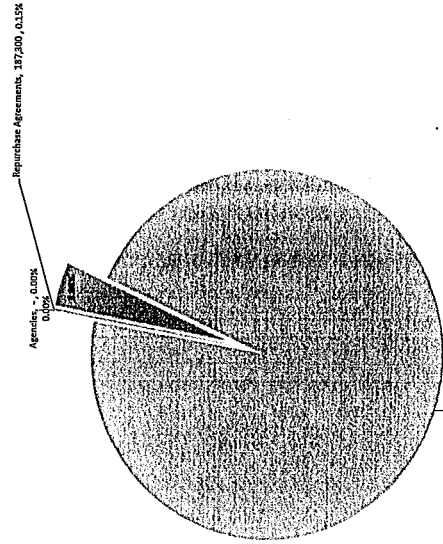
Current Quarter Percentage of Type of Securities Held

	Current Quarter End	September-18	Previous Quarter End	June-18	Quarterly Change
Total Investments	127,027,892	127,027,892	125,729,222	125,729,222	1,298,670
Investments by Security:					
Repurchase Agreements	187,300	187,300	53,700	53,700	133,600
Demand Deposit (Interest Bearing)	4,898,959	4,898,959	4,260,495	4,260,495	637,564
Certificate of Deposit	121,942,533	121,942,533	121,415,027	121,415,027	527,506
Municipal Bonds	-	-	-	-	-
Agencies	-	-	-	-	-
Total	127,027,892	127,027,892	125,729,222	125,729,222	1,298,670



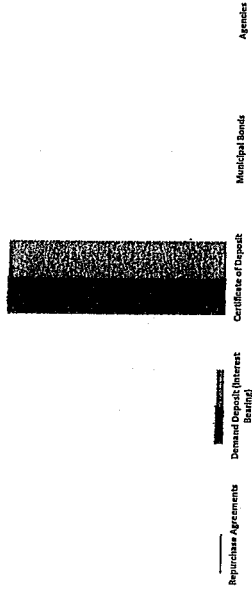
NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

Current Quarter



Certificate of Deposit: 122,829,222, 96.60%

Comparison to previous quarter



September-18

June-18

Please Note: Report format has been changed to better reflect the investment activity of REMIC.

EXECUTIVE SUMMARY
As of September 30, 2018
(UNAUDITED)

Insured	
# Projects	234
# Units	28,808
Insured Amount	256,096,566
Mortgage Amount	1,180,092,676

Committed	
# Projects	72
# Units	11,898
Insured Amount	141,267,905
Mortgage Amount	695,806,067

Average Loan Outstanding:	5,043,131
Average Insured Amount:	1,094,430
Average HDC Loan Outstanding:	6,208,886
Average HDC Insured Amount:	1,279,022

Pipeline	
# Projects	16
# Units	4,104
Insured Amount	48,320,892
Mortgage Amount	241,604,462

By Borough:

Boro	# Projects	Units	Current Insured Amount	% Total Current Insured Amount	Mortgage Outstanding
Bronx	112	10,611	118,072,145	46.1%	565,398,073
Brooklyn	63	11,662	66,313,424	25.9%	295,346,349
Manhattan	46	4,261	49,072,211	19.2%	206,154,325
Queens	11	2,077	20,570,876	8.0%	102,854,382
Staten Island	2	197	2,067,909	0.8%	10,339,547
Grand Total	234	28,808	256,096,566	100.0%	1,180,092,676

By Lender:

Lender	# Projects	Units	Current Insured Amount	% Total Current Insured Amount	Mortgage Outstanding
CPC	47	1,200	16,919,378	6.6%	19,030,921
HDC	187	27,608	239,177,188	93.4%	1,161,061,755
Grand Total	234	28,808	256,096,566	100.0%	1,180,092,676

Top 10 Exposures:

Property	# Units	Lender	Current Insured Amount	% Total REMIC Insured	Mortgage Outstanding
47th Ave Big Six	983	HDC	7,932,482	3.10%	39,662,410
11 Broadway	160	HDC	6,015,899	2.35%	30,079,496
NYCHA Public Housing Preservation II LLC	5,674	HDC	5,145,163	2.01%	25,725,814
St. Ann's Terrace ABH	166	HDC	4,909,159	1.92%	24,545,797
Morris Court	201	HDC	4,255,142	1.66%	21,275,708
St. Ann's Terrace CDE	314	HDC	4,009,627	1.57%	20,048,135
The Bradford	105	HDC	3,866,807	1.51%	19,334,035
LMLD Citywide	662	HDC	3,799,355	1.48%	18,996,777
The Ciena Hobbs Court	340	HDC	3,568,635	1.39%	17,843,173
Gateway Elton III	287	HDC	3,547,678	1.39%	17,738,392
Grand Total	8,892		47,049,947	18.37%	235,249,736

Reserves

Total Reserves	127,235,539
----------------	-------------

Restricted	Committed (20%)	28,253,581
	New REMIC (20%)	51,219,313
Restricted Total		79,472,894
Pipeline	Pipeline (20%)	9,664,178
Pipeline Total		9,664,178
Total Restricted + Pipeline		89,137,073

Restricted Reserves

HDC	47,835,438
Committed (HDC)	27,726,908
Committed (CPC)	526,673
Other (CPC)	3,383,876
TOTAL	79,472,894

Available Reserves	38,098,466
Potential Insured	190,492,331
Potential Mortgage Amount	952,461,656
Risk/Capital (Insured)	2.01
Risk/Capital (Insured + Committed)	3.12
Risk/Capital (Insured + Committed + Pipeline)	3.50

**HOUSING ASSISTANCE CORPORATION
FUND BALANCE AND EARNINGS FROM 1/01/18 TO 9/30/18**

Assets:

Cash	6,171.87	
Investment (1)		
Repo Agreement	656,510.23	
MM SIGNATURE	11,899,571.17	
Unrealized Gains & Losses as of Sep 30, 2018 (1)	0.00	
Cash & Investments Balances	12,562,253.27	
Mortgage Loans		
HAC City Capital Loan-BEC Continuum Resyndication (002510)	208,685.19	
Stuyvesant Town-Peter Cooper Village (612140)	128,912,099.40	
Total Mortgage Loan Receivable Balances	129,120,784.59	
Interest Receivable		
HAC City Capital Loan-BEC Continuum Resyndication (002510)	125.26	
Total Mortgage Interest Receivables	125.26	
Due to/from Other Program		
HAC City Capital Loan-BEC Continuum Resyndication (002510)	(176,645.81)	
Total Due to/from Other Program	(176,645.81)	
Total Assets	141,506,517.31	

Liabilities and Fund Balances:

Payable to New York City as of Dec 31, 2017 (2)	143,136,074.79	
Investment Earned Jan thru Sep 2018	167,927.59	
TAC Payments	(1,942,712.00)	
Yearly Mortgage Loan Evaporating-Stuyvesant Town-Peter Cooper Village(143,235,666.00/20)	0.00	
Close out Mort Int Rec CPC 1 to Due to NYC	145,226.93	
Payable to New York City as of Sep 30, 2018	141,506,517.31	
Restricted Investment Earnings (Fair Market Value as of Sep 30, 2018)		0.00
Total Liabilities and Fund Balances		141,506,517.31

HOUSING ASSISTANCE CORPORATION
FUND BALANCE AND EARNINGS FROM 1/01/18 TO 9/30/18

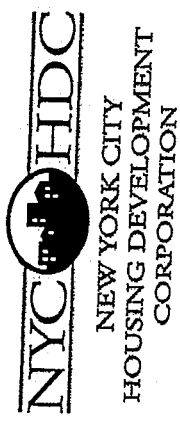
Income/Earning Analysis

Investment Earned Jan thru Sep 2018		167,919.50	
	Total Earnings Distributed to Due to NYC	<u>167,919.50</u>	167,919.50
TAC Payments to Yorkville Jan thru Sep 2018		(1,942,712.00)	
	Total TAC Payment Distributed to Due to NYC	<u>(1,942,712.00)</u>	(1,942,712.00)
	Net Changes Due to NYC		<u>(1,774,792.50)</u>

(1) This is based on the Fair Market Value of the Treasury Strips and is considered Restricted Funds.

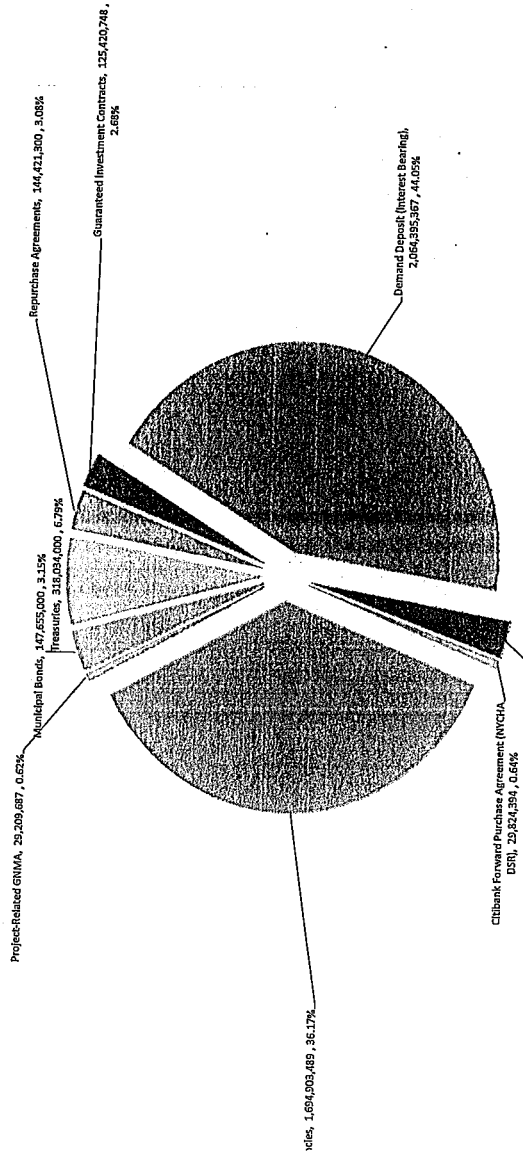
(2) Primarily the mortgage loans (listed above as "MORTGAGE LOANS"), the accrued interest on these mortgage loans and fund held to provide for TAC payments.

****Please note that this report has been revised to reflect HDC's financial statement format****

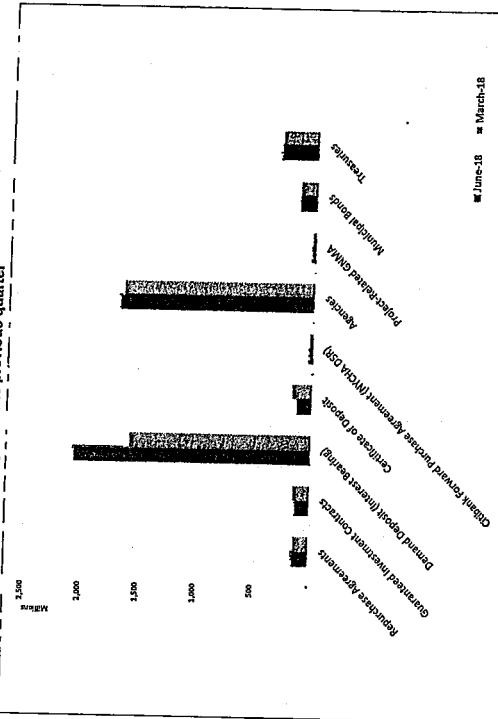


	Current Quarter End June-18	Percentage of Type of Securities Held	Previous Quarter End March-18	Quarterly Change
Total Investments	4,686,099,928		4,234,935,552	451,164,376
Investments by Security:				
Repurchase Agreements	144,421,300	3.08%	198,778,000	4,643,300
Guaranteed Investment Contracts	125,420,748	2.68%	150,444,829	(25,024,080)
Demand Deposit (Interest Bearing)	2,064,935,367	44.05%	1,585,059,385	479,335,982
Certificate of Deposit	132,235,942	2.82%	176,896,399	(44,660,458)
Citibank Forward Purchase Agreement (NYCHA DSR)	29,824,394	0.64%	29,824,394	33,932,898
Project-Related GNMA	1,694,903,489	36.17%	1,680,970,651	(175,206)
Municipal Bonds	29,208,687	0.62%	29,384,894	3,112,000
Treasuries	147,655,000	3.15%	147,655,000	3,112,000
Total	4,686,099,928	100.00%	4,234,935,552	451,164,376

Current Quarter



Comparison to previous quarter

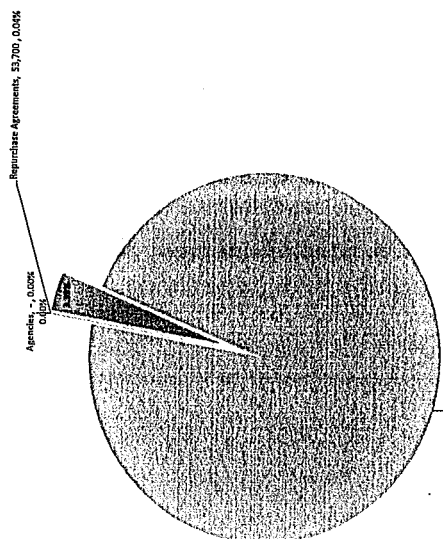


Please Note: Report format has been changed to better reflect the investment activity of NYCHDC.

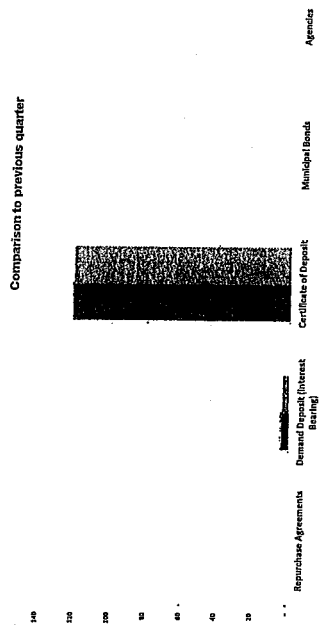
Current Quarter End	June-18	Current Quarter Percentage of Type of Securities Held	Previous Quarter End	March-18	Quarterly Change
125,729,222	125,729,222		124,689,765	124,689,765	1,039,456
Investments by Security:					
Repurchase Agreements	53,700	0.0427%	3,799,963	3,799,963	53,700
Agency Deposits (Interest Bearing)	4,260,495	3.3965%	120,889,803	480,532	480,532
Certificate of Deposit	121,415,027	96.5597%	-	525,224	525,224
Municipal Bonds	-	0.0000%	-	-	-
Other	-	0.0000%	-	-	-
Total	125,729,222	100.00%	124,689,765	1,039,456	



Current Quarter



Comparison to previous quarter



■ June-18 ■ March-18

Note: Report format has been changed to better reflect the investment activity of REMIC.

