



MEMORANDUM

To: Members of the Audit Committee

From: Bobby Toth *BT*
Director of Budget & Financial Planning

Date: March 23, 2026

Re: Approval of HDC's Procurement Guidelines

Pursuant to Public Authorities Law § 2824(1)(e), the Corporation is required to establish written policies and procedures governing the procurement of goods and services. The Corporation's Audit Committee reviews and approves the Procurement Guidelines annually. The Guidelines are submitted to the Authorities Budget Office (ABO) and the Office of the State Comptroller (OSC) through the Public Authorities Reporting Information System (PARIS) and also posted on the Corporation's website.

This year's updates reflect a more comprehensive review of the Guidelines. The changes make the document more accessible and easier for staff to use by improving its organization, clarifying key provisions, and strengthening internal controls. Several of the new sections were informed by a review of other public authorities' procurement guidelines and relevant best practices.

Because the changes to the document's format do not lend themselves to a conventional blackline comparison, the primary updates are summarized below.

- **General Applicability:** Adds an introductory section that addresses the Guidelines' scope and governance, assigns responsibility for administration and interpretation, permits temporary role designations, and defines frequently used terms.

- **Preferred Sources:** Incorporates a Preferred Sources requirement in accordance with State Finance Law § 162.
- **Exceptions to Competition:** Clarifies the limited circumstances in which vendor-selection requirements do not apply, including certain instances involving specialized expertise, compatibility and continuity with existing systems or services, and purchases from or through other governmental units on substantially similar terms.
- **Contract Approval Process:** Provides more detail on the contract approval process and coordination of contract amendments and renewals.

Action by the Members

The Members are requested to approve the attached Procurement Guidelines.

Attachments

- A. Proposed Procurement Guidelines
- B. Purchasing Procedures Updated as of November 1, 2024



Procurement Guidelines

Approved on: March 27, 2026

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1 General Application

1.1 Frequently Used Terms

The following terms are used with the meanings set out below.

Corporate Purchases: Purchases of goods and services that are not Technology Purchases.

Corporation: The New York City Housing Development Corporation.

Department Head: The President, First Executive Vice President, an Executive Vice President, a Senior Vice President, a Chief, and such other individuals as designated by the President.

Guidelines: The Corporation's Procurement Guidelines as delineated herein.

Officer: Any officer identified in Article II of the Corporation's By-Laws.

Purchase Order: The document created in the Corporation's purchasing system that authorizes a vendor to provide specified goods or services under a contract or other approved arrangement and includes the related contract number and other required information.

Purchase Request: Any internal request submitted to the Office Services Department or the IT Department to acquire goods or services.

Requesting Employee: The employee who submits a Purchase Request and serves as the department's primary point of contact throughout the procurement and payment process.

Technology Purchases: Purchases that are primarily for information technology hardware, software licenses, equipment maintenance, or technology-related services.

Vendor File: The collection of records maintained for each vendor, in physical, electronic, or other approved form, including invoices, supporting documentation, and other materials related to vendor transactions.

1.2 Purpose

Pursuant to Public Authorities Law § 2824(1)(e), these Guidelines set forth the Corporation's written policy and procedures for the procurement of goods and services.

These Guidelines establish a consistent, transparent process intended to promote fair competition whenever practicable, obtain best value, ensure appropriate approvals and

documentation, and support the Corporation's internal controls and compliance with public reporting requirements.

1.3 Applicability

These Guidelines apply to the procurement of goods and services for the Corporation's own use and account.

These Guidelines do not apply to the Corporation's review, approval, servicing, or administration of bonds, loans, grants, subsidies, credit enhancement, or any other form of financing or financial assistance to projects or program participants.

The vendor selection requirements in Section 3 do not apply to payments where vendor selection is not practicable or is not within the Corporation's discretion, such as:

- payments required by law;
- payments to other governmental agencies;
- rent, installment payments, and other charges related to real property;
- utility payments; and
- employee reimbursements.

