



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

To: The Chairperson and Members

From: Eric Enderlin *EE*
President

Date: January 21, 2020

Re: Approval of the Corporation's Underwriters for Debt Issuances

The Corporation periodically reassesses the composition of our bond underwriter group and the services they provide. The Members were notified of the issuance of a Request for Proposal ("RFP") at the meeting held on May 30, 2019. The Corporation issued the RFP in July 2019 and created a review committee (the "Committee") which reviewed and analyzed the written responses and selected the firms to be invited for an interview. The Committee then evaluated the oral presentations of those firms selected to be interviewed, and after much discussion, came to a recommendation for underwriters. This report describes the RFP process and presents the findings and recommendations of the Committee.

The Process

The Corporation's Request for Proposal for Managing Underwriters was broadly distributed to the leading investment banking firms in housing finance, including minority and women-owned firms ("MWBE"), Service-Disabled Veteran Owned Business ("SDVOB") and firms that had previously expressed an interest in becoming a managing underwriter. Additionally, the Corporation posted the availability of the RFP on the New York State Contract Reporter (<https://www.nyscr.ny.gov/>) and the Corporation's website. The Corporation received 34 written responses by the deadline of August 13, 2019. Of these responses, 17 firms sought a role as Senior Manager, while the remaining firms proposed to serve as a Co-Manager or Selling Group member for the Corporation's debt issuance.

The Committee, comprised of executive staff of the Corporation (including the President, First Executive Vice President and Chief Operating Officer, Senior Vice President and General Counsel, Executive Vice President for Real Estate, Senior Vice President for Debt Issuance and Finance, Senior Vice President for Development, Senior Vice President and Treasurer, and Deputy General Counsel), reviewed the written responses. The Committee met as a group to discuss the proposals, and to select firms to be interviewed for Senior Manager roles. Based upon this review, fourteen (14) firms, including three (3) MWBE firms, were invited to make oral presentations to the Corporation the week of October 28, 2019. The firms were each given

15 minutes to make a presentation describing the firm's credentials and their best recommendations for the Corporation. The presentations were followed by an additional 15 minutes for questions and discussion.

The Criteria

The Committee evaluated the written material and oral presentations and prepared recommendations to the Members for selection of underwriters based on the following criteria:

- Evaluation of experience with marketing New York City municipal securities and the role of the firm in such issuances with particular emphasis on any transactions directly relevant to the Corporation,
- Evaluation of the firm's analysis and recommendations regarding its ability to structure the Corporation's financings including recommendations as to how to enhance the Corporation's current structure to appeal to a wider range of investors and how to most effectively use various structures to finance multi-family housing developments,
- Analysis of the firm's financial condition,
- Analysis of the firm's continued commitment to structuring and marketing municipal and multi-family housing finance issues,
- Evaluation of the firm's relevant experience serving as senior or co-senior manager for the Corporation and other multi-family housing finance agencies,
- Analysis of the firm's commitment to New York City,
- Strength, clarity and effectiveness of the firm's presentation,
- The degree to which the firm encourages equal employment opportunity, and
- Other relevant factors.

Recommendations

It is the consensus of the Committee that the investment banking firms offered outstanding written proposals and oral presentations. In making recommendations for selection to the Members, the Committee considered the Corporation's likely financing needs over the next several years and concluded that there are three categories of financing for which the Corporation would need the services of a Senior Manager:

- (1) the Corporation's Multi-Family Housing Revenue Bond resolution (the "Open Resolution") issuances,
- (2) the Corporation's Housing Impact Bond resolution for NYCHA financings (the "Impact Resolution"), and
- (3) Other issuances of the Corporation including the Multi-Family Secured Mortgage Revenue Bond resolution (the "Mini-Open") and stand-alone conduit ("Stand-Alone") issuances

In making recommendations, we considered the firms' strengths and abilities as presented in their written proposals, interviews, and their past performance and interaction with the Corporation.