EXECUTIVE SUMMARY
As of June 30, 2018
(UNAUDITED)

Insured

# Projects	237
# Units	28,872
Insured Amount	258,349,635
Mortgage Amount	1,182,578,711

Committed

# Projects	61
# Units	9,026
Insured Amount	110,306,951
Mortgage Amount	541,001,293

Average Loan Outstanding:	4,989,784
Average Insured Amount:	1,090,083
Average HDC Loan Outstanding:	6,210,210
Average HDC Insured Amount:	1,279,507

Pipeline

# Projects	18
# Units	4,435
Insured Amount	40,582,000
Mortgage Amount	202,910,000

By Borough:

Boro	# Projects	Units	Current Insured Amount	% Total Current Insured Amount	Mortgage Outstanding
Bronx	113	10,606	118,818,408	46.0%	560,998,515
Brooklyn	63	11,662	66,655,325	25.8%	296,688,968
Manhattan	48	4,330	50,142,748	19.4%	211,225,459
Queens	11	2,077	20,655,735	8.0%	103,278,675
Staten Island	2	197	2,077,419	0.8%	10,387,094
Grand Total	237	28,872	258,349,635	100.0%	1,182,578,711

By Lender:

Lender	# Projects	Units	Current Insured Amount	% Total Current Insured Amount	Mortgage Outstanding
CPC	50	1,359	19,081,736	7.4%	21,269,466
HDC	187	27,513	239,267,899	92.6%	1,161,309,244
Grand Total	237	28,872	258,349,635	100.0%	1,182,578,711

Top 10 Exposures:

Property	# Units	Lender	Insured Amount	% Total REMIC Insured	Mortgage Outstanding
47th Ave Big Six	983	HDC	7,952,802	3.08%	39,764,012
11 Broadway	160	HDC	6,035,144	2.34%	30,175,722
NYCHA Public Housing Preservation III LLC	5,674	HDC	5,174,415	2.00%	25,872,076
St. Ann's Terrace ABH	166	HDC	4,921,318	1.90%	24,606,591
Morris Court	201	HDC	4,271,601	1.65%	21,358,004
St. Ann's Terrace CDE	314	HDC	4,022,684	1.56%	20,113,420
Bradford	105	HDC	3,884,067	1.50%	19,420,337
LMLD Citywide	662	HDC	3,816,990	1.48%	19,084,952
The Ciena Hobbs Court	340	HDC	3,583,930	1.39%	17,919,651
Gateway Elton III	287	HDC	3,559,627	1.38%	17,798,133
Grand Total	8,892		47,222,580	18.28%	236,112,898

Reserves

Total Reserves	126,070,299
----------------	-------------

Restricted	Committed (20%)	22,061,390
	New REMIC (20%)	51,669,927
Restricted Total		73,731,317
Pipeline	Pipeline (20%)	8,116,400
Pipeline Total		8,116,400
Total Restricted + Pipeline		81,847,717

Restricted Reserves

HDC	47,853,580
Committed (HDC)	21,534,717
Committed (CPC)	526,673
Other (CPC)	3,816,347
TOTAL	73,731,317

Available Reserves	44,222,582
Potential Insured	221,112,910
Potential Mortgage Amount	1,105,564,550
Risk/Capital (Insured)	2.05
Risk/Capital (Insured + Committed)*	2.92
Risk/Capital (Insured + Committed + Pipeline)	3.25

*Statutory max is 5.0

**HOUSING ASSISTANCE CORPORATION
FUND BALANCE AND EARNINGS FROM 1/01/18 TO 6/30/18**

Assets:

Cash	6,169.51	
Investment (1)		
Repo Agreement	609,086.88	
MM SIGNATURE	12,524,793.27	
Unrealized Gains & Losses as of Jun 30, 2018 (1)	0.00	
Cash & Investments Balances	13,140,049.66	
Mortgage Loans		
HAC City Capital Loan-BEC Continuum Resyndication (002510)	31,568.34	
Stuyvesant Town-Peter Cooper Village (612140)	128,912,099.40	
Total Mortgage Loan Receivable Balances	128,943,667.74	
Interest Receivable		
HAC City Capital Loan-BEC Continuum Resyndication (002510)	69.71	
Total Mortgage Interest Receivables		69.71
Due to/from Other Program		
HAC City Capital Loan-BEC Continuum Resyndication (002510)	(1,043.68)	
Total Due to/from Other Program		(1,043.68)
Total Assets	142,082,743.43	

Liabilities and Fund Balances:

Payable to New York City as of Dec 31, 2017 (2)	143,136,074.79	
Mortgage Interest/Investment Earned Jan thru Jun 2018	104,881.71	
TAC Payments	(1,303,440.00)	
Yearly Mortgage Loan Evaporating-Stuyvesant Town-Peter Cooper Village(143,235,666.00/20)	0.00	
Close out Mort Int Rec CPC 1 to Due to NYC	145,226.93	
Payable to New York City as of Jun 30, 2018		142,082,743.43
Restricted Investment Earnings (Fair Market Value as of Jun 30, 2018)		0.00
Total Liabilities and Fund Balances		142,082,743.43

HOUSING ASSISTANCE CORPORATION
FUND BALANCE AND EARNINGS FROM 1/01/18 TO 6/30/18

Income/Earning Analysis

Mortgage Interest Earned	0.00	
Investment Earned Jan thru Jun 2018	104,873.62	
Total Earnings Distributed to Due to NYC	104,873.62	104,873.62
TAC Payments to Yorkville Jan thru Jun 2018		
Total TAC Payment Distributed to Due to NYC	(1,303,440.00)	(1,303,440.00)
Net Changes Due to NYC	(1,198,566.38)	
Investment Earned (Queenswood Apartments) Jan thru Jun 2018	1,249.00	
Total Earnings Distributed to the Mortgagor		1,249.00
Net Changes Due to the Mortgagor	1,249.00	

(1) This is based on the Fair Market Value of the Treasury Strips and is considered Restricted Funds.

(2) Primarily the mortgage loans (listed above as "MORTGAGE LOANS"), the accrued interest on these mortgage loans and fund held to provide for TAC payments.

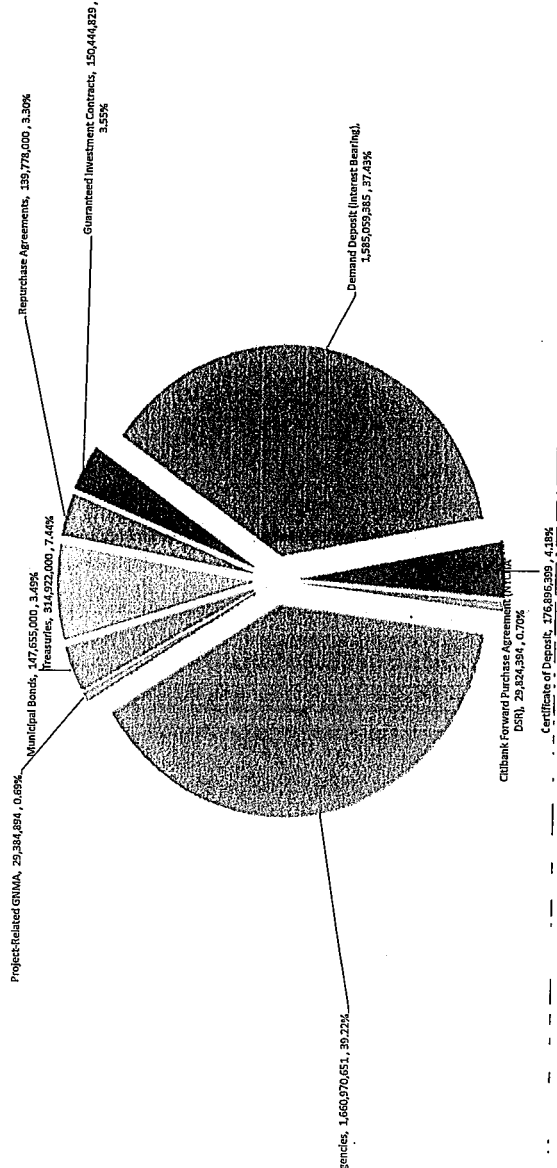
Please note that this report has been revised to reflect HDC's financial statement format



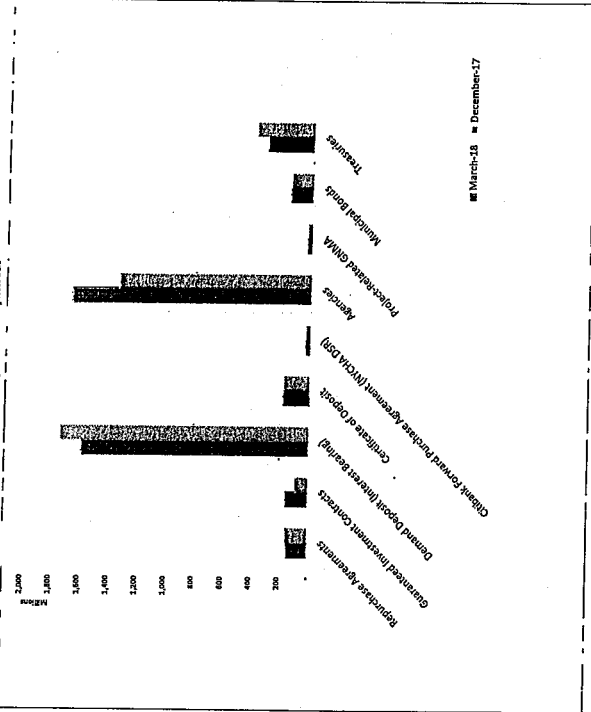
**NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION**

	Current Quarter End 4,234,935,552	Percentage of Type of Securities Held	Previous Quarter End 4,089,785,977	Quarterly Change 145,149,575
Total Investments	4,234,935,552		4,089,785,977	145,149,575
Investments by Security:			December-17	
Repurchase Agreements	139,778,000	3.30%	149,922,000	(9,544,000)
Guaranteed Investment Contracts	150,444,829	3.55%	87,789,608	62,655,221
Demand Deposit (Interest Bearing)	1,585,059,385	37.43%	1,734,766,512	(149,707,126)
Certificate of Deposit	176,886,399	4.18%	176,682,305	214,095
Citibank Forward Purchase Agreement (NYCHA DSR)	29,824,384	0.70%	29,824,384	-
Agencies	1,660,970,651	39.22%	1,340,830,281	320,140,370
Project-Related GNMA	29,384,684	0.69%	29,557,991	(173,097)
Municipal Bonds	147,655,000	3.49%	145,700,000	1,955,000
Treasuries	314,922,000	7.44%	395,312,888	(80,390,888)
Total	4,234,935,552	100.00%	4,089,785,977	145,149,574

Current Quarter



Comparison to previous quarter



Please Note: Report format has been changed to better reflect the investment activity of NYCHDC.

Current Quarter Percentage of Type of Securities Held

	Current Quarter End	Previous Quarter End	Quarterly Change
Total Investments	124,689,765	122,885,151	1,804,614
Investments by Security:			
Repurchase Agreements	3,799,963	2,505,000	(2,505,000)
Demand Deposit (Interest Bearing)	120,889,803	1,956	3,789,000
Certificate of Deposit	-	120,376,195	511,808
Municipal Bonds	-	-	-
Agencies	-	-	-
Total	124,689,765	122,885,151	1,804,614

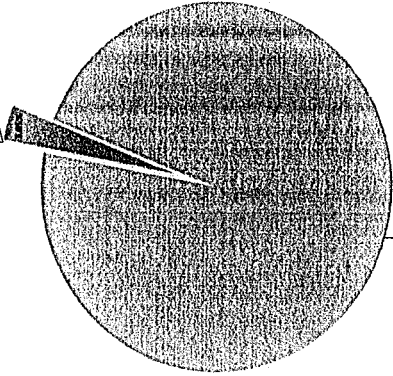


NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

Current Quarter

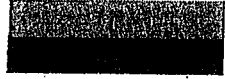
Repurchase Agreements, - 0.00%

Agencies, - 0.00%



Certificate of Deposit, 120,889,803, 96.35%

Comparison to previous quarter



Repurchase Agreements
Demand Deposit (Interest Bearing)
Certificate of Deposit
Municipal Bonds
Agencies

■ March-18 ■ December-17

Please Note: Report format has been changed to better reflect the investment activity of REMIC.

EXECUTIVE SUMMARY

As of March 31, 2018

(UNAUDITED)

Insured

# Projects	240
# Units	28,973
Insured Amount	261,170,704
Mortgage Amount	1,189,629,907

Committed

# Projects	60
# Units	8,896
Insured Amount	106,845,202
Mortgage Amount	523,692,551

Average Loan Outstanding:	4,956,791
Average Insured Amount:	1,088,211
Average HDC Loan Outstanding:	6,238,258
Average HDC Insured Amount:	1,285,335

Pipeline

# Projects	17
# Units	3,671
Insured Amount	41,202,000
Mortgage Amount	206,010,000

By Borough:

Boro	# Projects	Units	Current Insured Amount	% Total Current Insured Amount	Mortgage Outstanding
Bronx	114	10,692	119,927,726	45.9%	564,001,214
Brooklyn	63	11,662	67,001,742	25.7%	298,060,096
Manhattan	50	4,345	51,415,035	19.7%	213,437,595
Queens	11	2,077	20,739,411	7.9%	103,697,053
Staten Island	2	197	2,086,790	0.8%	10,433,949
Grand Total	240	28,973	261,170,704	100.0%	1,189,629,907

By Lender:

Lender	# Projects	Units	Current Insured Amount	% Total Current Insured Amount	Mortgage Outstanding
CPC	53	1,460	\$20,813,110	8.0%	\$23,075,664
HDC	187	27,513	\$240,357,594	92.0%	\$1,166,554,243
Grand Total	240	28,973	\$261,170,704	100.0%	\$1,189,629,907

Top 10 Exposures:

Property	# Units	Lender	Current Insured Amount	Percent of Total REMIC Insured	Mortgage Outstanding
47th Ave Big Six	983	HDC	7,972,850	3.05%	39,864,248
11 Broadway	160	HDC	6,054,127	2.32%	30,270,637
NYCHA Public Housing Preservation II LLC	5,674	HDC	5,203,298	1.99%	26,016,489
St. Ann's Terrace ABH	166	HDC	4,933,291	1.89%	24,666,453
Morris Court	201	HDC	4,287,836	1.64%	21,439,179
St. Ann's Terrace CDE	314	HDC	4,035,547	1.55%	20,177,735
Bradford	105	HDC	3,901,093	1.49%	19,505,463
LMLD Citywide	662	HDC	3,834,396	1.47%	19,171,979
The Ciena Hobbs Court	340	HDC	3,598,999	1.38%	17,994,993
Gateway Elton III	287	HDC	3,571,405	1.37%	17,857,024
Grand Total	8,892		47,392,840	18.15%	236,964,200

Reserves

Total Reserves as of Mar 31, 2018	124,763,207
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Restricted	Committed (20%)	21,369,040
	New REMIC (20%)	52,234,141
Restricted Total		73,603,181
Pipeline	Pipeline (20%)	8,240,400
Pipeline Total		8,240,400
Total Restricted + Pipeline		81,843,581

Restricted Reserves

HDC	48,071,518.81
Committed (HDC)	20,842,367.44
Committed (CPC)	526,673.00
Other (CPC)	4,162,621.94
TOTAL	73,603,181

Available Reserves	42,919,626
Potential Insured	214,598,129
Potential Mortgage Amount	1,072,990,643
Risk/Capital (Insured)	2.09
Risk/Capital (Insured + Committed)	2.94
Risk/Capital (Insured + Committed + Pipeline)	3.28

HOUSING ASSISTANCE CORPORATION
FUND BALANCE AND EARNINGS FROM 1/01/18 TO 3/31/18

Assets:

Cash	6,261.71	
Investment (1)		
Repo Agreement	826,765.72	
MM SIGNATURE	13,111,934.17	
Unrealized Gains & Losses as of Mar 31, 2018 (1)	0.00	
Cash & Investments Balances	13,944,961.60	
Mortgage Loans		
HAC City Capital Loan-BEC Continuum Resyndication (002510)	9,794.02	
Stuyvesant Town-Peter Cooper Village (612140)	128,912,099.40	
Total Mortgage Loan Receivable Balances	128,921,893.42	
Interest Receivable		
HAC City Capital Loan-BEC Continuum Resyndication (002510)	21.63	
Mort Int Rec CPC 1	(145,226.93)	
Total Mortgage Interest Receivables	(145,205.30)	
Due to/from Other Program		
HAC City Capital Loan-BEC Continuum Resyndication (002510)	(545.00)	
Total Due to/from Other Program	(545.00)	
Total Assets	142,721,104.72	

Liabilities and Fund Balances:

Payable to New York City as of Dec 31, 2017 (2)	143,136,074.79	
Mortgage Interest/Investment Earned for This Qtr	49,047.62	
TAC Payments	(651,842.00)	
Yearly Mortgage Loan Evaporating-Stuyvesant Town-Peter Cooper Village(143,235,666.00/20)	0.00	
Pass Thru Loss on Sale of HAC M-Loan against Due to NYC	0.00	
Payable to New York City as of Mar 31, 2018	142,533,280.41	
Payable to Mortgagor (Queenswood Apartments) as of Dec 31, 2017	181,081.72	
Investment Earned for this Qtr	625.22	
Payable to Mortgagor (Selfhelp KIV) as of Dec 31, 2017	6,117.37	
Investment Earned for this Qtr	0.00	
Payable to Mortgagor as of Mar 31, 2018 (3)	187,824.31	
Restricted Investment Earnings (Fair Market Value as of Mar 31, 2018)	0.00	
Total Liabilities and Fund Balances	142,721,104.72	

HOUSING ASSISTANCE CORPORATION
FUND BALANCE AND EARNINGS FROM 1/01/18 TO 3/31/18

Income/Earning Analysis

Mortgage Interest Earned (for This Qtr)	0.00	
Investment Earned (for This Qtr)	49,047.62	
Total Earnings Distributed to Due to NYC	49,047.62	49,047.62
TAC Payments to Yorkville (for This Qtr)	(651,842.00)	
Total TAC Payment Distributed to Due to NYC	(651,842.00)	(651,842.00)
Net Changes Due to NYC	(602,794.38)	
Investment Earned (Queenswood Apartments) (for This Qtr)	625.22	
Total Earnings Distributed to the Mortgagor	625.22	625.22
Net Changes Due to the Mortgagor	625.22	

(1) This is based on the Fair Market Value of the Treasury Strips and is considered Restricted Funds.