Where such payments are processed through a Purchase Order, they must still be properly documented and approved and must comply with all other applicable requirements in these Guidelines.

1.4 Governance

The Members of the Corporation's Audit Committee shall review and approve these Guidelines annually.

The Accounting & Budget Department is responsible for administering these Guidelines and supporting consistent implementation across the Corporation. Questions regarding the interpretation or application of these Guidelines should be directed to the Executive Vice President & Chief Financial Officer, who will coordinate with the Legal Department as necessary.

Any deviation from or waiver of these Guidelines must be documented in writing and approved in advance by the Executive Vice President & Chief Financial Officer and the General Counsel.

These Guidelines operate alongside other applicable corporate policies and procedures; where another policy imposes additional requirements, those requirements continue to apply.

1.5 Designation of Roles

The relevant Department Head may designate an employee to perform the duties of a position described in these Guidelines on a temporary basis. Any such designation must be made in writing with notice to the Director of Budget & Financial Planning and the Executive Vice President & Chief Financial Officer. The Department Head must ensure that the designee is trained to perform the duties assigned under these Guidelines.

1.6 Internal Controls

To maintain separation of duties, for any given transaction, no employee may perform more than one of the purchasing, receiving, accounts payable, or cash disbursement functions for that transaction. Access to procurement-related systems and approval workflows must be provisioned on a role basis and aligned to the separation-of-duties requirements in these Guidelines. An open Purchase Order file must only be accessible to the following employees:

- Accounts Payable Manager
- Chief of Office & Facilities Management
- Director of Technical Support
- Purchasing Specialist

1.7 Tax Exempt Status

The Corporation is exempt from certain taxes, including New York State and local sales taxes. Documentation supporting the Corporation's tax-exempt purchases is available from the Accounting & Budget Department.

2 Purchase Requests

2.1 Coordination

All purchases must begin with a Purchase Request. Employees must not independently place orders with vendors or otherwise commit the Corporation to a purchase outside of this process.

Corporate Purchases must be coordinated through the Office Services Department. Technology Purchases must be coordinated through the IT Department.

After a Purchase Request is initiated, it must proceed through vendor selection, contracting, Purchase Order issuance, receipt of goods or services, and invoice processing and payment in accordance with Sections 3 through 7.

2.2 Internal Approvals

Before any Purchase Request is submitted to the Office Services Department or the IT Department, the Requesting Employee must obtain prior approval from their Department Head.

For purchases that are expected to have a material budget impact, the Department Head should consult with the Director of Budget & Financial Planning, as appropriate, to confirm the availability of funds in the applicable budget line.

Department Head approval does not authorize the Corporation to proceed with a purchase. All other required approvals must be obtained before a Purchase Order is issued.

2.3 Information Required

Purchase Requests must be submitted to the Purchasing Specialist or the Director of Technical Support, as applicable, by email or in another format determined by the Office Services Department or the IT Department. Each Purchase Request should include, to the extent known:

- a clear description of the goods or services requested;
- the proposed vendor, if identified;
- the desired delivery date or needed-by date;
- an estimated cost, if known, or the budgeted amount; and
- any documentation needed to evaluate the request or support vendor selection, such as conference materials, membership renewal notices, or price quotes.

2.4 Limitations on Authority

Only the Purchasing Specialist, the Director of Technical Support, and such other employees as may be designated in accordance with Section 1.5 have authority to make purchases.

The Purchasing Specialist may make Corporate Purchases and Technology Purchases. The Director of Technical Support may make Technology Purchases only. The Chief of Office & Facilities Management may make Corporate Purchases and Technology Purchases if the Purchasing Specialist or the Director of Technical Support is unavailable.

Employees must not make verbal or informal commitments to vendors, or authorize vendors to deliver goods or provide services, before all required approvals have been obtained. The Corporation will not be responsible for purchases made without an authorized Purchase Order.