In its assessment process, the Corporation also focused on the appointment of MWBE firms to Senior Manager roles. Seven MWBE firms and seven SDVOB firms submitted RFPs. The Corporation recommends for the Member's approval, three MWBE firms serve as either a Senior

Manager or Co-Senior Manager, two MWBE firms and three SDVOB firms serve as a Co-Manager, as well as two MWBE firms and four SDVOB firms in the proposed Selling Group. A summary chart of the Committee's recommendations for each of the services is provided in Appendix A.

Open Resolution and Impact Resolution

J.P. Morgan Securities LLC ("J.P. Morgan") currently serves as the Corporation's Senior Manager for the Open Resolution. Morgan Stanley & Co. LLC ("Morgan Stanley"), Citigroup Global Markets Inc. ("Citi"), Samuel A. Ramirez & Co., Inc. ("Ramirez"), and Wells Fargo Securities ("Wells Fargo") are currently Rotating Senior Managers for the Open Resolution. BofA Securities, Inc. ("BofA Securities"), Barclays Capital Inc. ("Barclays"), Blaylock Van, LLC ("Blaylock") *, Raymond James & Associates, Inc. ("Raymond James"), RBC Capital Markets, LLC ("RBC"), and Siebert Williams Shank & Co., L.L.C. ("Siebert") ^{1*} currently serve as Co-Senior Managers. The Committee is recommending changes to the composition of the underwriting team at all levels as discussed below:

Senior Manager Pool

The Committee recommends consolidating the Senior Manager and Rotating Senior Manager roles into an expanded pool to underwrite the Open Resolution and Impact Resolution bonds. The responsibilities of the Senior Manager are described as follows:

The Senior Manager will be the book-running underwriter, structuring financings and providing cash flow analysis. The Senior Manager has extensive knowledge of HDC's programs, financing structures, and will continue to provide the Corporation with innovative financing ideas. The Senior Manager selected will manage the running of a transaction including related cash flow analysis (as determined by the Corporation's staff and approved by the Members) with one or more Senior Managers.

The Committee recommends expanding the Senior Manager pool because of the importance to the Corporation that the knowledge of, and ability to structure complex financing structures under different bond resolutions does not remain with one firm. Based on a combination of the outstanding written presentations, strong performance at the interviews, excellent service to the Corporation, and clearly demonstrated knowledge of the Corporation and the issues it faces, the Committee recommends the following firms for the position of Senior Manager Pool for the Open Resolution and the Impact Resolution:

- BofA Securities
- Barclays
- Citi
- J.P. Morgan
- Jefferies LLC ("Jefferies")
- Morgan Stanley
- Ramirez
- Wells Fargo

These firms all have an in-depth understanding of the Corporation and have exhibited substantial insight into our financing needs going forward. These firms spent considerable effort to research the Corporation's financing needs, its capabilities, and made practical suggestions as to how the Corporation's bond issues should be structured and marketed.

¹ Siebert Cisneros Shank & Company and Williams Capital merged on November 4, 2019 and was renamed Siebert Williams Shank & Co., L.L.C.

These firms are all among the leading housing bond underwriters in the country and have the technical capacity to act as “book-running” Senior Manager for all of the Corporation’s bond issues. In view of their comprehensive understanding of the issues affecting the Corporation, the Committee agreed unanimously that these firms are the best candidates for a Senior Manager Pool.

Co-Senior Manager

The Co-Senior Manager position will maintain its current role, in which a firm can be appointed as Senior or Co-Senior Manager when it takes an active role in executing innovative financing structures for the Corporation.

The Committee is recommending that the following firms be considered for Co-Senior Manager:

- Goldman Sachs & Co. LLC (“Goldman”)
- Raymond James
- RBC
- Siebert*
- UBS Financial Services Inc. (“UBS”)

These five (5) firms made excellent proposals which were well presented and relevant to the needs of the Corporation. Each firm has demonstrated a comprehensive knowledge of the Corporation’s financing needs, provided the Corporation with timely recommendations and has actively worked with us to implement them. All these firms have housing expertise and the capacity to act as “book-running” Senior Manager. The Committee agreed unanimously that these firms be recommended as Co-Senior Manager for all the Corporation’s financings.

Senior Manager – Mini-Open Resolution and Stand-Alone Debt

A Senior Manager for the Mini-Open or Stand-Alone issuances can be appointed Senior Manager if the firm continually brings innovative financing ideas to the Corporation. The firm can also be appointed Co-Manager for any bond issue.