(2) The resources held for the City are primarily the mortgage loans (listed above as "MORTGAGE LOANS"), the accrued interest on the mortgages and all investments held to fund the TAC payments.

(3) This is an asset of the Borrowers (Queenswood Associates, L.P. and Selfhelp KIV) and only to be used if there are insufficient funds to cover note debt service.

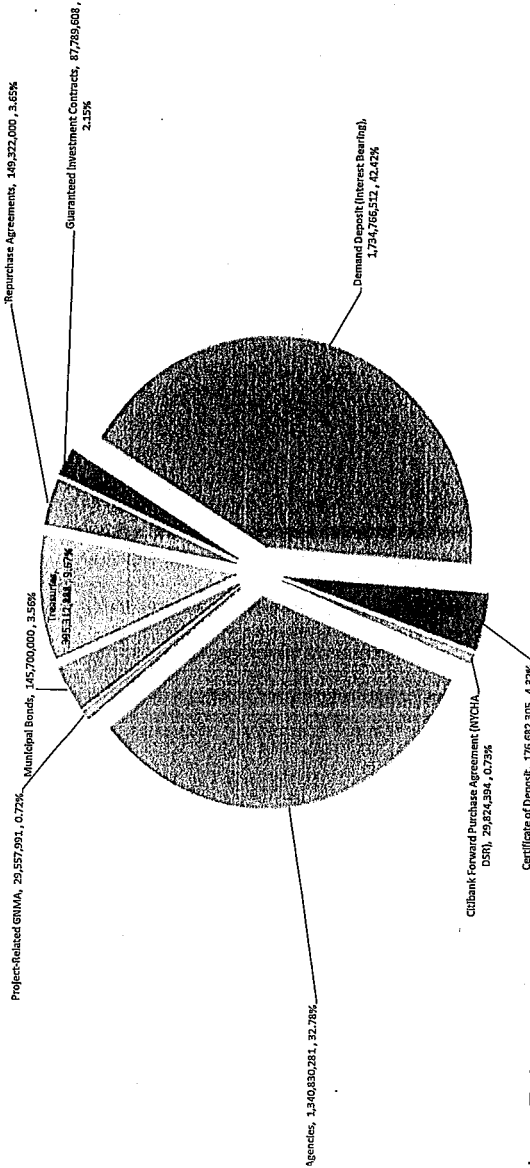
Please note that this report has been revised to reflect HDC's financial statement format



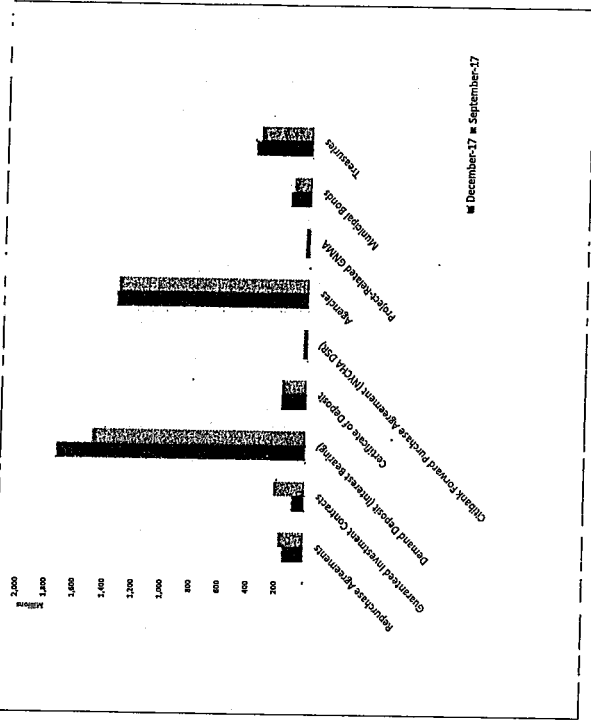
**NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION**

	Current Quarter End 4,089,765,977	Percentage of Type of Securities Held	Previous Quarter End 3,946,316,227	Quarterly Change 143,467,750
Total Investments	4,089,765,977		3,946,316,227	143,467,750
Investments by Security:	December-17		September-17	
Repurchase Agreements	149,322,000	3.65%	180,199,800	(30,877,800)
Guaranteed Investment Contracts	87,789,608	2.15%	219,211,661	(131,422,053)
Demand Deposit (Interest Bearing)	1,794,766,512	42.42%	1,490,680,253	244,076,259
Certificate of Deposit	176,662,305	4.32%	176,467,429	214,875
Citibank Forward Purchase Agreement (NYCHA DSR)	29,824,394	0.73%	29,824,394	-
Agencies	1,340,830,281	32.78%	1,350,941,664	(9,888,597)
Project-Related GNMA	29,557,991	0.72%	29,729,005	(171,015)
Municipal Bonds	145,700,000	3.56%	124,015,000	21,685,000
Treasuries	395,312,888	9.67%	365,239,000	30,073,888
Total	4,089,765,977	100.00%	3,946,316,227	143,467,750

Current Quarter

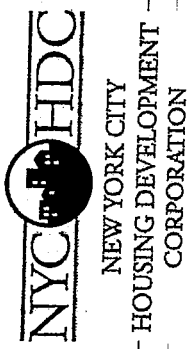


Comparison to previous quarter



Please Note: Report format has been changed to better reflect the investment activity of NYCHDC.

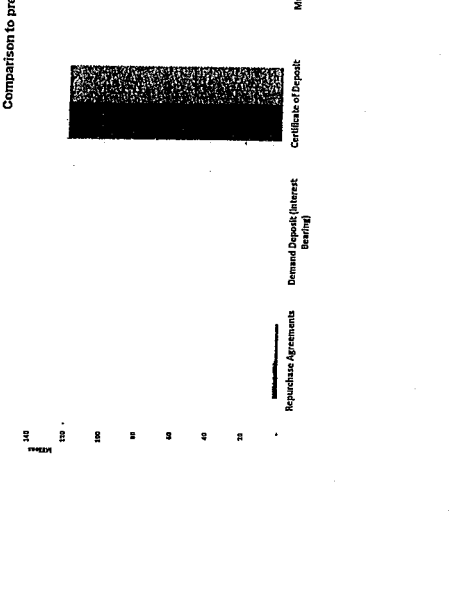
REMIC



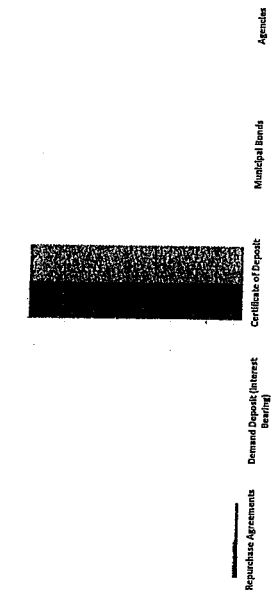
	Current Quarter End	Previous Quarter End	Quarterly Change
Total Investments	122,895,151	121,629,255	1,265,897
Investments by Security:			
Repurchase Agreements	2,505,000	1,764,200	740,800
Demand Deposit (Interest Bearing)	1,956	1,951	6
Certificate of Deposit	120,378,195	119,863,104	515,091
Municipal Bonds	-	-	-
Agencies	-	-	-
Total	122,895,151	121,629,255	1,265,897

Current Quarter Percentage of Type of Securities Held

Security Type	Percentage
Repurchase Agreements	2.0365%
Demand Deposit (Interest Bearing)	0.0016%
Certificate of Deposit	97.9589%
Municipal Bonds	0.0000%
Agencies	0.0000%
Total	100.000%



Comparison to previous quarter



December-17 September-17

Please Note: Report format has been changed to better reflect the investment activity of REMIC.

EXECUTIVE SUMMARY
As of December 31, 2017
(UNAUDITED)

Insured	
	REMIC
# Projects	244
# Units	29,064
Insured Amount	263,067,666
Mortgage Amount	1,197,484,461

Committed	
# Projects	55
# Units	7,611
Insured Amount	91,967,622
Mortgage Amount	449,304,650

Average Loan Outstanding:	4,907,723
Average Insured Amount:	1,078,146
Average HDC Loan Outstanding:	6,211,426
Average HDC Insured Amount:	1,279,782

Pipeline	
# Projects	16
# Units	3,845
Insured Amount	39,853,707
Mortgage Amount	199,268,533

By Borough:				
Boro	# Projects	Current Insured	% Total Current	Mortgage
		Amount	Insured Amount	Outstanding
Bronx	114	120,536,313	45.82%	566,467,884
Brooklyn	64	67,341,409	25.60%	299,379,383
Manhattan	53	52,277,893	19.87%	217,076,936
Queens	11	20,816,027	7.91%	104,080,133
Staten Island	2	2,096,025	0.80%	10,480,125
	244	263,067,666	100.00%	1,197,484,461

By Lender:				
Lender	# Projects	Current Insured	% Total Current	Mortgage
		Amount	Insured Amount	Outstanding
CPC	55	21,188,815	8.05%	23,524,855
HDC	189	241,878,851	91.95%	1,173,959,606
	244	263,067,666	100.00%	1,197,484,461

Top 10 Exposures:					
Project	# Units	Lender	Insured Amount	% Total REMIC	Mortgage
			Insured	Insured	Outstanding
47th Ave Big Six (59-40,55 47th A 69-10 Qns B);60 -10 47	983	HDC	7,992,627	3.04%	39,963,135
11 Broadway	160	HDC	6,072,852	2.31%	30,364,258
NYCHA Public Housing Preservation II LLC	5674	HDC	5,231,815	1.99%	26,159,076
St. Ann's Terrace ABH	166	HDC	4,945,079	1.88%	24,725,397
Morris Court	201	HDC	4,303,849	1.64%	21,519,247
St. Ann's Terrace CDE	314	HDC	4,048,219	1.54%	20,241,094
Bradford	105	HDC	3,917,886	1.49%	19,589,430
LMLD Citywide	662	HDC	3,851,575	1.46%	19,257,874
The Ciena Hobbs Court (305-319 E 102 St/304-320 E 103	340	HDC	3,613,843	1.37%	18,069,216
Gateway Elton III	287	HDC	3,583,015	1.36%	17,915,077
	8,892		47,560,761	18.08%	237,803,805

Reserves:	
Total Reserves:	123,224,510
Restricted:	
Insured (20%)	52,613,533
Committed (20%)	18,393,524
Total Restricted	71,007,058
Pipeline (20%)	7,970,741
Total Restricted + Pipeline	78,977,799
Available Reserves	44,246,711
Potential Insured	221,233,557
Potential Mortgage Amount	1,106,167,784
Risk/Capital (Insured)	2.1
Risk/Capital (Insured + Committed)	2.9
Risk/Capital (Insured + Committed + Pipeline)	3.2
<i>(Statutory Limit = 5.0x)</i>	

Restricted Reserves:	
HDC	48,375,770
Committed (HDC)	17,866,851
Committed (CPC)	526,673
Other (CPC)	4,237,763
TOTAL	71,007,058

**HOUSING ASSISTANCE CORPORATION
FUND BALANCE AND EARNINGS FROM 1/01/17 TO 12/31/17**

Assets:

Cash	6,247.39	
Investment (1)		
Repo Agreement	577,576.24	
MM SIGNATURE	13,963,847.59	
Unrealized Gains & Losses as of Dec 31, 2017 (1)	0.00	
Cash & Investments Balances	14,547,671.22	
Mortgage Loans		
HAC City Capital Loan-BEC Continuum Resyndication (002510)	9,570.13	
Stuyvesant Town-Peter Cooper Village (612140)	128,912,099.40	
Total Mortgage Loan Receivable Balances	128,921,669.53	
Interest Receivable		
HAC City Capital Loan-BEC Continuum Resyndication (002510)	21.14	
Mort Int Rec CPC 1	(145,226.93)	
Total Mortgage Interest Receivables	(145,205.79)	
Due to/from Other Program		
HAC City Capital Loan-BEC Continuum Resyndication (002510)	(195.38)	
Total Due to/from Other Program	(195.38)	
Total Assets	143,323,939.58	

Liabilities and Fund Balances:

Payable to New York City as of Sep 30, 2017 (2)	160,847,350.48	
Mortgage Interest/Investment Earned for This Qtr	45,710.42	
TAC Payments	(652,178.00)	
Yearly Mortgage Loan Evaporating-Stuyvesant Town-Peter Cooper Village(143,235,666.00/20)	(7,161,783.30)	
Pass Thru Loss on Sale of HAC M-Loan against Due to NYC	(9,943,024.81)	
Payable to New York City as of Dec 31, 2017	143,136,074.79	
Payable to Mortgagor (Queenswood Apartments) as of Sep 30, 2017	180,575.42	
Investment Earned for this Qtr	506.30	
Payable to Mortgagor (Selfhelp KIV) as of Sep 30, 2017	6,117.37	
Investment Earned for this Qtr	0.00	
Payable to Mortgagor as of Dec 31, 2017 (3)	187,199.09	
Mortgage Interest/Investment Earned Due to CSF		
Mortgage Interest Earned HAC City Capital Loan (002510)	42.23	
Investment Earned HAC City Capital Loan (002510)	623.47	
Mortgage Interest/Investment Earned Due to CSF as of Dec 31, 2017	665.70	
Restricted Investment Earnings (Fair Market Value as of Dec 31, 2017)	0.00	
Total Liabilities and Fund Balances	143,323,939.58	

HOUSING ASSISTANCE CORPORATION
FUND BALANCE AND EARNINGS FROM 1/01/17 TO 12/31/17

Income/Earning Analysis

Mortgage Interest Earned (for This Qtr)	2,385.51	
Investment Earned (for This Qtr)	43,324.91	
Total Earnings Distributed to Due to NYC	45,710.42	
TAC Payments to Yorkville (for This Qtr)		
Total TAC Payment Distributed to Due to NYC	(652,178.00)	(652,178.00)
Net Changes Due to NYC		(606,467.58)
Investment Earned (Queenswood Apartments) (for This Qtr)	506.30	
Total Earnings Distributed to the Mortgagor		506.30
Net Changes Due to the Mortgagor		506.30
Mortgage Interest Earned HAC City Capital Loan (002510) (for This Qtr)	42.23	
Investment Earned HAC City Capital Loan (002510) (for This Qtr)	623.47	
Total Earnings Due to HDC		665.70

(1) This is based on the Fair Market Value of the Treasury Strips and is considered Restricted Funds.

(2) The resources held for the City are primarily the mortgage loans (listed above as "MORTGAGE LOANS"), the accrued interest on the mortgages and all investments held to fund the TAC payments.

(3) This is an asset of the Borrowers (Queenswood Associates, L.P. and Selfhelp KIV) and only to be used if there are insufficient funds to cover note debt service.