3 Vendor Selection

3.1 Competition Requirement

It is the Corporation's policy to use best efforts to obtain competition in the procurement process, in order to obtain best value through fair and transparent selection. Competition is required when the total expected cost of goods and services being purchased exceeds the following thresholds:

- \$10,000 for purchases in the Office Services Department or the IT Department; and
- \$5,000 for purchases in all other departments.

Certain types of purchases do not require competition:

- Small purchases below the thresholds above, because it is not cost-effective at lower dollar amounts.
- Purchases in the following categories, due to their nature:
 - Local Transportation
 - Memberships
 - Publications & Books
 - Training & Conferences
 - Working Meals

Purchases that do not require competition must still be properly documented, approved, and assigned a contract number in accordance with these Guidelines. Additionally, the price must be reasonable based on the information available at the time of purchase.

3.2 Vendor Sources

In accordance with the requirements of State Finance Law § 162, where applicable, purchases from the [New York State Office of General Services Preferred Sources](#) must take precedence over other vendor sources when the available goods or services meet the Corporation's needs for form, function, and utility. The Purchasing Specialist is responsible for reviewing these lists, as applicable.

The Office Services Department must perform an as-needed review of the [City of New York PASSPort Vendor Reports](#) and the [New York State Office of General Services Centralized Contracts List](#) to identify vendors and to support efforts to include Minority and Women-owned Business Enterprises (MWBE) in the Corporation's procurement process. These sources may be used to verify whether a vendor is certified as an MWBE.

3.3 Selection Methods

Competitive Bidding

The Corporation uses competitive bidding as the primary selection method to procure most goods and services by soliciting bids.

Competitive Proposals

The Corporation uses a competitive proposal process to procure certain professional services by soliciting proposals. A competitive proposal process must be conducted for the selection of the following:

- Annual Report Design
- Auditing and Accounting Services
- Legal Counsel
- Underwriters

In the case of Auditing and Accounting Services, when selecting a Certified Public Accounting firm, the Corporation must follow the City Comptroller's Directive #22, "[Accounting, Financial Reporting, and Audit Requirements for Entities Included in the Financial Reporting Entity of The City of New York](#)" and, at a minimum:

- Solicit only those firms on the Comptroller's [Prequalified CPA List](#).
- Award contracts for no more than four years.
- Require firms performing the audit for more than four consecutive years to assign a different senior manager and partner in charge.
- Complete the audit selection process in a timely manner to ensure there is no break in continuity in the auditing process.

As determined by the Legal Department, a competitive proposal process may be required for the selection of goods or other services not listed above.

3.4 Solicitation Process

Solicitations must be coordinated with the Purchasing Specialist, or with the Director of Technical Support in the case of Technology Purchases.

The Requesting Employee may obtain bids prior to submitting the Purchase Request, provided that the requirements in this section are followed and all documentation is provided to the Office Services Department before a Purchase Order is generated.

Solicitations conducted through a competitive proposal process must also be coordinated with the Legal Department.

Solicitation Format

Bids or proposals may be solicited verbally or in writing, except that written solicitations are required for purchases expected to exceed \$10,000 and must include:

- a description of the goods or services;
- the date bids or proposals must be received by the Corporation; and
- a contact method for vendor inquiries related to the solicitation.

Proposal solicitations may be issued as a Request for Proposals (RFP), Request for Qualifications (RFQ), Request for Expression of Interest (RFEI), or other competitive solicitation, as determined by the Legal Department. Such solicitations must be posted on the Corporation's website.

Vendor Outreach and Award

Solicitations must be made in connection with the Purchase Request so that the bids or proposals reflect current pricing.

A reasonable attempt must be made to solicit bids or proposals from at least three vendors and, where applicable, should include at least one vendor from the [New York State Office of General Services Centralized Contract List](#).