The Committee recommends that any of the firms that are listed as a Senior Manager (including Senior Manager, and Co-Senior Manager) are eligible to be a Senior Manager for the Mini-Open and/or Stand-Alone issuances. The complete group of firms recommended for Senior Manager of **Mini-Open Resolution and Stand-Alone Debt** issuances includes:

* Denotes MWBE Firm

- BofA Securities
- Barclays
- Citi
- Goldman
- Loop Capital Markets LLC
("Loop Capital")*
- J.P. Morgan
- Jefferies
- Morgan Stanley
- Ramirez*
- Raymond James
- RBC
- Siebert*
- UBS
- Wells Fargo

Co- Manager

The Corporation typically issues large fixed rate bond issuances that require a broader distribution to investors.

For most issuances, the Corporation will need a management group comprised of a variety of firms to serve as Co-Manager, including those with a retail client base, an institutional client base, a local presence and/or national scope. These firms may be elevated to Senior Manager if they bring an innovative financing structure to the Corporation or moved to the Selling Group if activity drops off.

The Committee agreed that the recommendations for firms to serve as Co-Manager apply to all potential Corporation financings. In addition to the firms recommended for Senior Manager and Co-Senior Manager, the following firms are recommended for Co-Manager:

- Academy Securities, Inc. ("Academy") **
- Drexel Hamilton, LLC ("Drexel") **
- Bancroft Capital, LLC ("Bancroft") **
- Stifel, Nicolaus & Company, Incorporated ("Stifel") †
- Janney Montgomery Scott LLC ("Janney")
- Oppenheimer & Co. Inc. ("Oppenheimer")
- Rice Securities, LLC ("Rice") *
- Roosevelt and Cross, Incorporated ("Roosevelt")
- TD Securities (USA) LLC ("TD")
- Stern Brothers & Co. ("Stern Brothers") *

While it is not likely that the Corporation would require the inclusion of all Co-Managers, Co-Senior Managers, and Senior Managers for a particular issuance, staff may recommend a management group from the managers approved to underwrite the Corporation's debt.

** Denotes SDVOB Firm

† Stifel acquired George K. Baum & Company, Municipal Finance Division (a former Co-Manager) on September 27, 2019.

* Denotes MWBE Firm

Selling Group

The Committee recommends that the Board approve a Selling Group category. The responsibilities of the Selling Group will be as follows:

Selling Group members will be periodically appointed as a selling group member for any bond financing to broaden the scope of retail investors. Members have the potential to be elevated to Co-Manager if the firm consistently shows it can sell the Corporation's bonds.

Selling Group members will have the opportunity to sell HDC bonds but will not have any underwriter liability for unsold maturities. The Committee believes this group to be an important addition to the issuance process by expanding the Corporation's profile in the municipal securities market and increasing the retail sales profile of the Corporation's bonds. The following firms are recommended for the Selling Group:

- 280 Securities LLC ("280 Securities")
- American Veteran's Group, PBC ("AVG") **
- AmeriVet Securities, Inc. ("AmeriVet") **
- Blaylock *
- BNY Mellon Capital Markets, LLC ("BNY Mellon")
- M&T Securities, Inc. ("MTS")
- Multi-Bank Securities, Inc. ("MBS") **
- Roberts & Ryan Investments Inc. ("R&R") **
- Rockfleet Financial Services, Inc. ("Rockfleet") *

Additional Recommendations

The Committee recommends that we continue our practice of encouraging our Co-Senior Managers and Co-Managers to take an active stance in assisting the Corporation to structure financings for projects in our pipeline. Should any Co-Senior or Co-Manager generate a unique and innovative financing structure that results in significant savings for HDC or be solely responsible for the attainment of credit enhancement for a given project, that firm should have the opportunity to be promoted to Senior Manager or Co-Senior Manager for that particular offering.

The Committee also recommends the continued flexibility to add any firm not currently selected as underwriter to participate in a financing if that firm generates a unique idea, financing structure or otherwise makes a contribution that benefits the Corporation. Such underwriter's participation shall be subject to the Members approval at the time.