Please note that this report has been revised to reflect HDC's financial statement format

Report of Independent Auditors

Management and the Members of the
New York City Housing Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the New York City Housing Development Corporation (the "Corporation"), a component unit of the City of New York, as of and for the year ended October 31, 2018, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of October 31, 2018 and the changes in financial position and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Other Matters

Report on Summarized Comparative Information

We have previously audited the Corporation's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 29, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended October 31, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

U.S. generally accepted accounting principles require that Management's Discussion and Analysis, the Schedule of Changes in the Net OPEB Liability and Related Ratios, the Schedule of the Corporation's OPEB Contributions, the Schedule of the Corporation's Proportionate Share of the Net Pension Liability and the Schedule of the Corporation's Pension Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying Schedule of Net Position for the Housing Revenue Bond Program and Multi-Family Secured Mortgage Revenue Bond Program as of October 31, 2018 and 2017 and the Schedule of Revenue, Expenses and Changes in Net Position for the years then ended, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

January __, 2019

Financial Statements to Be Inserted When Approved



MEMORANDUM

TO: Members of the Audit Committee
FROM: Ellen Duffy *Eduffy*
SUBJECT: Debt Report as of December 31, 2018
DATE: JANUARY 17, 2019

Attached please find the Corporation's Debt Report as of December 31, 2018.

The last debt report presented to the Audit Committee was as of October 31, 2018. During this time, the Corporation issued six of Open Resolution Bonds totaling \$478.85 million, remarketed one series of Open resolution bonds in the amount of \$100 million, and issued one series of a stand-alone debt obligation in the amount of \$24 million.

There were bond redemptions in one series of Open Resolution bonds in the amount of \$25.4 million and three series of stand-alone debt obligations in the amount of \$52.2 million.

The Corporation's debt outstanding as of December 31, 2018 is approximately \$11.9 billion. The Corporation's statutory debt capacity stands at \$13.5 billion.

HDC Debt -- Monthly Report of December 31, 2018

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	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	Amount	Percent	
Fixed Rate	5,657,150,000	75.81%	13,304,691	74,840	2034	Quarterly/ 3 M FHLB Rate + 30 bps	Taxable	2.67%	252,810	6.52%	216,930	(95,880)	7,801,629,728.95	65.61%	
Variable Rate (2)	1,110,815,000	14.89%	4,323,658	4,323,658	2037	Quarterly/ 3 M FHLB Rate + 30 bps	Taxable	2.67%	570,359	3.22%	278,329	(292,029)	522,270,000.00	4.38%	
VRDO	172,280,000	2.31%	31,419,517	31,419,517	2041	Quarterly/ 3 M LIBOR + 61 bps	Taxable	3.15%	474,002	4.94%	367,162	(106,840)	1,301,673,980.68	10.65%	
Total	7,462,515,000	100%	194,169,423	116,617	2038	Quarterly/ 3 M LIBOR + 48 bps	Taxable	3.02%	537,167	5.86%	627,135	398,609	2,265,085,000.00	19.65%	
Draw Down Bond Allocations			144,735,914	6,466,796	2040	Quarterly/ 3 M LIBOR + 54 bps	Taxable	3.08%	188,813	1.11%	390,785	(146,382)	11,890,666,709.61	100.00%	
Government Debt Obligation Allocation			49,311,651	1,305,043	2044	Quarterly/ 3 M LIBOR + 47 bps	Taxable	3.02%	365,201	3.76%	204,263	(3,396)		0.00	
Statutory Limit			57,779,164	3,570,203	2046	Quarterly/ 3 M LIBOR + 43 bps	Taxable	3.19%	94,708	3.02%	622,136	256,935		0.00	
Remaining Capacity			131,700,437	3,898,373	2052	Quarterly/ 3 M LIBOR + 68 bps	Tax-Exempt	2.99%	438,763	1.92%	933,130	494,367		0.00	
Open Variable Rate Exposure			224,058,924	146,900	2046	Quarterly/ 3 M LIBOR + 45 bps	Taxable	2.99%	747,750	0.93%	520,937	(226,813)		0.00	
			1,311,534,889	116,827,596	2046	Quarterly/ 3 M LIBOR + 45 bps	Taxable	2.99%	6,443,322	0.93%	8,613,587	2,170,265		0.00	
					2046	Monthly/(LIBOR + 110bps)/75%	Tax-Exempt	3.15%		3.15%					11.63%
					2052	Quarterly/ 3 M LIBOR + 68 bps	Taxable	3.22%		3.22%					
					2021	Monthly/LIBOR+70%+54bps	Tax-Exempt	2.16%		2.16%					
					2020	VRDO (Citibank Liquidity)	Tax-Exempt	1.65%		1.65%					
					2057	VRDO (Wells Fargo Liquidity)	Tax-Exempt	1.65%		1.65%					
					2057	VRDO (Wells Fargo Liquidity)	Tax-Exempt	1.65%		1.65%					
					2041	Quarterly/ 3 M LIBOR + 41 bps	Taxable	2.95%	293,809	5.49%	417,544	123,735			
									293,809		417,544	123,735			
															88.9523%

Draw Down Bond Allocations	39,009,524.53
Government Debt Obligation Allocation	13,500,000,000.00
Statutory Limit	1,570,327,766.08
Remaining Capacity	

Average Asset Parity Ratio	(6)
	156.4216%
	224.2058%

Mini-Open Variable Rate Exposure	
Var-Index	
2017 A-2	39,825,000
Total	30,407,189

HDC Short-Term Assets	
Hedge Ratio: Short-Term Assets/Variable Debt	
2018 Volume Cap	298,816,555
NYC Allocation - January	250,000,000
NYS Allocation - May	220,000,000
NYS Allocation - December	
Used up to 12/31	(768,815,000)
Balance Available 12/31/18	3,555

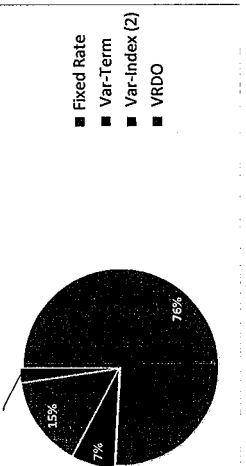
Draw Down Bond Allocations	39,009,524.53
Government Debt Obligation Allocation	13,500,000,000.00
Statutory Limit	1,570,327,766.08
Remaining Capacity	

Average Asset Parity Ratio	(6)
	156.4216%
	224.2058%

Draw Down Bond Allocations	39,009,524.53
Government Debt Obligation Allocation	13,500,000,000.00
Statutory Limit	1,570,327,766.08
Remaining Capacity	

Average Asset Parity Ratio	(6)
	156.4216%
	224.2058%

Open Reso Bonds



Notes:

- (1) Includes Debt Obligation issued pursuant to a Funding Loan Agreement.
- (2) Includes 2006 J-1 in an amount of \$100,000,000 which has been walled off from the Open Resolution.
- (3) Includes DD Bonds & certain Debt Obligation.
- (4) The 2018 Series B mortgage loan balance is a pro-rata balance netting out the portion attributable to 2018 Series B-1.
- (5) Prepayments in this series have been releveraged in other securitizations.
- (6) Asset parity ratio is calculated using all cash based assets underlying the series.
- (7) The bond is structured as a pass-thru deal and the borrower is responsible for the bond interest, which is fully capitalized.
- (8) Includes only those assets for which HDC retains the earnings.

Rates of the Index Floating Bonds:

3 M FHLB Swap Rate	current (12/17/2018)	2.469
3 M LIBOR -	current (12/17/2018)	2.604
1 M LIBOR -	current (12/17/2018)	2.470
7 D SIFMA -	current (12/20/2018)	1.680

Debt Issuance / Key Events

Debt Issuance in Dec:	478,900,000.00
MFHR Debt Obligations (MEC 125 Parcel B West)	55,000.00
2018 Series N HRB (Avalon Mominostide ,	12,500,000.00
2018 Series E-3 HRB (La Casa del Mundt	5,760,000.00
2018 Series E-4 HRB (MHANY)	5,000,000.00
2018 Series K HRB SNB	271,585,000.00
2018 Series L-1 HRB SNB	125,000,000.00
2018 Series L-2 HRB SNB	59,000,000.00
Remarketing in Dec:	100,000,000.00
2006 J-1	100,000,000.00
Draw Down Advances in Dec:	2,272,777.42
One Flushing #2	2,272,777.42
Redemption in Dec:	152,210,000.00
2006 J-1 HRB 340 RMK	100,000,000.00
La Casa Del Mundo	19,210,000.00
2015 MHANY	32,550,000.00
2015 MHANY	450,000.00

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	<u>310,000,000</u>

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	<u>357,895,000</u>

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	<u>255,216,321</u>

Outstanding Interest Rate CAPs

Purpose: Open Resolution*	
Outstanding Notional Amount With Goldman Sachs	166,548,430
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	<u>366,548,430</u>
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 *ED*
SUBJECT: Investment Report for January 17, 2019
DATE: JANUARY 22, 2019

Attached please find HDC's investment report as of January 17, 2019. Funds under management totaled approximately \$5.17 billion. This report reflects routine investment activity.

Weekly Investment Report
Monday, January 14, 2019

	1/14/2019	1/3/2019	Weekly Change	10/31/2017	Change 10/31/2017 to Current	10/31/2016
Total Investments	5,166,600,006	5,248,587,395	(81,987,388)	4,209,594,605	957,005,402	3,444,740,628
Investments by Pool:						
Open Resolution Revenue	205,622,607	188,426,650	17,195,957	269,248,862	(63,626,254)	276,744,431
Project-Related GNMMAs	28,852,839	28,852,839	-	29,672,230	(819,392)	30,336,668
Open Resolution DSR	156,458,325	156,458,325	-	124,554,856	31,903,470	114,471,579
Open Resolution Bond Proceeds	1,370,939,402	1,445,240,270	(74,300,868)	1,484,466,277	(113,526,874)	1,055,951,826
Open Resolution Redemption	71,427,108	71,427,108	-	38,630,000	32,797,108	112,244,900
Open Resolution Prepayment	42,229,681	39,101,910	3,127,770	26,631,775	15,597,905	90,892,478
Debt Paydown Reserve Fund	-	-	-	147,422	(147,422)	15,512,677
Non Bonded Proceeds	345,723	345,723	-	338,374	7,348	336,144
Mitchell-Lama Prepayment	4,118,560	4,118,560	-	105,267	4,013,293	1,916,967
NYCHA (Stand Alone, All Funds)	38,592,194	38,592,194	-	37,228,914	1,363,280	73,037,609
HDC Pass Through	2,960,482	2,728,227	232,255	2,385,194	575,288	1,472,368
HPD Participating Loan (Schermerhorn)	25,200,120	25,391,001	(190,881)	13,489,684	11,710,436	203,120
HPD Grant Funds (Harp Proceeds)	3,697,619	3,688,519	9,100	3,495,993	201,626	3,369,790
Bond Proceeds, Non-OR	199,403,154	193,726,518	5,676,637	39,081,718	160,321,437	57,100,275
Bond Revenue Funds, Non-OR	370,463,381	426,202,187	(55,738,806)	125,476,547	244,986,833	119,361,288
Subtotal, Bond-Related	2,520,311,194	2,624,300,029	(103,988,835)	2,194,953,112	325,358,082	1,952,954,130
HPD Funds	250,389,233	248,622,213	1,767,019	215,184,390	35,204,843	195,680,920
HPD Funds (Section 661)	907,229,117	896,177,173	11,051,944	516,028,252	391,200,865	183,065,341
Escrows (HDC retains earnings)	65,748,981	60,451,038	5,297,943	48,194,848	17,554,133	42,916,288
Reserves for Replacement, Escrows	372,720,708	368,723,051	3,997,657	322,500,312	50,220,396	241,842,594
Subtotal, Loan Servicing	1,596,088,038	1,573,973,475	22,114,563	1,101,907,801	494,180,237	663,505,143
Housing Assistance Corp.	11,761,475	11,761,475	-	14,943,835	(3,182,360)	990,130
REMIC	128,408,476	128,405,076	3,400	122,139,173	6,269,304	117,828,947
Mitchell-Lama Claim Payment Fund	36,000	36,000	-	131,000	(95,000)	363,000
NYSERDA - HFA/JASA Loan Fund Proceeds	15,503,992	15,503,992	-	-	15,503,992	-
Construction Loan Mortgage Equity	18,727,921	18,388,826	339,095	4,566,485	14,161,437	6,927,746
Community Development Block Grant	52,851,654	52,775,269	76,385	79,577,200	(26,725,546)	1,820,213
Corporate Services - 421a Funds	139,015,312	138,935,512	79,800	132,866,169	6,149,143	107,808,244
Corporate Services - DOJ	8,168,821	8,168,821	-	10,423,674	(2,254,853)	-
Corporate Services - Committed to HDC Loans	24,885,398	24,880,398	5,000	64,594,284	(39,708,886)	112,752,640
Corporate Services - Committed to HDC Open Res	124,623,010	125,685,050	(1,062,040)	107,329,383	17,293,627	79,906,339
Corporate Services - General/Operating***	271,959,731	271,541,743	417,988	143,812,849	128,146,882	145,445,795
Corporate Services - Revolving/Warehousing	192,523	192,523	-	186,431	4,092	186,941
Corporate Services - Future Mitchell Lama Loan Fund	41,207,410	41,207,410	-	45,583,075	(4,375,666)	45,491,413
Corporate Services - Mitchell Lama Repair Fund	5,375	5,375	-	7,984,093	(7,978,718)	7,932,461
Corporate Services - HPD 2004 M.O.U.	36,342	36,342	-	27,366	8,976	78,394
Corporate Services - HUD Multi-Family Loan Fund	4,265,803	4,261,703	4,100	4,356,074	(90,271)	4,114,470
Corporate Services - HPD 15 Year Reserves	2,010,871	2,010,871	-	942,247	1,068,625	1,251,790
Corporate Services - OPEB****	8,435,000	8,435,000	-	8,435,000	-	8,435,000
Corporate Services - NYCEEC	988,649	988,649	-	988,738	1,911	1,006,037
Corporate Services - Designated and Restricted / Rating and Reserves **	197,117,012	197,093,857	23,155	163,846,618	33,270,394	171,132,132
Subtotal, HDC Non-Bond Programs	1,050,200,774	1,050,313,890	(113,116)	912,733,692	137,467,082	828,281,356
Total, All Pools	5,166,600,006	5,248,587,395	(81,987,388)	4,209,594,605	957,005,402	3,444,740,628

* 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

** 14,155,556 HDC Risk Sharing Reserves COOP City (139)

** 15,000,000 HDC Financial Guaranty Reserves NYCHA Tax credit (140)

** 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

Weekly Investment Report
Monday, January 14, 2019

	01/14/2019 Percentage of Type of Securities Held	1/3/2019	Weekly Change	10/31/2017	Change 10/31/2017 to Current
Total Investments	5,166,600,006	5,248,587,395	(81,987,388)	4,209,594,605	957,005,402
Investments by Security:					
Repurchase Agreements	185,657,000	170,366,000	15,291,000	196,184,000	(10,527,000)
Guaranteed Investment Contracts	236,439,567	235,863,256	576,311	128,646,085	107,593,482
Demand Deposit (Interest Bearing)	1,908,181,591	1,994,304,290	(86,122,699)	1,675,716,136	232,465,454
Certificate of Deposit	412,250,956	412,250,956	-	296,571,059	115,679,896
Citibank Forward Purchase Agreement (NYCHA DSR)	29,824,394	29,824,394	-	29,824,394	-
Agencies	1,750,008,000	1,750,008,000	(0)	1,240,545,000	509,463,000
Freddie Paydowns	80,560,661	80,560,661	-	102,153,700	(21,593,039)
Project-Related GNMA	28,852,839	28,852,839	-	29,672,230	(819,392)
*Municipal Bonds	345,165,000	189,660,000	155,505,000	136,015,000	209,150,000
Treasuries	189,660,000	356,897,000	(167,237,000)	374,067,000	(184,407,000)
Total	5,166,600,006	5,248,587,395	(81,987,388)	4,209,594,605	957,005,402