Responsive bids or proposals must be obtained from at least two vendors. Awards must be made to the vendor submitting the lowest bid or most advantageous offer.

3.5 Periodic Solicitation

For goods or services purchased frequently by the Office Services Department or the IT Department, where solicitation for each Purchase Request would otherwise be impractical, bids or proposals may be obtained through periodic solicitation if documented in a written determination and submitted in accordance with Section 3.8. The written determination must specify the periodic basis for solicitation and include a summary of bids or proposals received. The Office Services Department and the IT Department should maintain a list of goods and services approved for solicitation on a periodic basis.

3.6 Leasing

In certain circumstances, the Corporation may determine to lease goods rather than purchase them. In such cases, an analysis must be performed to compare the costs and benefits of buying versus leasing. The terms of the lease must be compared to the terms of

purchasing outright to determine the best option. The buy-versus-lease analysis must be documented in a written determination and submitted in accordance with Section 3.8.

3.7 Exceptions

The Corporation may proceed with a purchase without following the vendor selection requirements when any of the following circumstances exist. In such cases, the basis for the finding must be documented in a written determination and submitted in accordance with Section 3.8.

- An emergency or other urgent and unforeseen condition requires immediate action to protect life, health, safety, property, or essential operations.
- Only one vendor is capable of supplying the required goods or services.
- A vendor has superior qualifications to perform the service or provide the goods at a cost that is determined to be fair and reasonable.
- Specialized services are required for which a particular vendor's expertise is uniquely suited to the Corporation's needs.
- Continuation of existing services, or purchasing from an existing vendor, is desirable to maintain continuity or compatibility with existing goods, systems, or services.
- Information is obtained which indicates that a vendor with the lowest bid or most advantageous offer is not qualified, non-responsive, or not responsible.
- The Corporation may obtain the required goods or services directly from a governmental unit, or through a contract established by a governmental unit, either by utilizing the contract where permitted or by entering into a new contract on substantially similar terms.

3.8 Written Determinations

A written determination must:

- describe the goods or services and the basis for the determination;
- describe the vendor(s) considered and summarize any pricing information obtained, as applicable; and
- confirm that the price is reasonable based on the information available.

The written determination must be submitted for review and approval to:

- the Chief of Office & Facilities Management; or
- the Chief Information Officer, for Technology Purchases; or
- an Officer of the Corporation.

The approved determination must be retained in the Vendor File.

4 Contracts

4.1 Contract Requirement

The Legal Department will determine whether a contract is required for a purchase. If a contract is required, it must be reviewed and approved by the Legal Department and signed by an Officer of the Corporation.

If a contract is not required, the Requesting Employee must submit a memorandum in lieu of contract describing the purchase and the basis for selecting the vendor. The approved memorandum must be retained in the Vendor File and will serve as the reference for assigning a contract number.

Regardless of whether a contract is required, all purchases must be assigned a contract number by the Legal Department.

4.2 Contract Approval Process

To initiate contract review and approval, the Requesting Employee must submit a contract package to the Legal Department. A Paralegal assigned by the Legal Department will coordinate the contract approval process. The contract package must include:

- a completed Contract Approval Form;
- a proposed contract, or a memorandum in lieu of a contract;
- documentation supporting the selection method and award; and
- any other forms or materials required by the Legal Department.

The Contract Approval Form must be signed by the Department Head and the Executive Vice President & Chief Financial Officer prior to submission.

Upon completion of the review by the Legal Department, the Contract Approval Form must be signed by the General Counsel.

4.3 Contract Numbers

A contract number must be assigned after the Contract Approval Form is approved by the Legal Department and, if applicable, any executed contract is returned to the Legal Department.

For purchases where a contract is not required, the memorandum submitted with the approved Contract Approval Form will serve as the reference for assigning a contract number. The vendor should be assigned a shared contract number corresponding to common purchase categories (e.g., Conferences, Employee Development, Publications &

Books, Memberships, Working Meals). Where categorization is not practicable, the vendor may be assigned its own contract number.