Action by the Members

The Members are requested to approve the selection of Underwriters recommended by the Committee pertaining to Senior Managers, Co-Senior Managers, Co-Managers and Selling Group members for the issuance of the Corporation's Open Resolution, Impact Resolution, Mini Open Resolution, and Stand-Alone debt, and additional recommendations as set forth in this memorandum.

** Denotes SDVOB Firm

* Denotes MWBE Firm

Senior Manager Pool – Open Resolution and Housing Impact Bonds	Co-Senior Manager Pool
<p>Book-running underwriter, structure financings, responsible for cash flow analysis, have extensive knowledge of the Corporation's programs, and provide innovative financing ideas. Will rotate books with one or more Senior Managers.</p> <p style="text-align: center;"><u>Recommended Firms</u> BofA Securities, Inc. Barclays Capital Inc. Citigroup Global Markets, Inc. J.P. Morgan Securities, LLC Jefferies LLC Morgan Stanley & Co. LLC Samuel A. Ramirez & Co., Inc. * Wells Fargo Securities</p>	<p>Can be appointed Senior Manager or Co-Senior Manager. Should strive to analyze consolidated cashflows, provide innovative finance ideas and have extensive knowledge of the Corporation's programs.</p> <p style="text-align: center;"><u>Recommended Firms</u> Goldman Sachs & Co. LLC Raymond James & Associates, Inc. RBC Capital Markets, LLC Siebert Williams Shank & Co., L.L.C †* UBS Securities LLC</p>
Senior Manager - Mini-Open Resolution and Stand-Alone Bond issues	Co-Managers - For any HDC Bond Issues
<p>Can be appointed Senior Manager if firm brings innovative financing ideas to the Corporation.</p> <p style="text-align: center;"><u>Recommended Firms</u> BofA Securities, Inc. Barclays Capital Inc. Citigroup Global Markets Inc. Goldman Sachs & Co. J.P. Morgan Securities, Inc. Jefferies LLC Loop Capital Markets, LLC * Morgan Stanley & Co. LLC Samuel A. Ramirez & Co., Inc.* Raymond James & Associates, Inc. RBC Capital Markets, LLC Siebert Williams Shank & Co., L.L.C †** UBS Securities LLC Wells Fargo Securities</p>	<p>Any of the firms recommended for a Senior Manager or Co-Senior manager role can be a Co-Manager for any Corporation bond issuance. These firms may also be elevated to Senior Manager if they bring an innovative financing structure to the Corporation or moved to the Selling Group if activity drops off.</p> <p style="text-align: center;"><u>Recommended Firms</u> Academy Securities, Inc.** Bancroft Capital, LLC ** Drexel Hamilton, LLC ** Janney Montgomery Scott LLC Oppenheimer & Co. Inc. Rice Securities, LLC * Roosevelt and Cross, Incorporated TD Securities (USA) LLC Stern Brothers & Co.* Stifel, Nicolaus & Company, Incorporated†</p>
Selling Group- For any HDC Bond Issues	
<p>Will periodically be appointed as a Selling Group member for any bond financing to broaden scope of retail investors. Could be elevated to Co-Manager if firm consistently shows ability to sell the Corporation's bonds.</p> <p style="text-align: center;"><u>Recommended Firms</u> 280 Securities LLC American Veteran's Group, PBC ** AmeriVet Securities LLC ** Blaylock Van, LLC * BNY Mellon Capital Markets, LLC M&T Securities, Inc. Multi-Bank Securities, Inc.** Roberts & Ryan Investments Inc. ** Rockfleet Financial Services, Inc.*</p> <p>*Minority/Women Owned - 7 applied, 3 selected as either senior manager or co-senior manager roles, 2 selected as co-manager roles, and 2 selected as selling group members **7 Disabled Veteran Firms applied, 3 selected as co-manager roles and 4 selected as selling group members † Siebert Cisneros Shank & Company and Williams Capital merged on November 4, 2019 and was renamed Siebert Williams Shank & Co. L.L.C. Stifel acquired George K. Baum, Municipal Finance Division (a former Co-Manager) on September 27, 2019</p>	