*VRDB \$52 Million

Diversification Details:

Amount Outstanding
119,331,000
66,326,000
Total

Repurchase Agreements:

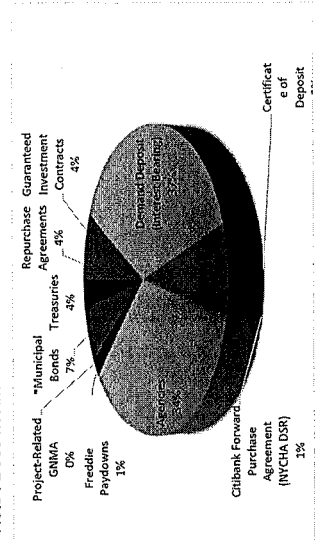
Daiwa Securities
Mizuho Securities Usa, Inc.
Total

	Uncollateralized	%	Collateralized	%	Total
Guaranteed Investment Contracts					
Bayenische Landesbank	9,191,269	4.06%	-	-	9,191,269
Deutsche Bank Ag New York -GIC PROVIDER	-	0.00%	9,912,045	100.00%	9,912,045
Rabobank International	5,001,871	2.21%	-	-	5,001,871
RBC Capital Markets Corporation	72,057,785	31.81%	-	-	72,057,785
Societe Generale Gic	927,773	0.41%	-	-	927,773
Toronto-Dominion Bank c/o TD Security-GIC	139,348,822	61.52%	-	-	139,348,822
Total	226,527,521	100.00%	9,912,045	100.00%	236,439,567

	Interest Rate	Weighted Avg.
Demand Deposit (Interest Bearing)		
Customer Bank	2.35%	0.40%
Empire National Bank	1.148%	0.06%
Flushing Commercial Bank	2.92%	0.11%
Flushing Commercial Bank	3.00%	0.28%
NYC Community Bank	2.28%	0.29%
Bridge Hampton National Bank	2.00%	0.03%
Santander Bank	2.15%	0.04%
Signature	10.033%	0.65%
Lakeland Bank	2.00%	0.01%
Bank of the Ozarks	2.25%	0.01%
US Bank	1.70%	0.06%
Sterling National Bank	2.50%	0.46%
Total	36.933%	2.42%

*Weighted Avg for NYCS and Flushing ICS

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






NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

To: Members of the Audit Committee

From: Mary Hom 

Date: January 17, 2019

Re: Counterparty Credit Risk Exposure

I have attached an unaudited report detailing the Corporation's counterparty exposure as of December 31, 2018.

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 December 31, 2018
 (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	Aa3	A+	\$343,495,000	\$26,455,000			\$369,950,000	\$369,950,000	2.61%
Bank of New York Mellon NA	Aa1	AA-	\$376,275,000				\$376,275,000	\$376,275,000	2.66%
Bank OZK	NR	NR			\$45,655,007		\$45,655,007	\$45,655,007	0.32%
Bayerische Landesbank	Aa3	NR			\$8,812,850		\$8,812,850	\$8,812,850	0.06%
Bridgeman National Bank	NR	NR			\$31,109,058		\$31,109,058	\$31,109,058	0.22%
Capital One Bank	A1	BBB+		\$22,700,000			\$22,700,000	\$22,700,000	0.16%
Citibank NA	A1	A+	\$941,690,000	\$204,639,793	\$29,824,394	\$15,000,000	\$1,191,154,187	\$1,191,154,187	8.41%
Customers Bank	NR	NR			\$319,733,161		\$319,733,161	\$319,733,161	2.26%
Daiwa Securities	A3	A			\$87,937,000		\$87,937,000	\$87,937,000	0.62%
Deutsche Bank	A3	BBB+		\$55,000,000	\$9,912,045		\$64,912,045	\$64,912,045	0.46%
Dormitory Authority of the State of NY (DASNY)	Aa1	AAA			\$13,960,000		\$13,960,000	\$13,960,000	0.10%
Empire National Bank	NR	NR			\$59,260,929		\$59,260,929	\$59,260,929	0.42%
Flushing Bank	NR	NR			\$178,000,000		\$178,000,000	\$178,000,000	1.26%
Goldman Sachs Bank	A1	A+	\$191,000,000				\$191,000,000	\$191,000,000	1.35%
HDC	Aa2	AA	\$850,954,642				\$850,954,642	\$850,954,642	6.01%
JPMorgan Chase Bank NA	Aa1	A+	\$500,075,000	\$9,510,000			\$509,585,000	\$509,585,000	3.60%
Lakeland Bank	NR	NR			\$13,207,915		\$13,207,915	\$13,207,915	0.09%
Landesbank Baden-Wuerttemberg	Aa3	NR		\$70,000,000			\$70,000,000	\$70,000,000	0.49%
Mizuho Corporate Bank/Mizuho Securities	A1	A			\$68,777,000		\$68,777,000	\$68,777,000	0.49%
NYC GO	Aa2	AA			\$19,800,000		\$19,800,000	\$19,800,000	0.14%
NYC Transitional Finance Authority	Aa1	AAA			\$93,625,000		\$93,625,000	\$93,625,000	0.66%
NY Community Bank	A2	BBB-			\$682,817,839		\$682,817,839	\$682,817,839	4.82%
NYS HFA	NR	A			\$62,000,000		\$62,000,000	\$62,000,000	0.44%
Promontory (FDIC-insured)	Aaa	AA+			\$76,677,461		\$76,677,461	\$76,677,461	0.54%
Rabobank	Aa3	A+			\$4,956,773		\$4,956,773	\$4,956,773	0.04%
REMIC	NR	AA		\$274,199,755			\$274,199,755	\$274,199,755	1.94%
Royal Bank of Canada	Aa2	AA-			\$72,057,785		\$72,057,785	\$72,057,785	0.51%
Santander Bank NA	A2	A-			\$34,485,516		\$34,485,516	\$34,485,516	0.24%
Signature Bank	NR	NR			\$552,718,395		\$552,718,395	\$552,718,395	3.90%
Societe Generale	A1	A			\$774,980		\$774,980	\$774,980	0.01%
SONYMA	Aaa/Aa1	NR		\$476,364,192			\$476,364,192	\$476,364,192	3.37%
Sterling National Bank	NR	NR			\$348,401,308		\$348,401,308	\$348,401,308	2.46%
SunTrust Bank	A1	A-		\$112,500,000			\$112,500,000	\$112,500,000	0.79%
TD Bank NA	Aa2	AA-	\$61,060,000		\$139,348,822		\$200,408,822	\$200,408,822	1.42%
US Bank	Aa1	AA-			\$68,283,032		\$68,283,032	\$68,283,032	0.48%
US Agency:	Aaa	AA+	\$321,655,000	\$3,235,240,172	\$1,883,421,500		\$5,440,316,672	\$5,440,316,672	38.43%
FFCB					\$181,104,000		\$181,104,000	\$181,104,000	1.28%
FHA/HUD			\$0	\$280,841,608			\$280,841,608	\$280,841,608	1.98%
FHLB			\$321,655,000		\$749,274,000		\$1,070,929,000	\$1,070,929,000	7.57%
FHLM			\$0	\$966,642,069	\$786,960,661		\$1,753,602,730	\$1,753,602,730	12.39%
FNMA			\$0	\$1,987,756,495	\$137,230,000		\$2,124,986,495	\$2,124,986,495	15.01%
GNMA					\$28,852,839		\$28,852,839	\$28,852,839	0.20%
US Treasury	Aaa	AA+			\$352,564,000		\$352,564,000	\$352,564,000	2.49%
Wells Fargo Bank NA	Aa1	A+	\$652,585,000			\$157,280,000	\$809,865,000	\$809,865,000	5.72%
TOTAL			\$4,238,789,642	\$4,486,608,912	\$5,258,396,770	\$172,280,000	\$14,156,075,324	\$14,156,075,324	100.00%

*Counterparty Exposures Above 10% Are Highlighted

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Credit Enhancement Diversification as of December 31, 2018
 (UNAUDITED)

CONSTRUCTION PROJECTS

Provider	Moody's	S&P	Enhancement During Construction:			Expected Permanent Enhancement:			% of Total During Permanent
			Number of Projects	LOC Amount	% of Total During Construction	Number of Projects	Permanent Enhanced or Insured Amount	% of Total Permanent	
Bank of America	Aa3	A+	11	\$343,495,000	8.10%	0	\$0	0.00%	
Bank of New York Mellon	Aa1	AA-	9	\$376,275,000	8.88%	0	\$0	0.00%	
Citibank	A1	A+	22	\$941,690,000	22.22%	2	\$156,240,000	10.92%	
FHA	Aaa	AA+	0	\$0	0.00%	27	\$636,845,500	44.52%	
FHLB	Aaa	AA+	11	\$321,655,000	7.59%	0	\$0	0.00%	
FHLMC	Aaa	AA+	0	\$0	0.00%	3	\$302,548,000	21.15%	
Goldman Sachs Bank	A1	A+	1	\$191,000,000	4.51%	0	\$0	0.00%	
HDC	Aa2	AA	16	\$850,954,642	20.08%	0	\$0	0.00%	
JPMorgan Chase	Aa1	A+	17	\$500,075,000	11.80%	0	\$0	0.00%	
NONE	NR	NR	1	\$0	0.00%	2	\$0	0.00%	
REMIC	NR	AA	0	\$0	0.00%	61	\$163,613,903	11.44%	
SONYMA*	Aa1	NR	0	\$0	0.00%	12	\$171,157,500	11.97%	
TD Bank NA	Aa2	AA-	2	\$61,060,000	1.44%	0	\$0	0.00%	
Wells Fargo	Aa1	A+	15	\$652,585,000	15.40%	0	\$0	0.00%	
TOTAL			105	\$4,238,789,642	100.00%	107	\$1,430,404,903	100.00%	

In Construction:

Rating	% of Total
AAA	0.00%
AA	37.98%
A	62.02%
TOTAL	100.00%

PERMANENT LOANS WITH ENHANCEMENT

Provider	Moody's	S&P	Number of Projects	Enhanced Amount	% of Total Permanent Enhanced Amount	In Permanent: Rating	% of Total
Bank of America	Aa3	A+	2	\$26,455,000	0.59%	AAA	0.00%
Capital One	A1	BBB+	1	\$22,700,000	0.51%	AA	90.40%
Citibank	A1	A+	30	\$204,639,793	4.56%	A	7.87%
Deutsche Bank	A3	BBB+	1	\$55,000,000	1.23%	BBB	1.73%
FHA	Aaa	AA+	24	\$280,841,608	6.26%		
FHLMC	Aaa	AA+	32	\$966,642,069	21.55%		
FNMA	Aaa	AA+	51	\$1,987,756,495	44.30%		
JPMorgan Chase	Aa1	A+	2	\$9,510,000	0.21%		
Landesbank Baden Wuer	Aa3	NR	1	\$70,000,000	1.56%		
REMIC*	NR	AA	216	\$274,199,755	6.11%		
SONYMA	Aa1	NR	72	\$476,364,192	10.62%		
SunTrust Bank	A1	A-	1	\$112,500,000	2.51%		
TOTAL			433	\$4,486,608,912	100.00%		

In Permanent:

Rating	% of Total
AAA	0.00%
AA	90.40%
A	7.87%
BBB	1.73%
TOTAL	100.00%

*Unenhanced portion totals approximately \$1.1 billion



NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Investment Summary as of December 31, 2018
(UNAUDITED)

Investment Securities & Repo-By Rating:

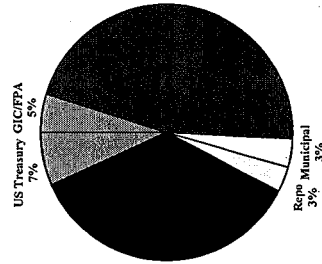
Counterparty	Type	NRSRO Rating-December 31, 2018:					NR*
		AAA	AA	A	BBB*		
Bank OZK	MM						\$45,655,007
Bayrische Landesbank	GIC		\$8,812,850				\$31,109,058
Bridgehampton National Bank	MM			\$29,824,394			\$319,733,161
Citibank NA	FPA						\$87,937,000
Customers Bank	MM						\$9,912,045
Daiwa Securities	REPO						\$59,260,929
Deutsche Bank	REPO		\$13,960,000				\$178,000,000
Dormitory Authority of the State of NY	MUNI						\$13,207,915
Empire National Bank	MM						\$68,777,000
Flushing Bank	MM						\$19,800,000
Lakeland Bank	MM						\$93,625,000
Mizuho Securities	REPO						\$76,677,461
NYC GO	MUNI						\$4,956,773
NYC TFA	MUNI						\$72,057,785
NY Community Bank	MM						\$34,485,516
NYS HFA	MUNI						\$682,817,839
Promontory	MM						\$62,000,000
Rabobank	GIC						\$774,980
Royal Bank of Canada	GIC						\$275,000
Santander Bank NA	MM						\$348,401,308
Signature Bank	MM						\$139,348,822
Societe Generale	GIC						\$68,283,032
SONYMA	MUNI						\$1,883,421,500
Sterling National Bank	MM						\$352,564,000
TD Bank	GIC						\$275,000
US Bank	MM						\$139,348,822
US Agency	US Agency						\$68,283,032
US Treasury	US Treasury						\$1,883,421,500
							\$352,564,000
% of Total		0.01%	51.89%	5.49%	13.17%		\$1,548,085,773
							29.44%

* BBB and NR exposures are fully-collateralized

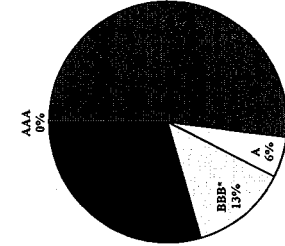
Weighted Average Maturity (Years): 1.67

Investment Portfolio-By Type of Investment:	Amount	% Total
GIC/FPA	\$255,175,604	4.86%
Money Market	\$2,410,349,621	45.84%
Municipal	\$189,660,000	3.61%
Repo	\$166,626,045	3.17%
US Agency	\$1,883,421,500	35.82%
US Treasury	\$352,564,000	6.70%
Total	\$5,258,396,770	100.00%

INVESTMENT PORTFOLIO
(By Type)



INVESTMENT PORTFOLIO
(By Rating)



NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Liquidity Providers as of December 31, 2018
 (UNAUDITED)

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

WELLS FARGO BANK	Amount
Issue	
2015 D-4	\$13,500,000
2017 C-4	\$57,830,000
2017 G-3	\$85,950,000
	<u>\$157,280,000</u>

Diversification:	Amount	% Total
Citibank	\$15,000,000	8.71%
Wells Fargo Bank	\$157,280,000	91.29%
TOTAL	<u>\$172,280,000</u>	100.00%


FOR INTERNAL USE ONLY





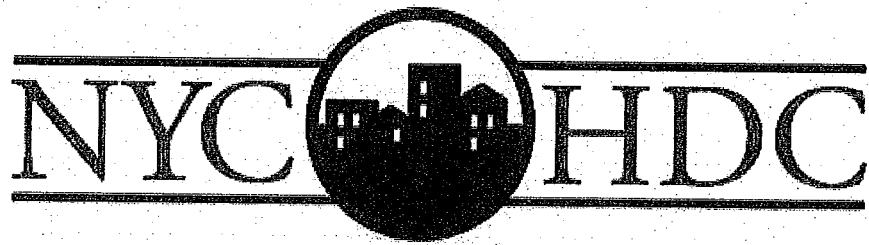
NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

INTEROFFICE MEMORANDUM

To: Members of the Audit Committee
From: Mary Hom 
Date: January 18, 2019
Subject: Approval of Annual Audit Committee Report

I am pleased to request the Members approval of the 2018 Audit Committee Report. Pursuant to the New York City Comptroller's "Directive 22," the Audit Committee is required to publish an annual report detailing its activities and decisions for the prior calendar year. The report is a compilation of the Minutes from the Audit Committee meetings that occurred during the year ended December 31, 2018.

A copy of the report will be submitted to the Secretary for the Audit Committee of New York City.