After a contract number is assigned, the Paralegal must record the details in the contracts spreadsheet, including the contract number, a description, the start date, the termination date, whether it renews automatically, whether it is active, and the contract value.

The Paralegal must enter the contract information into Oracle, including the contract number, the applicable department, a description, the start date, the termination date, whether it renews automatically, whether it is active, the contract value, the award process, the number of bids, the PAAA Industry, the MWBE Industry, the vendor EIN, and any notes.

Contracts must be scanned and maintained by the Legal Department in the Vendor File.

4.4 Amendments and Renewals

The Requesting Employee must coordinate contract amendments with the Paralegal and the attorney assigned to review the contract. Any necessary updates must be made to the Contract Approval Form and follow the approval process in Section 4.2.

The Requesting Employee must coordinate contract renewals with the Paralegal. A new Contract Approval Form must be completed and follow the approval process in Section 4.2. The form must indicate the reason for the requested renewal.

The Paralegal must ensure that contract information is kept up to date in the contracts spreadsheet and in Oracle when a contract is amended or renewed.

5 Purchase Orders

5.1 Purpose of Purchase Orders

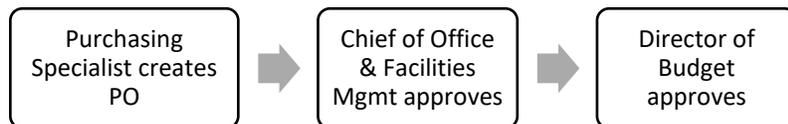
A Purchase Order documents the Corporation's authorization to purchase specified goods or services. A Purchase Order must not be created until a contract number is assigned. The Purchasing Specialist and the Director of Technical Support must monitor the expiration date of a contract before a Purchase Order can be created.

5.2 Approval Workflow

Purchase Orders are created and routed through the Corporation's purchasing system, Oracle, in accordance with the approval workflow applicable to the type of purchase.

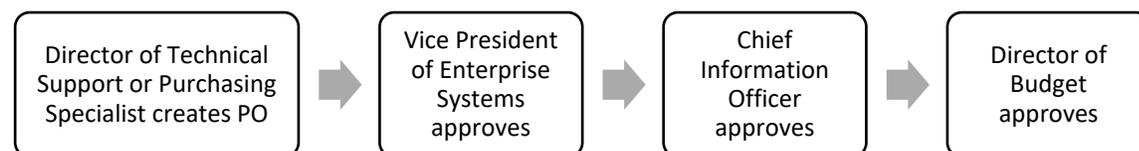
Corporate Purchases

For Corporate Purchases, the Purchasing Specialist must create a Purchase Order with the applicable contract number and route it in Oracle for review and approval by the Chief of Office & Facilities Management and the Director of Budget & Financial Planning.



Technology Purchases

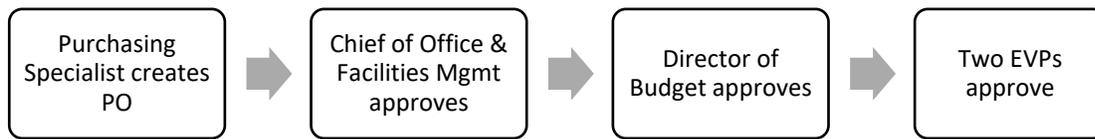
For Technology Purchases, the Director of Technical Support or the Purchasing Specialist must create a Purchase Order with the applicable contract number and route it in Oracle for review and approval by the Vice President of Enterprise Systems, the Chief Information Officer, and the Director of Budget & Financial Planning.