Annual Audit Committee Report

New York City Housing
Development Corporation

December 31, 2018



New York City Housing Development Corporation

Audit Committee Report

Year Ended December 31, 2018

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

January 26th, 2018

A meeting of the Members of the Audit Committee of the New York City Housing Development Corporation (the "Corporation") was held on Friday January 26th, 2018 at the offices of the Corporation, 110 William Street, 10th Floor, New York, New York.

The meeting was called to order at 11:30 am by Mr. Harry Gould, Board Member, who noted the presence of a quorum. Mr. Gould called for approval of the minutes from the November 27, 2017 meeting. The minutes were approved.

Mr. Gould turned to Mr. Richard Froehlich, Chief Operating Officer and General Counsel of the Corporation to provide an overview of the agenda.

Mr. Gould then turned the Committee's attention to Ms. Cathleen Baumann, Senior Vice President and Treasurer of the Corporation, to provide a summary of the Fiscal Year 2017 Financial Statements. Please note that the draft financials sent to you originally last week have been updated to reflect a slight change due to the new OPEB GASB, which I will explain in further detail in a few minutes. HDC expects that the financial statements in front of you will be the final version. Ms. Baumann reported that 2017 was another exceptional year for the Corporation. HDC has maintained its position as one of the nation's leading housing finance agencies and has continued to play a central role in the Mayor's Housing Plan. Ms. Baumann noted that the financials of the Corporation, as well as the strong leadership and hard work of a dedicated staff, are a strong gauge of that continued success: During FY 2017, the Corporation issued 26 bond series totaling \$1.5 billion. In addition proceeds from debt obligations issued during the fiscal year amounted to \$160.8 million, and one new certificate of participation with the FFB totaled \$103 million for a total of \$1.7 billion in proceeds for the fiscal year. Total HDC assets were \$16.1 billion, an increase of \$1.7 billion or 11.85% from fiscal year end 2016 due to the Corporation's robust mortgage lending and bond financing activities. Total liabilities were \$13.7 billion, an increase of \$1.5 billion or 12.3% from 2016 as a result of the Corporation's ongoing debt and lending activities. HDC's Total Net Position at fiscal year-end was \$2.5 billion, an increase of \$204.8 million or 9.07% from 2016 due to normal operating activities and non-operating revenue of grant income. The increase to net position will allow the Corporation to continue to play a critical role in the Mayor's Housing Plan and provide subsidies to the affordable housing developments that we finance. Ms. Baumann further noted that as Ernst & Young mentioned at the last meeting, this year the Corporation early adopted GASB No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", otherwise known as OPEB. This new GASB statement replaces the requirements of GASB No. 45 and GASB No. 57 for OPEB. The implementation of GASB 75 resulted in an adjustment to salaries and related expenses on the 2017 financials in the amount of \$1.3 million, which is reflected in the updated financial statement package that you now have. E&Y will walk you through the details of the impact of GASB 75 on our financials, which wasn't material. Ms. Baumann concluded her report by recognizing Mary John, HDC's

Controller, as well as the senior managers in the department and the rest of the HDC Accounting staff for all of their hard work and dedication in producing the financial statements. Mary has successfully run many audits over the years as HDC's Deputy Controller, but this was the first audit under her steady leadership and I'd like to thank her for a smooth transition throughout this year. Ms. Baumann ended by noting that Lou Roberts and Samantha Culloo of Ernst & Young will walk the Members through the audit results.

Mr. Gould then turned to Mr. Lou Roberts of Ernst & Young to provide an overview of the audit results. Mr. Roberts provided an overview of the summary of services. Mr. Roberts then noted that the scope was consistent with what was communicated to the Members back in November. Mr. Roberts reported that Ernst & Young will provide an unmodified opinion and all controls were operating effectively. Mr. Roberts then turned to Ms. Samantha Culloo of Ernst & Young, to provide the area of emphasis. Ms. Culloo reported that Ernst & Young will issue a clean opinion, and that there were no issues during testing and no material weaknesses. Ms. Culloo noted that HDC's early adoption of GASB 75 required recording of the OPEB liability and additional disclosure on the financial statements. Ms. Culloo indicated that Ernst & Young's internal actuaries were provided the GASB report, and reviewed all assumptions to make sure that they were in line with market trends. No findings were noted in the review. Ms. Culloo concluded her report by making note of another year of strong financial performance for HDC. Mr. Froehlich noted that the audit results demonstrate a trend of continued strong performance by the Corporation. Mr. Gould then requested approval of the Corporation's Financial Statements and the Members approved the 2017 Financial Statements.

Mr. Gould turned to Ms. Ellen Duffy, Senior Vice President of Debt Issuance and Finance to present the Annual Investment Report. Ms. Duffy noted that The New York State Public Authorities Law (PAL) requires HDC to provide an annual investment report and it details the required contents of the report. The New York State Public Authorities Law (PAL) requires HDC to provide an annual investment report and it details the required contents of the report. These requirements are met by the 2017 Annual Investment Report presented, which includes: Data on investments made; Investment earnings and fees paid; Draft Copies of the Corporation's audited financial statements; The Investment Guidelines as approved by the Members on September 19, 2017; and a Draft Report of Independent Auditors on Compliance with Investment Guidelines. The Report also includes descriptive information about the Corporation, the funds it has under management, and the various types of oversight and controls on the Corporation's investment practices. Ms. Duffy stated that the major points in the report includes: 1). Earnings on investments totaled \$37.8 million in fiscal year 2017, an increase of \$11.7 million from fiscal year 2016, which can be attributed to an increase in short term interest rates and an increase in investment proceeds during FY 2017. The potential rising interest rate environment across the shorter term maturities is a factor to consider in the Corporation's ongoing investment strategy. 2). Because of the Corporation's commitments, the majority of investments must be held for the short term, which provides sufficient liquidity for the Corporation. In response to the current interest rate environment, the Corporation continued to invest primarily in collateralized demand deposits and direct purchases of U.S. Treasury and Agency obligations in order to optimize yield. 3). As required by GASB No. 31 the Corporation has recorded a fair

value adjustment in its investment portfolio. The Corporation recorded a net depreciation of \$10.8 million for fiscal year 2017. As part of the Corporation's investment policies, it looks to invest its bond and corporate related reserves in securities with the intent to hold the investment to maturity. As a result, any unrealized appreciation or depreciation is only reported as an accounting gain or loss at this time. 4). HDC funds under management increased about 22.2% from fiscal year-end 2016 to fiscal year-end 2017, from \$3.44 billion to \$4.21 billion. The Corporation had an 8.8% growth in net position over the last year. 5). Since our fiscal year end in October 2017, short term rates have trended higher. 6). HDC did not incur or pay any fees, commissions or charges for investment services. Treasury operations are conducted by the Corporation's Cash Management Division, which uses electronic and telephone bidding processes to competitively purchase securities that meet the Corporation's Investment Guidelines and funding needs. 7). Oversight is provided internally by an Investment Committee and by various reviews by HDC's Credit Risk and Internal Audit units. There are also investment and credit risk reports presented at each meeting of the Corporation's Audit Committee, and an annual examination by our external auditors, Ernst & Young. 8). The Corporation's Investment Guidelines were approved by the Members on September 19, 2017 with no changes at this time. Ms. Duffy further stated that upon approval by the Audit Committee and ratification by the Board, the Report will be submitted to the Mayor and to both the City and State Comptrollers, as required by the Public Authorities Law. Ms. Duffy then said the Corporation requests that the Members approve the 2017 Annual Investment Report and readopt the Investment Guidelines without any changes at this time. The Members approved the 2017 Annual Investment Guidelines.

Mr. Gould then turned to present HDC's Debt Report as of December 31, 2017. Ms. Duffy noted that the last debt report presented to the Audit Committee was as of September 30, 2017. During this time, the Corporation issued six series of Open Resolution bonds totaling \$518.3 million, two series of Multi Family Secured Resolution bonds totaling \$65.3 million, one series of Pass Through bonds in the amount of \$59.9 million, and two series of debt obligations in the amount of \$61.2 million. There were bond redemptions in five series of the Open Resolution bonds totaling \$121.0 million and four stand-alone series totaling \$140.6 million. The Corporation's debt outstanding as of December 31, 2017 is approximately \$10.98 billion. The Corporation's statutory debt capacity stands at \$12.5 billion.

Mr. Gould then turned again to Ms. Duffy again to provide the Corporation's Investment report as of January 17, 2018 and a report on the Ratings Agency Reserve. Ms. Duffy noted that funds under management totaled approximately \$4.19 billion. This report reflects routine investment activity.

Ms. Duffy continued her report stating that on a semi-annual basis, the Rating Agency Reserve amount needs to be reviewed and approved by the Committee. Ms. Duffy noted after debt service on the Open Resolution was paid on November 1, 2017 and certain redemptions made in November, the amount of long term bonds outstanding in the Open Resolution is approximately \$4.27 billion. Based on this balance, a 2.25% reserve would amount to \$96.1 million, a 2.5% reserve would be \$106.8 million, and a 2.75% reserve would amount to \$117.4 million. During FY 2017, the Reserve was funded in the amount of \$92.5 million. Due to the higher amount of bonds outstanding, HDC Staff

recommends that the Reserve should be increased to \$96 million at this time. Ms. Duffy then proceeded to request that the Members approve the Rating Agency Reserve to \$96 million. The Members approved the reserve increase.

Mr. Gould then recognized Ms. Mary Hom, Chief Credit Officer, for the counterparty credit risk exposure report. Ms. Hom reported that one new counterparty was added to the list of approved counterparties – Bank of the Ozarks, a small regional bank headquartered in Arkansas with a strong presence in New York. Although not rated by either Moody's or S&P, Bank of the Ozarks has an A- rating from Kroll Bond Rating Agency. All investments with Bank of the Ozarks are fully collateralized by U.S. Government and Agency securities. Ms. Hom continued her report by noting that there was one rating agency action of significance since the last report – in December, Moody's upgraded Bank of America to Aa3 from A1 citing the Bank's improved profitability and conservative risk profile. Ms. Hom continued her report by noting that the Corporation's counterparty exposure remained pretty well-diversified with the largest exposures continuing to be with Fannie Mae and Freddie Mac. Investments rated double-A or higher were 50% of total investments, versus 49% at the last report, and the weighted average maturity of the investment portfolio was 1.7 years, versus 1.8 years at the last report. Ms. Hom concluded her report by noting that the Corporation's exposure to liquidity providers declined to \$28.5 million from \$41.5 million due to the redemption of the 2014 C-3 bonds in November. Ms. Scott asked about Bank of the Ozarks and whether there was a shortage of available banks. Mr. Froehlich responded that the Corporation is always looking to diversify investment opportunities, and that Bank of the Ozarks represented an attractive yield with minimal risk in the current environment. Ms. Scott then asked if there was any concern regarding Deutsche Bank. Ms. Hom responded that the Corporation's exposure to Deutsche Bank was relatively small and manageable, currently consisting of permanent credit enhancement on one of the Corporation's mortgage loans and an investment in repurchase agreements, and that there are no concerns at this time.

Mr. Gould then turned the Committee's attention to Ms. Shirley Jarvis, Vice President of Internal Audit to present the results on the final report of the Quality Assessment Review (QAR) performed by the BDO USA last August. Ms. Jarvis noted that the primary objectives of the assessment were to: A) Assess the IA conformance to 'the Standards' (The International Standards for the Professional Practice of Internal Auditing); B) Evaluate IA efficiency and effectiveness in carrying out its' mission; and C) Identify opportunities to enhance it's' management and work processes, as well as its value to HDC. Internal Audit ((IA) received an overall opinion of 'Generally Conforms' with 'the Standards', the definition of internal auditing and Code of Ethics'. Generally Conforms is the highest rating and means the IA has a charter and policies and processes that were judged in conformance to the Standards with opportunities for improvement. The QAR team made recommendations to improve the audit activity and to improve the audit process as follows: 1) IA has addressed their recommendation to update the language in the IA charter to incorporate the revised standards effective January 1, 2017. Upon legal review and senior management's approval, the revised charter will be submitted to the Members for approval at the next Audit Committee meeting. 2) IA has implemented executive sessions with the Audit Committee, to occur at least annually; and scheduled one on one quarterly meetings with the President. 3) Improving the timeliness of audit

engagements has been one of Audits' biggest challenges. II A is working to address this.

4) IA will update and strengthen the quality assurance improvement program (QAIP) to include internal periodic assessments of the Audit activity; ongoing measurement and analysis of performance (such as; accomplishment of Audit Plan, audit cycle time, recommendations accepted, and customer satisfaction surveys). And under this QAIP, develop and implement customer surveys to solicit feedback from stakeholders for greater impact and efficiency.

5) IA will use the Teammate, Audit Management software, Issue tracking module, to monitor audit results to ensure that managements' agreed upon actions have been implemented or that senior management has accepted the risk of not implementing those actions.

6) To enhance stakeholder relations and significance of IAD within HDC: IA will perform skills gap assessment; strengthen staff training and development and refresh the approach to stakeholder relationship management.

7) The QAR recommendation to incorporate complete coverage of high, medium, low risk areas over defined period is addressed in the 2018 audit plan which includes audit projects from the three risks areas. IA has also adjusted the audit schedule to indicate the level of risk for each project.

8) Strengthening periodic reporting to the Audit Committee and senior management will improve as IA strengthens the ongoing analysis, performance measurements and monitoring activities and report on them. The remaining recommendations will be considered and addressed over time including strengthening IA support of HDC governance process and pursuing data analytics to improve efficiency. Going forward, Internal Audit will periodically report to the Members on the progress in addressing the recommendations.

Mr. Gould then turned to Ms. Jarvis again, to provide the Internal Audit reports. Ms. Jarvis noted since the last Audit committee meeting, the audit Staff has completed and/or is finalizing the remaining five audit projects from the 2017 Audit Schedule. Ms. Jarvis proceeded to report on three of the Audits; the required annual reviews of Employee Expenses, President's Office Expenses and Petty cash. Ms. Jarvis briefly summarize the outcome of each review. Ms. Jarvis noted in both the required Employee Expenses and the President's Office expenses reviews, the primary objectives were to: 1) Evaluate the effectiveness of the controls over the employee expense reimbursements and related expenses; and 2) Verify compliance with the Corporation's policy and procedures relating to these types of expenses. The scope of the Employee Expense Audit covered payments made for employee expenses in twelve selected expense categories from November 1, 2016 through July 31, 2017. Internal Audit determined that the controls were effective in ensuring that employee reimbursements and vendor payments are authorized, appropriate, and properly recorded. Internal Audit found that the Corporation's employees generally complied with the policies and procedures for processing employee reimbursements and the payment of vendor invoices for these expenses. For the President's Office Expenses, the scope of the review covered all expenditures charged to the President's Office for selected expense categories from October 1, 2016 to September 30, 2017. Internal Audit found that expenses for the selected categories were processed correctly according to the travel and business expense policies in the Employee Handbook and that all expenses included the proper documentation and authorization. For the Petty Cash Audit, the audit objectives were to determine whether: 1) The cash asset is safeguarded and maintained in the proper amount; 2) Petty cash disbursements are in compliance with the Corporation's policies and procedures and; 3) The Imprest fund disbursements were properly authorized and

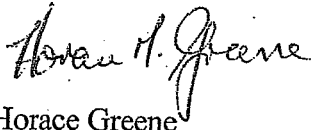
processed in the General Ledger. The audit period covered petty cash disbursements and transactions occurring in the Imprest Fund from December 23, 2016 through December 19, 2017. Internal Audit found the Corporation's guidelines to be effective and found no matters regarding internal controls that were considered to be a material weakness. With respect to the specific audit results, Internal Audit established that the petty cash disbursements were in compliance with policies and procedures; the cash on hand was kept in a secured lockbox and maintained in the proper amount; and all expenditures were properly authorized and processed in the GL.

Mr. Gould then turned the committee's attention to Madhavi Kulkarni, Chief Information Officer of the corporation to provide a follow up report on Cyber Security. Ms. Kulkarni noted that this presentation and report are intentionally kept general, with respect to areas that IT is currently or will be working on, so as to protect HDC, since this report and meeting are open to the public. Cybersecurity continues to be a top concern for HDC. We have seen yet another eventful year with several attacks making the news. I have a more detailed memo enclosed in your package; Ms. Kulkarni detailed the highlights since her last report. Under Executive Order 28, The Mayor of New York has created the New York City Cyber Command (NYC3) unit, effective July 11th 2017, to protect the City of New York's information infrastructure and the ability of agencies and personnel to serve the residents of the City of New York. Ms. Kulkarni noted that she is closely in touch with this unit, and as they expand their duties and responsibilities HDC will further develop our security policies as needed. As an ongoing training plan, IT continues educating employees on the best security practices. Last year, IT sent 4 separate mandatory training campaigns to employees, so they stay informed of latest trends in cyber and phishing attacks and their user responsibilities. Earlier this year, IT sent a training campaign for mobile security. Also, IT continues publishing quarterly newsletters on HDC's internal portal. IT completed several major system upgrades including virtualization platform, firewall, server operating systems, backup software, application software's, Anti-virus and Anti-malware. Cloud based email and web filters are setup to have signatures automatically updated. As discussed in our last report, each of our security systems has a different security dashboard and with the introduction of Security Information and Event Management (SIEM) services, this task is simplified. Managed services performs continuous network monitoring to quickly detect and address ongoing cyber threats, with the capability of automatically blocking, quarantining and receiving alerts on events. Initiatives IT is working on for 2018; Billions of devices are currently affected by two major security flaws revealed by cyber-security researchers earlier this year. The flaws, dubbed Meltdown and Spectre, affect processing chips made by Intel, AMD and ARM Holdings. As a countermeasure to these flaws, software companies such as Microsoft and Apple have rolled out patches to protect against side-channel attacks and prevent kernel space and physical memory mapping available in user space, and we are in the process of patching our systems. IT have done firewall penetration tests in the past, and currently are in the process of conducting a more comprehensive vulnerability assessment including searching the dark web for any leaked corporate data and internally trying to break systems. The results of this test are due early next month. Based on the results of the penetration test, we will take steps to improve areas of deficiency. Also, IT is setting up a pilot test for a data leakage prevention (DLP) system. This is designed to prevent sensitive corporate information leaving the corporation via in-secured ways, handheld devices, personal email addresses, non-work

related application portals. Another pilot test is being setup for mobile security, to mitigate mobile device based malware attacks. Malware unintentionally released into our environment via smartphones can cause us a great deal of harm to our network. This helps monitor the use of iPhones and Android devices that are connected to the network. This year, IT plans to do a desktop migration to Windows10 to take advantage of new security features; it's a two year project. As HDC continues increasing our cloud usage footprint, IT is reviewing cloud vendors for Exchange and the back end Data Center infrastructure. There could be a significant cost savings with this initiative and also changes to security practices. In closing, there are no breaches to report. Ms. Kulkarni concluded her report by thanking all of the IT team members who are helping with these efforts.

At 12:15 pm, with no further business, Mr. Gould moved to dismiss and the meeting was adjourned.

Respectfully submitted,

A handwritten signature in cursive script that reads "Horace Greene". The signature is written in dark ink and is positioned above the printed name.

Horace Greene

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

January 26th, 2018

ATTENDANCE LIST

<u>NAME</u>	<u>AFFILIATION</u>
Denise Scott	Audit Committee Member
Harry Gould	Audit Committee Member
Louis Roberts	Ernst & Young
Samantha Culloo	Ernst & Young
Eric Enderlin	NYC Housing Development Corp.
Richard Froehlich	NYC Housing Development Corp.
Paula Roy Carethers	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.
Shirley Jarvis	NYC Housing Development Corp.
Mary Hom	NYC Housing Development Corp.
Mary John	NYC Housing Development Corp.
Uyen Luu	NYC Housing Development Corp.
Cheuk Yu	NYC Housing Development Corp.
Catherine Foody	NYC Housing Development Corp.
Horace Greene	NYC Housing Development Corp.
Madhavi Kulkarni	NYC Housing Development Corp.
Trisha Ostergaard	NYC Housing Development Corp.
Patrick Ogoke	NYC Housing Development Corp.
Carol Micalizzi	NYC Housing Development Corp.

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

March 29th, 2018

A meeting of the Members of the Audit Committee of the New York City Housing Development Corporation (the "Corporation") was held on Thursday March 29th, 2018 at the offices of the Corporation, 110 William Street, 10th Floor, New York, New York.

The meeting was called to order at 10:30 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 26, 2018 meeting. The minutes were approved.

Mr. Gould turned to Mr. Richard Froehlich, Chief Operating Officer and General Counsel of the Corporation to provide an overview of the agenda. Mr. Froehlich noted that the Corporation's Purchase Review Guidelines was removed from the agenda and will be presented at the next Audit Committee meeting

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 2018. Ms. John noted that in the first three months of the fiscal year, HDC closed seven new bonded mortgages with loan commitments in excess of \$309 million, and one debt obligation funded mortgage of \$61.2 million. In addition, two Mitchell-Lama mortgages were restructured with a combination of new senior and subordinate mortgages of \$29.1 million in total. The Corporation also committed \$120.5 million of subsidy loans. As of the end of the first quarter, three new bond series were issued for a total of \$384.4 million. Additionally, \$9.9 million of proceeds were drawn on a previously issued series. Debt Obligation draws totaled \$97.9 million including the first Targeted Affordable Housing ("TAH") program with Freddie Mac. HDC also closed two new certificates of participation agreements with the Federal Financing Bank ("FFB") on the restructured mortgages of Independence House and Carol Gardens developments for a total of \$29.9 million. As of the end of the first quarter, HDC's assets were \$16.95 billion, an increase of \$550.8 million or 3.36% from FYE 2017. Total liabilities were \$14.33 billion, an increase of \$517.6 million or 3.75% from FYE 2017 from ongoing lending activities. HDC's Net Position at the end of the first quarter was \$2.62 billion, an increase of \$33.2 million or 1.28% from FYE 2017. Total Net Income of \$33.2 million was due to normal operating activities.

Mr. Gould then turned to Ms. Ellen Duffy, Senior Vice President of Debt Issuance and Finance to present HDC's Debt Report as of January 31, 2018. Ms. Duffy noted that the last debt report presented to the Audit Committee was as of December 31, 2017. During this time, the Corporation did not issue any new bonds. There were bond redemptions in one series of the Open Resolution bonds totaling \$69.9 million. The Corporation's debt outstanding as of January 31, 2018 is approximately \$10.9 billion. The Corporation's statutory debt capacity stands at \$12.5 billion.

Mr. Gould then turned again to Ms. Duffy to provide the Corporation's Investment Report as of March 20, 2018. Funds under management totaled approximately \$4.4 billion. Ms. Duffy noted that the report reflects routine investment activity.

Mr. Gould then recognized Ms. Mary Hom, Chief Credit Officer, for the counterparty credit risk exposure report. Ms. Hom reported that there were two rating agency actions of note – in February, S&P downgraded Wells Fargo Bank to A+ from AA- citing the Bank's continued risk management and control challenges; and earlier in the week, Moody's downgraded Rabobank to Aa3 from Aa2 due to profitability concerns and challenges of getting operating expenses down. Ms. Hom continued by noting that the Corporation's counterparty exposure remains pretty well-diversified with the largest exposure being with Fannie Mae, followed by Freddie Mac. Investments rated double-A or higher were 53% of total investments, versus 50% at the last report, and the weighted average maturity was 1.8 years, versus 1.7 years at the last report. Ms. Hom concluded her report by noting that exposure to liquidity providers was approximately \$172 million.

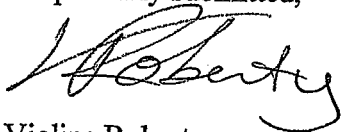
Mr. Gould then turned the Committee's attention to Ms. Shirley Jarvis, Vice President of Internal Audit to request the Members approval of the 2017 Audit Committee Report. Per NYC Comptroller's "Directive 22", the Audit Committee is required to publish an annual report, describing the activities and decisions made by the Members during the prior calendar year. The report is a compilation of the minutes from the Audit Committee meetings that occurred during 2017. Ms. Jarvis further noted that upon the Members approval, a copy of the report will be submitted to the Secretary of the NYC Audit Committee. The Members approved the 2017 Audit Committee Report.

Mr. Gould then turned to Ms. Shirley Jarvis again, to provide the Internal Audit reports. Ms. Jarvis noted that since Internal Audit's last report to the Members the Audit staff had completed reviews of Real Estate Taxes and Database Administration and Security. Ms. Jarvis proceeded to summarize the results of each audit. Ms. Jarvis stated that for the Real Estate Taxes audit, the objectives were to: 1) Determine whether real estate taxes were paid for HDC serviced projects and; 2) Determine whether real estate tax payments processed through the Benedict mortgage system were accurately recorded in the General Ledger. The audit scope covered real estate taxes paid from June 1, 2016 to October 1, 2017. There are no significant issues to report. Based on Internal Audit's review of the selected sample, the Audit Staff determined that real estate taxes due were paid for HDC serviced projects and the tax payments were accurately recorded in the General Ledger. Ms. Jarvis continued her report noting that for the Database Administration and Security Audit, the objectives were to 1) Determine whether the controls for database maintenance and security were adequate. Specifically: 1) To determine whether database activities were monitored and; 2) User access was appropriately restricted. Internal Audit noted no matters involving internal controls that were considered material weaknesses and except for recommendations regarding: Development of a detailed written policy and procedures specific to database administration and security; Monitoring successful and unsuccessful login attempts for Emphasys, Benedict and SymPro systems; and unsuccessful attempts to perform a function for which a user is not assigned; and to update the Disaster Recovery policy and procedures, the Audit Staff determined that access to the databases is appropriately restricted and monitored and access to the Oracle financials, Emphasys, Benedict and SymPro was limited to HDC employees and vendor IT support staff for

Emphasys and SymPro. Ms. Jarvis stated that details regarding the recommendations and managements' action plan to address them were fully described in the report. Mr. Kimball asked whether the Corporation had a remote location in case HDC is unable to use the office. Ms. Madhavi Kulkarni, HDC's Chief Information Officer, answered that the Corporation has a backup office space at SunGard in New Jersey. Mr. Kimball then asked if HDC conducts disaster recovery tests, to which Ms. Kulkarni replied that HDC conducts annual tests.

At 10:45am, with no further business, Mr. Gould moved to dismiss and the meeting was adjourned.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Violine Roberty".

Violine Roberty

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

March 29th, 2018

ATTENDANCE LIST

<u>NAME</u>	<u>AFFILIATION</u>
Harry Gould	Audit Committee Member
Kyle Kimball	Audit Committee Member
Eric Enderlin	NYC Housing Development Corp.
Richard Froehlich	NYC Housing Development Corp.
Paula Roy Carethers	NYC Housing Development Corp.
Jim Quinlivan	NYC Housing Development Corp.
Ellen Duffy	NYC Housing Development Corp.
Cathy Baumann	NYC Housing Development Corp.
Shirley Jarvis	NYC Housing Development Corp.
Mary Hom	NYC Housing Development Corp.
Mary John	NYC Housing Development Corp.
Uyen Luu	NYC Housing Development Corp.
Cheuk Yu	NYC Housing Development Corp.
Lisa Geary	NYC Housing Development Corp.
Horace Greene	NYC Housing Development Corp.
Madhavi Kulkarni	NYC Housing Development Corp.
Trisha Ostergaard	NYC Housing Development Corp.
Patrick Ogoke	NYC Housing Development Corp.
Dan Connelly	NYC Housing Development Corp.
Violine Roberty	NYC Housing Development Corp.

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

September 26th, 2018

A meeting of the Members of the Audit Committee of the New York City Housing Development Corporation (the "Corporation") was held on Thursday September 26th, 2018 at the offices of the Corporation, 110 William Street, 10th Floor, New York, New York.

The meeting was called to order at 2:30 pm by Mr. Harry Gould, Board Member, who noted the presence of a quorum. Mr. Gould called for approval of the minutes from the March 29th, 2018 meeting. The minutes were approved.

Mr. Gould turned to Mr. Richard Froehlich, Chief Operating Officer and General Counsel of the Corporation to provide an overview of the agenda.

Mr. Gould then turned to Mr. Louis Roberts of Ernst & Young to present the firm's audit plan for HDC's Fiscal Year 2018, which ends on October 31st. Mr. Roberts introduced Mr. Vincent Halleran, Manager, Ernst & Young noting that Mr. Halleran will be working on the Corporation's audit. Mr. Roberts then turned the committee's attention to slide 3 of the Ernst and Young audit plan booklet to highlight the scope of their services and also to identify the Ernst & Young team that will perform the audit. Mr. Roberts then gave an overview of the services and deliverables. Mr. Roberts then turned to page 4 to review the audit timetable noting that the timeframe is consistent to prior years. Mr. Roberts then gave an overview of the areas of audit emphasis. Mr. Roberts noted that the Corporation early adopted GASB 75 last year and there are no new GASBs affecting the Corporation to implement this year. Mr. Roberts continued with the timing of required communications. Mr. Roberts concluded his report noting that even though there are no new GASB standards effecting HDC this year, there are some to keep in mind for 2020 which he discussed with Ms. Cathy Baumann, Senior Vice President & Treasurer and Ms. Mary John, Controller.

Mr. Gould then turned to Ms. Mary John, to report on the Corporation's unaudited financial statements as of the third quarter of fiscal year 2018. Ms. John noted total revenues were \$385.7 million, down from \$407.9 million, a 5.4% decrease from a year ago. The main factor that caused revenues to decrease was that there were no grant revenues recognized from the Battery Park City Authority in FY 2018 compared to \$69.6 million a year ago. Management is currently in communication with the City, to get a clearer picture on this year's allocation. Ms. John reported that operating revenues generated from interest on mortgage loans and related fees increased from \$319.9 million to \$354.3 million, a 10.7% increase. This was due to a mortgage loan portfolio balance increase of \$1.7 billion as a result of new mortgage closings, and the securitization of a mortgage loan portfolio originated by the City with outstanding balances in excess of \$600 million. Ms. John further noted that investment earnings also saw a significant increase from a year ago. Total investment earnings, including the fair market value adjustment, increased from \$18.1 million to \$33.7 million, an 85.6 % increase. The \$15.6

million increase was due to the growth in the investment portfolio from \$4.1 billion to \$5.1 billion as a result of bond issuances, increase in HPD lending, and rising interest rates. Net income for the period decreased from \$171.1million a year ago to \$109.2 million, mainly due to the aforementioned lack of non-operating grant income. In the first nine months of the fiscal year the Corporation had made senior mortgage loan commitments including preservation loans in excess of \$1 billion. Additionally \$ 292.6 million was committed for subsidy loans. Ms. John stated that new financings through the issuance of bonds, draws on debt obligations and the sale of participating interests to the Federal Financing Bank raised \$1.6 billion. Total assets as of the end of the third quarter were \$19.06 billion, an increase of \$2.66 billion from FY 2017. Total liabilities were \$16.3 billion, an increase of \$2.49 billion from FY 2017. HDC's Net Position at the end of the third quarter was \$2.76 billion.

Mr. Gould turned to Ms. Ellen Duffy, Senior Vice President of Debt Issuance and Finance to present the Corporation's Debt Report as of July 31, 2018. Ms. Duffy noted that a revised Debt Report memorandum is in front of you. The last debt report presented to the Audit Committee was as of January 31, 2018. During this time, the Corporation issued eleven series of Open Resolution Bonds totaling \$974.1 million and one stand-alone series of bonds totaling \$72.2 million. There were bond redemptions in seven series of Open Resolution bonds totaling \$75.3 million and in one stand-alone series in the amount of \$42.8 million. The Corporation's debt outstanding as of July 31, 2018 is approximately \$11.6 billion. The Corporation's statutory debt capacity was recently increased from \$12.5 billion to \$13.5 billion. Mr. Kyle Kimball, Board Member asked whether the current unsecured rating is single A and Ms. Duffy answered that the rating is double A.