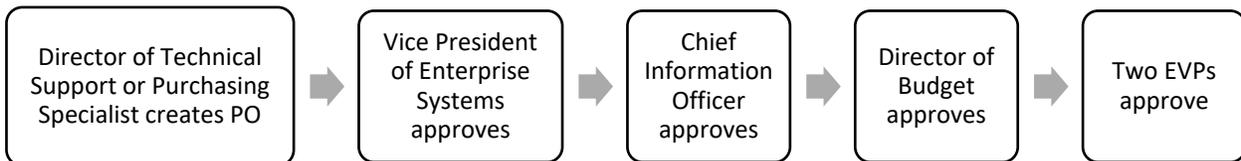
Additional Review for High-Value Purchase Orders

If a Purchase Order has goods or services valued over \$1,000,000, it requires an additional level of review and must be routed in Oracle for review and approval by two Executive Vice Presidents after approval by the Director of Budget & Financial Planning.

In the case of Corporate Purchases:



In the case of Technology Purchases:



5.3 Changes and Cancellations

If a change or cancellation is required for any Purchase Order after it has been routed for approval, the Purchasing Specialist must update the Purchase Order and route it in Oracle for review and approval.

5.4 Alternate Approvers

If an approver identified in the applicable workflow in Section 5.2 is unavailable to review and approve Purchase Orders, an Executive Vice President or a Senior Vice President is authorized to review and approve Purchase Orders, except in the case of Purchase Orders valued over \$1,000,000, when final approval by two Executive Vice Presidents is still required.

If the Purchasing Specialist is unavailable to create, change, or cancel a Purchase Order, the Chief of Office & Facilities Management may create, change, or cancel the Purchase Order and route it in Oracle for review and approval.

If the Director of Technical Support is unavailable to generate a Purchase Order, the Vice President of Enterprise Systems may create the Purchase Order and route it in Oracle for review and approval.

6 Receiving and Acceptance

6.1 Receipt of Goods and Services

Upon receipt of goods, the Office Assistant must:

- Date and initial the packing slip;
- Record the receipt in Oracle;
- Compare the Purchase Order to the packing slip and the items received to confirm the order is complete; and
- Maintain a file of all packing slips.

For services, the department that engaged the vendor must monitor service delivery and confirm that the services were provided in accordance with the contract.

6.2 Receipt Documentation

Receipt of goods and services must be documented in a way that supports invoice processing in accordance with Section 7.1.

For goods, the dated and initialed packing slip and the Oracle receipt entry are used, together with the Purchase Order, to confirm that the invoice matches what was ordered and received before payment is processed.

For services, the dated initials of the Requesting Employee or Department Head on the vendor invoice, or other documentation as applicable, are used to confirm that the services were provided as invoiced before payment is processed.

6.3 Discrepancies

If there is a discrepancy between the Purchase Order, the packing slip, or the goods received, the Office Assistant must note the discrepancy on the Purchase Order and packing slip and promptly notify the Purchasing Specialist or Director of Technical Support, as applicable.

The Purchasing Specialist and Director of Technical Support are responsible for follow-up with the vendor on discrepancies, damages, and goods not received within a reasonable amount of time, and for ensuring that any resolution is consistent with the Purchase Order and any applicable contract.

Orders must not be accepted if a material discrepancy exists or if goods delivered are damaged.

7 Payments

7.1 Initiation

To initiate payment processing, a request must be sent to the Accounts Payable Manager and include the invoice and any applicable supporting documentation.

Invoice Review

The Accounts Payable Manager must review and compare the invoice to the Purchase Order. If a Purchase Order has not been created, the Accounts Payable Manager must forward the invoice and supporting documentation to the Purchasing Specialist or Director of Technical Support, as applicable, so a Purchase Order can be created and approved in accordance with Section 5.2.

Invoice Processing

The Accounts Payable Manager must create an invoice batch after comparing the invoice to the Purchase Order and confirming that receipt documentation has been completed in accordance with Section 6.2. Any discrepancies must be brought to the attention of the Purchasing Specialist or Director of Technical Support, as applicable. Invoices must not be paid until all discrepancies are resolved.

7.2 Authorization

Before a payment can be authorized, the Accounts Payable Manager must prepare the payment batch, which includes the payment register, supporting documentation, and checks, if applicable.

The Accounts Payable Manager must forward the payment register, supporting documentation, and checks, if applicable, to the Managing Director of Cash Management or a Vice President of Cash Management for authorization, and to the Executive Vice President & Chief Financial Officer and the Vice President & Controller for review and signature.

Additional Review for High-Value Payments

The payment register must be signed by the President for all payments greater than \$20,000. The President must not sign the payment register until signature has been obtained by the Executive Vice President & Chief Financial Officer or other Officer of the Corporation. Once signed, all documentation must be returned to the Executive Vice President & Chief Financial Officer.

Additional Signatories

The payment register must be signed by at least two signatories, except in the case of payments greater than \$20,000, when a third signatory is required.

In the event the Executive Vice President & Chief Financial Officer or the Vice President & Controller are unavailable for signatures, the payment register must be signed by an Officer of the Corporation.

In the event the President is unavailable for signature for payments greater than \$20,000, the payment register must be signed by the First Executive Vice President.

No signatory may sign the payment register more than once. No signatory may approve a Purchase Order and sign the payment register for the same transaction.

The Accounts Payable Manager must keep track of the payment registers signed by these authorized signatories.

7.3 Disbursement

The Accounts Payable Manager must prepare and submit a disbursement request, together with the payment register, to the Cash Management Department, which will fund the applicable bank account.

Disbursements made via a payment services provider must be released by the Executive Vice President & Chief Financial Officer or the Vice President & Controller.

Disbursements made via an in-house check run should be printed on a dedicated check printer.

7.4 Records

The Accounts Payable Manager must retain invoices and any other supporting documentation in the Vendor File and maintain a register of such transactions.

For checks printed in-house, the Accounts Payable Manager must send the voided check to the Accounting & Budget Department for reference. The voided check must be retained for at least 30 days before being destroyed.



PURCHASING PROCEDURES

Updated as of November 1, 2024

I. ORDERING ITEMS

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

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

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

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

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

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

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

Procedures for Corporate Related Purchases:

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

After the final approval, the Purchasing Specialist will be notified electronically and will generate the Purchase Order.

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

If a Purchase Order has goods and/or services valued over \$1,000,000 the Purchase Order requires an additional level of review and will be electronically routed to two Executive Vice Presidents for the final review and approval after the Director of Budget has reviewed and approved it.

Procedures for MIS Related Purchases:

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

After the final approval the Purchasing Specialist will be notified electronically and will then generate the Purchase Order.

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

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

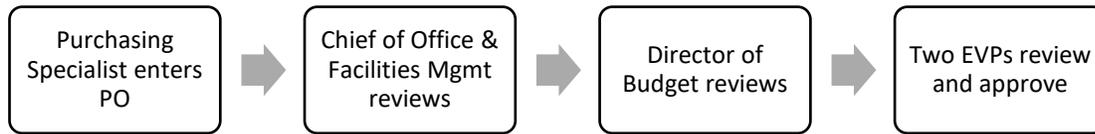
CORPORATE PURCHASES (NON-MIS)



MIS PURCHASES



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



A. PURCHASES REQUIRING COMPETITIVE BIDDING

If the aggregate total of goods and services in the IT and Office Services departments, which have more routine, high volume purchases, is over \$10,000, then a competitive bidding process must be performed prior to the purchase of such goods and services. All other purchases in departments not regularly involved in procurement will require a competitive bidding process over \$5,000. A Purchase Order will not be generated until such process has been successfully completed. Upon successful completion, the Purchase Order will be generated and forwarded to the Cash Management Department, Accounts Payable Administrator. The following procedures shall be followed:

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

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

All other items totaling over \$10,000 must be bid at the time of request, unless an emergency purchase must be made. The order is to be awarded based on the most favorable bid or advantageous offer.