Mr. Gould then turned again to Ms. Duffy to provide the Corporation's Investment report as of September 10, 2018. Ms. Duffy noted that funds under management totaled approximately \$5.1 billion, and reflects routine investment activity. As Mary John pointed out in her report, over the past year, the Corporation has increased its funds under management due to continued debt issuance and that much of the HPD lending is facilitated through HDC. In addition, overall investment rates have increased throughout 2018.

Mr. Gould then recognized Ms. Mary Hom, Chief Credit Officer, for the Counterparty Credit Risk Exposure Report. Ms. Hom reported that there was one new counterparty added since the last report – Sterling National Bank, a community bank based in Montebello, NY. Sterling recently completed an acquisition of Astoria Financial in October 2017, and currently has \$30 billion in total assets, and \$20 billion in total deposits. While not rated by Moody's and S&P, Sterling has a A- rating with a stable outlook from Kroll Bond Rating Agency. All investments with Sterling are fully-collateralized by U.S. Treasury and Agency securities. Ms. Hom then reported that there were three rating agency actions of note. In April, S&P upgraded Santander Bank from BBB+ to A- following the upgrade of the sovereign rating for Spain. Also in April, Moody's upgraded Societe Generale from A2 to A1 citing capital enhancement initiatives recently undertaken by the Bank. Finally, in June, S&P downgraded Deutsche Bank from A- to BBB+ citing significant execution risk associated with the Bank's

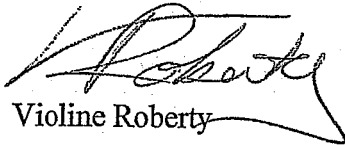
restructuring plan. Ms. Hom continued by reporting that the Corporation's counterparty exposure remains pretty well-diversified with the largest exposures continuing to be with Fannie Mae and Freddie Mac, primarily in the form of permanent credit enhancement and investments. Investments rated double-A or higher were 52% of total investments, versus 53% at the last report, and the weighted average maturity was down slightly to 1.5 years, versus 1.8 years at the last report. Ms. Hom concluded her report by noting that exposure to liquidity providers was approximately \$157 million.

Mr. Gould then turned the committee's attention to Ms. Shirley Jarvis, Vice President of Internal Audit to provide the Internal Audit reports. Ms. Jarvis noted that since Internal Audit's last report to the Members in March, the Audit staff had completed four audit projects from the 2018 Audit Schedule and is currently performing the Developer Disclosure and Investments reviews. Mr. Jarvis proceeded to provide a summary of the Construction Loan Monitoring review, Accounts Receivable review and a prior year's review, Low Income Housing Tax Credit (LIHTC) Compliance Monitoring review. Ms. Jarvis noted that the objectives of the LIHTC compliance monitoring review were to: 1). Determine whether owners were notified timely of deadlines, tracked for compliance, and if projects found with non-compliance issues, were reported in accordance with the IRS/MOU Compliance Monitoring requirements. 2). Determine whether LIHTC project buildings/units were inspected according to the reporting requirements; and 3). Determine whether LIHTC monitoring fees were accurately calculated, billed, and collected. Ms. Jarvis stated that the audit focused on the Compliance Group's monitoring activities from January 1, 2014 to March 1, 2017, covering the 3 year compliance periods from January 1, 2013 to December 31, 2015. Internal Audit noted no matters involving internal controls that we considered material weaknesses. Internal Audit verified that the Compliance Group generally monitors owner's compliance with LIHTC program requirements by reviewing the submitted annual certifications; performing onsite audits of selected tenant files; and conducting unit inspections. In regards to Audit Staff's recommendations to assist management in improving operations, management has taken action to address or is addressing the recommendations to improve timeliness of: Notifications to LIHTC Owners/Managing Agents regarding compliance reviews and documentation requirements; Issuance of the annual owners certification review letters, audit reports and unit Inspections results; and the billing of LIHTC monitoring fees. Ms. Jarvis continued with her report noting in the Construction Loan Monitoring review, the objectives were to determine compliance with HDC construction loan monitoring guidelines. Specifically, to ensure that: 1). Engineers performed site visits to verify work was completed for which payment was requested. 2.) Payment requests were verified and reviewed for accuracy. 3). The application and certification for payment (AIA 702/703 Forms) had appropriate signatures. 4) Lien waivers were received, were accurate and signed. 5). Change orders (AIA 701 Forms) were reviewed and signed by appropriate parties (i.e., architect, contractor and owner). The audit scope covered the period of September 2017 through February 2018. There were no significant issues. Based on review of documentation, Audit Staff determined that engineers performed site visits to verify that work was completed before the payment requested was approved; payment requests were reviewed for accuracy; the application and certification for payment had appropriate signatures; lien waivers were received, were accurate and signed; and change order request forms had appropriate signatures. Management took

action to address Audit Staff's recommendation to make the format of the payment request memo and the information it contained more consistent according to the guidelines provided by IA. Ms. Jarvis concluded her report noting that in the Accounts Receivable review the objectives were to: 1). Determine whether adequate controls exist over the AR receivable function. 2). Ensure that receipts were properly processed, reconciled and accurately recorded. 3). Determine if unapplied receipts were reviewed and monitored. Internal Audit audited receipts processed in AR for the month of October 2017. There were no issues. The Accounts Receivable transactions were properly processed in accordance with the procedures and with respect to the specific audit results, Audit Staff found that the receipts selected for review were accurately processed, the unapplied receipts were reviewed and monitored on a regular basis and the receipts were accurately recorded in the GL. Further details regarding Audit Staff's recommendations and managements' actions to address them are fully described in the reports.

At 2:55 pm, with no further business, Mr. Gould moved to dismiss and the meeting was adjourned.

Respectfully submitted,



Violine Roberty

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

September 26th, 2018

ATTENDANCE LIST

<u>NAME</u>	<u>AFFILIATION</u>
Kyle Kimball	Audit Committee Member
Harry Gould	Audit Committee Member
Denise Scott	Audit Committee Member
Louis Roberts	Ernst & Young
Vincent Halleran	Ernst & Young
Eric Enderlin	NYC Housing Development Corp.
Richard Froehlich	NYC Housing Development Corp.
Paula Roy Carethers	NYC Housing Development Corp.
Jim Quinlivan	NYC Housing Development Corp.
Cathy Baumann	NYC Housing Development Corp.
Ellen Duffy	NYC Housing Development Corp.
Terry Gigliello	NYC Housing Development Corp.
Shirley Jarvis	NYC Housing Development Corp.
Mary Hom	NYC Housing Development Corp.
Hannah Blitzer	NYC Housing Development Corp.
Madhavi Kulkarni	NYC Housing Development Corp.
Mary John	NYC Housing Development Corp.
Uyen Luu	NYC Housing Development Corp.
Lisa Geary	NYC Housing Development Corp.
Dan Connelly	NYC Housing Development Corp.
Cheuk Yu	NYC Housing Development Corp.
Horace Greene	NYC Housing Development Corp.
Carol Micalizzi	NYC Housing Development Corp.
Violine Roberty	NYC Housing Development Corp.

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

November 29th, 2018

A meeting of the Members of the Audit Committee of the New York City Housing Development Corporation (the "Corporation") was held on Thursday November 29th, 2018 at the offices of the Corporation, 110 William Street, 10th Floor, New York, New York.

The meeting was called to order at 10:00am by Mr. Harry Gould, Board Member, who noted the presence of a quorum. Mr. Gould called for approval of the minutes from the September 26th, 2018 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. Froehlich provided a brief overview of the agenda.

Mr. Eric Enderlin, President of HDC announced the retirement of Ms. Shirley Jarvis, HDC's Vice President of Internal Audit. Mr. Enderlin noted that Ms. Jarvis had been with the Corporation for 33 years and this will be her last Audit Committee meeting. Mr. Enderlin presented Ms. Jarvis with a certificate in recognition of her years of service at HDC.

Mr. Gould turned to Ms. Ellen Duffy, Senior Vice President of Debt Issuance and Finance to present the Corporation's Debt Report as of October 31, 2018. Ms. Duffy noted that this report has been revised to two pages to make it easier to read. Ms. Duffy stated that the last debt report presented to the Audit Committee was as of July 31, 2018. During this time, the Corporation issued five series of Open Resolution Bonds totaling \$287.5 million. There were bond redemptions in two series of stand-alone series of bonds in the amount of \$14.8 million. The Corporation's debt outstanding as of October 31, 2018 is approximately \$11.7 billion. The Corporation's statutory debt capacity stands at \$13.5 billion.

Mr. Gould then turned again to Ms. Duffy to provide the Corporation's Investment report as of November 7, 2018. Funds under management totaled approximately \$5.0 billion. This report reflects routine investment activity.

Ms. Duffy continued her report noting that it is the time of the year to review the Rating Agency Reserve which was previously approved by the Audit Committee and is held in the Corporate Services Funds. After debt service on the Open Resolution was paid on November 1, 2018 and certain redemptions made in November, the amount of long term bonds outstanding in the Open Resolution is approximately \$4.9 billion. Based on this balance, a 2.25% reserve would amount to \$110.4 million, a 2.5% reserve would be \$122.7 million, and a 2.75% reserve would amount to \$134.9 million. During FY 2018, the Reserve was funded in the amount of \$96 million. Due to the higher amount of bonds outstanding, HDC Staff recommends that the Reserve should be increased to the 2.25% reserve level of \$110.5 million at this time.

Mr. Gould then recognized Ms. Mary Hom, Chief Credit Officer, for the counterparty credit risk exposure report. Ms. Hom reported that there were no new additions to the approved list of counterparties, but there were a couple of rating agency actions of note. In October, Moody's upgraded JPMorgan Chase Bank to Aa1 from Aa2 citing the Bank's breadth and strength in its core businesses as reason for the upgrade. Also in October, S&P downgraded New York Community Bank to BBB- from BBB citing the Bank's aggressive stock repurchase plan which the rating agency views as detrimental to the Bank's capital ratios. Ms. Hom noted that New York Community Bank is rated A2 by Moody's, and all investments with New York Community Bank are fully-collateralized. Ms. Hom continued her report by noting that HDC's counterparty exposure remains pretty well-diversified with its largest exposures continuing to be with Fannie Mae and Freddie Mac. Investments rated double-A or higher were 48% of total investments, versus 52% at the last report, and the weighted average maturity was unchanged at 1.5 years. Ms. Hom concluded her report by noting that exposure to liquidity providers was approximately \$172 million.

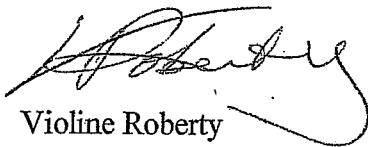
Mr. Gould then turned the committee's attention to Ms. Shirley Jarvis, to request the Members approval of the 2019 Audit Schedule. Ms. Jarvis noted that there are ten audit projects on this year's schedule. They are as follows: The required compliance reviews of Employee expenses, President's office expenses and petty cash; two projects from the 2018 Schedule, that because of staffing changes were not completed, the Reserve for Replacement compliance review and the IT Mobile Device Security review; and five additional projects, selected based on the results of the risk assessment we performed with input from senior management. Those projects are a review of: Electronic Funds Transfers controls; OS- the procurement process; CLS - Revenue Billing; permanent LS - Revenue Billing; and AM - Income Certification review. As noted on the proposed schedule, the completion of all projects is dependent on fully addressing staff changes. The Internal Audit review of each area will include: 1) Interviewing the key personnel concerning procedures and workflow. 2) Reviewing written procedures and applicable documentation. 3) Flowcharting the procedures and performing walkthroughs. 4) Performing risk assessment and identifying the inherent risks. 5) Evaluating the adequacy and effectiveness of internal controls to mitigate those risks. 6) Performing a test of controls and a sample basis. 7) Verifying compliance with corporate policies and procedures; applicable laws and regulations. 8) Preparing audit reports to communicate the results of the review to management and the Members. Mr. Kyle Kimball, Audit Board Member asked that since Ms. Jarvis is retiring, should Ernst & Young accelerate their audit plan this year & what role does Internal Audit play. Mr. Froehlich responded that the financial audit conducted by Ernst & Young deals mainly with the Accounting Senior team and the Senior Vice President & Treasurer Cathleen Baumann.

Ms. Jarvis further noted that since the last report to the Members, Audit issued the final report on the results of the Insurance Payable review and is currently working to complete and/or finalize the five additional projects from the 2018 audit schedule: Legal- Developer Disclosure Review; Investments; EE expenses, President's Office Expenses and Petty Cash. It is expected that the results of these audit projects, as well as, the previously completed IT- Third Party Vendor Management review will be reported to the members at upcoming meetings in 2019. Ms. Jarvis stated that the objectives of the audit were to determine whether: 1) The insurance escrow payments for projects serviced by HDC were

accurate. 2) Insurance payments processed through the Benedict mortgage system were accurately recorded in the GL. The insurance escrow receipts and disbursements are accurately maintained and are reconciled periodically. Ms. Jarvis further stated that the audit scope covered Insurance payments processed during the period of January 1, 2017 through June 30, 2018. There were no significant issues. Internal Audit noted no matters involving internal controls that we considered material weaknesses. Based on the review of documentation, the Audit Staff found that insurance payments for HDC-serviced project were accurate; payments were accurately recorded in the GL; and the escrow cash account activity, including insurance, was reconciled on a monthly basis by the Accounting Department. Ms. Jarvis concluded her report noting that this would be her final report to the Members. Ms. Jarvis then thanked the Members for their support during her tenure as VP of Internal Audit.

At 10:16am, with no further business, Mr. Gould moved to dismiss and the meeting was adjourned.

Respectfully submitted,



Violine Roberty

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

November 29th, 2018

ATTENDANCE LIST


<u>NAME</u>	<u>AFFILIATION</u>
Harry Gould	Audit Committee Member
Kyle Kimball	Audit Committee Member
Denise Scott	Audit Committee Member
Louis Roberts	Ernst & Young
Eric Enderlin	NYC Housing Development Corp.
Richard Froehlich	NYC Housing Development Corp.
Paula Roy Carethers	NYC Housing Development Corp.
Jim Quinlivan	NYC Housing Development Corp.
Cathy Baumann	NYC Housing Development Corp.
Louise Carroll	NYC Housing Development Corp.
Ellen Duffy	NYC Housing Development Corp.
Terry Gigliello	NYC Housing Development Corp.
Shirley Jarvis	NYC Housing Development Corp.
Mary Hom	NYC Housing Development Corp.
Paul Cackler	NYC Housing Development Corp.
Madhavi Kulkarni	NYC Housing Development Corp.
Mary John	NYC Housing Development Corp.
Uyen Luu	NYC Housing Development Corp.
Cheuk Yu	NYC Housing Development Corp.
Horace Greene	NYC Housing Development Corp.
Cathy Foody	NYC Housing Development Corp.
Carol Micalizzi	NYC Housing Development Corp.
Patrick Ogoke	NYC Housing Development Corp.
Violine Roberty	NYC Housing Development Corp.



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

TO: Members of the Audit Committee

FROM: Richard Froehlich 

SUBJECT: Approval of REMIC Funding

DATE: January 22, 2019

Senior management is requesting the Members' approval of the Corporation's plan to move funds from the Corporate Services account of HDC to the Residential Mortgage Insurance Corporation ("REMIC") in the amount of \$10 million. REMIC has done well over the years and continues to grow, but to accommodate the pipeline for the next couple of years, an infusion of capital is needed. The 2019 and 2020 pipeline of mortgage commitments is expected to range between \$250 million and \$350 million, requiring REMIC insurance commitments of between \$50 million and \$70 million. This translates into a reserve requirement of between \$10 million and \$14 million.

The transfer of funds will be a 7.9% increase in REMIC's capital base, and it will increase REMIC's capacity to insure by an additional \$50 million. REMIC's total capacity to insure will now equal \$287 million.

Recommendation and Action by Members

Staff recommends that the Members approve a transfer of \$10 million from HDC's Corporate Services account to REMIC.