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

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

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

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

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

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

- Purchasing Specialist
- Accounts Payable Administrator
- Chief of Office and Facilities Management
- IT System Administrator

3. All purchases must be made with the prior approval of the Chief of Office and Facilities Management, Director of Budget, Executive Vice President or Senior Vice President or Chief Information Officer for MIS related purchases. The Corporation will not be responsible for purchases made without an authorized Purchase Order.

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

B. PURCHASES NOT REQUIRING COMPETITIVE BIDDING

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

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

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

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

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

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

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

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

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

C. PURCHASES ON THE INTERNET

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

D. PURCHASING VERSUS LEASING

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

E. COMPETITIVE PROPOSAL PROCESS

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

- Legal Counsel
- Underwriters
- Annual Report Design
- Auditing and Accounting Services: The Corporation must follow the City Comptroller's Directive No.22, "Guidelines for Component Unit Audit & Financial Reporting" when selecting a Certified Public Accounting firm:
 - Requests for proposals should be sent to at least five firms selected from those on the Comptroller's approved list.
 - Contracts should not be awarded for more than four years.
 - Firms performing the audit for more than four consecutive years should be required to assign a different senior manager and partner in charge.
 - The audit selection process should be completed no later than 60 days after the beginning of the Corporation's fiscal year.

A request for proposals may also be required for the selection of other professional services; such determination shall be made by the Legal Department.

II. RECEIVING ITEMS

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

1. The Receiving Clerk or designee who receives the goods shall date and initial the packing slips, and then check them in Oracle as received.
2. The Purchase Order is compared to the packing slip and the items received to ensure that the order is complete. The Receiving Clerk shall maintain a file for all packing slips.
3. Any discrepancy must be noted on the Purchase Order and Packing Slip and brought to the attention of the Purchasing Specialist.

4. Orders shall not be accepted if a material discrepancy exists or if goods delivered are damaged.
5. The Receiving Clerk shall make an entry in Oracle that the item has been received; and
6. The Purchasing Specialist is responsible for all follows-up with respect to discrepancies and damaged items including if an item has not been received in a reasonable amount of time.

III. PROCESSING INVOICES - ACCOUNTS PAYABLE

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

1. The Accounts Payable Administrator shall receive and review all Invoices received and such invoices shall be compared to the Purchase Order. If a Purchase Order has not been created, the Accounts Payable Administrator will forward the invoice, along with the appropriate documentation (e.g., accounts payable voucher, personal reimbursement form, or travel expense form, depending upon which is applicable) to the Purchasing Specialist who will then create a Purchase Order. The Purchasing Specialist will then forward the Purchase Order through Oracle to the Chief of Office and Facilities Management and Director of Budget for review and approval. The Purchasing Specialist will return the invoice and attached documentation to the Accounts Payable Administrator who will then create an invoice batch. Any discrepancies are to be brought to the attention of the Purchasing Specialist, and the invoice should not be paid until all discrepancies have been resolved. Invoices that do not require a Purchase Order (e.g. payments for bond programs) are to be referred to the individual who initiated the order for proper authorization;
2. The Accounts Payable Administrator will then prepare the Payment Batch. During this stage, the Preliminary Payment Register, Checks, and Final Payment Register are created.
3. Upon receipt of written authorization from the Director of the Cash Management division or Assistant Vice President, the Accounts Payable Administrator will forward the checks, invoices, and Final Payment Register to the Executive Vice President & CFO for review. In the Executive Vice President & CFO's absence, such documentation shall be sent to an Executive Vice President.
4. The Final Payment Register must be signed by the President for all checks greater than \$20,000. The President shall not approve any invoices unless and until approval has been obtained by the

Executive Vice President & CFO. Once approved, all documentation shall be returned to the Executive Vice President & CFO. Once complete, all checks and supporting documents will be forwarded to the Vice President & Controller for the second signature.

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

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

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

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

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

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