




NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

TO: Members of the Audit Committee
FROM: Ellen Duffy 
SUBJECT: Monthly Debt Report for February 29, 2012
DATE: APRIL 9, 2012

Attached please find HDC's debt report for the month of February, 2012. This report has been revised to better reflect HDC's variable rate bonds outstanding.

The Corporation did not issue any bonds during the month of February 2012.

Redemptions in February totaled \$52.96 million from two series of Open Resolution bonds.

HDC's debt outstanding as of February 29, 2012 is approximately \$8.4 billion. The Corporation's statutory debt capacity stands at \$10.25 billion.

HDC Debt -- Monthly Report of Feb 29, 2012

Total HDC Debt	Open Resolution			New Issue Bond Program			Stand-Alone Bonds			Coop-Open Resolution			Total HDC Bond			
	Principal	Amount	Percent	Amount	Percent	Amount	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Outstanding																
Fixed Rate	2,518,740,000	74.92%	499,590,000	100.00%	428,009,650	9.59%	66,465,000	100.00%	3,512,804,650	41.85%	289,905,000	3.45%	289,905,000	3.45%	567,375,000	6.76%
Var-Term	289,905,000	8.62%	-	0.00%	-	0.00%	38,470,000	0.86%	-	0.00%	-	0.00%	567,375,000	6.76%	4,022,940,000	47.93%
Var-Index	528,905,000	15.73%	-	0.00%	-	0.00%	3,998,705,000	89.55%	-	0.00%	-	0.00%	8,393,024,650	100.00%	10,250,000,000	122.46%
VRDO	24,235,000	0.72%	-	0.00%	-	0.00%	4,465,184,650	100.00%	-	0.00%	-	0.00%	1,789,435,351	17.46%	-	-
Total	3,361,785,000		499,590,000		4,465,184,650											
Additional Issuance (1)																
Statutory Limit																
Remaining Capacity																

Open Resolution Variable Rate Exposure

Series	Bond Total	Mortgage Loan Balance	Bond Maturity	Rate Reset Period/Index	Bond Tax Status	Average Bond Rate	Weighted Avg. Loan Rate	Spread
Var-Index								
2002 C	44,760,000	74,426,434	2034	Quarterly/ 3 M FHLB Swap Rate + 30 bps	Taxable	0.40%	7.72%	7.31%
2008 E	96,690,000	99,997,012	2037	Quarterly/ 3 M FHLB Swap Rate + 30 bps	Taxable	0.40%	3.53%	3.13%
2008 F	86,825,000	57,132,182 (2)	2041	Quarterly/ 3 M FHLB Swap Rate + 30 bps	Taxable	0.40%	6.38%	5.98%
2008 J	34,395,000	44,484,269	2043	Quarterly/ 3 M LIBOR + 80 bps	Taxable	1.35%	6.39%	5.04%
2008 K	101,470,000	154,395,488	2043	Quarterly/ 3 M LIBOR + 70 bps	Taxable	1.25%	4.77%	3.52%
2009 I-2	25,000,000	93,302,514 (3)	2039	Quarterly/ 3 M LIBOR + 48 bps	Taxable	1.03%	1.00%	-0.03% (5)
2010 H	70,765,000	100,389,692	2040	Quarterly/ 3 M LIBOR + 54 bps	Taxable	1.09%	4.83%	3.74%
2011 F-2	56,460,000	78,346,950 (4)	2040	Quarterly/ 3 M LIBOR + 48 bps	Taxable	1.03%	5.53%	4.50%
2011 F-3	12,540,000	40,990,181	2040	Quarterly/ 3 M LIBOR + 48 bps	Taxable	1.03%	3.64%	2.82%
Total	528,905,000	743,464,723						
VRDO								
2009 C-4	13,045,000	13,045,000 (6)	2015	Weekly	Tax-Exempt	0.12%	0.12%	0% (3)
2010 D-2	11,190,000	11,190,000 (6)	2015	Weekly	Tax-Exempt	0.15%	0.15%	0% (3)
Total	24,235,000	24,235,000						

Open Resolution Interest Rate CAPs

Outstanding Notional Amount	With Goldman Sachs	Maturity Date
(7)	237,894,345	2015
(8)	7,35%	11/1/2032
(8)	285,171,411	2015
	53.92%	

HDC Short-Term Assets

Hedge Ratio: Short-Term Assets/Variable Debt

2012 Volume Cap	Balance Available 02/29/12
NYS Carryforward 2011	70,000,000
Awarded (City)	
Awarded (State)	
Used up to 02/29	0
Balance Available 02/29/12	70,000,000

Notes

- The Corporation has authorized \$67.54 million (NYCHA) in bonds, which were issued on 3/7/3012
- One loan (Dayton Tower) is still advancing
- The mortgages are collateral for both I-1 (50,000,000 outstanding)(fixed) and I-2 (variable)
- The mortgages are collateral for both F-1 (31,000,000 outstanding)(fixed) and F-2 (variable)
- This issue is over-collateralized and therefore is generating surplus cashflow
- Pass-thru structure - HDC does not take the interest rate risk nor the bank bond risk; the Liquidity Provider for 2009 C-4 and 2010 D-2 is Bank of New York Mellon and J.P. Morgan Chase, respectively
- Interest rate caps are not legally tied to the associated bond series, therefore provides a hedge to the full Open Resolution variable rate portfolio
- Includes only those assets for which HDC keeps the earnings

Open Reso Bonds



- Fixed Rate Bonds
- Hedged Variable Rate Bonds
- ▣ Unhedged Variable Rate Bonds

Debt Issuance / Key Events

- Debt issuance in Feb:
- Redemptions in Feb:
 - 2010 Series B HRB ---partial redemption \$49,060,000
 - 2009 Series D HRB ---partial redemption \$3,900,000

Rates of the Index Floating Bonds:

Index	Rate
3 M FHLB Swap Rate	Feb 2012- Apr 2012 0.1020%
3 M LIBOR	Feb 2012- Apr 2012 0.5469%

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NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

TO: Members of the Audit Committee
FROM: Ellen Duffy *ED*
SUBJECT: Weekly Investment Report for March 27, 2012
DATE: APRIL 9, 2012

Attached please find HDC's investment report for March 27, 2012. Funds under management totaled approximately \$2.4 billion, consistent with the balances we have been experiencing this year. This report reflects routine investment activity.

Weekly Investment Report
Tuesday, March 27, 2012

	3/27/2012	3/13/2012	Weekly Change	10/31/2011	Change 10/31/2011 to Current
Total Investments	2,399,954,440	2,364,912,339	35,042,102	2,576,393,722	(176,439,282)
Investments by Pool:					
Open Resolution Revenue	154,461,600	147,489,407	6,972,193	178,259,579	(23,797,979)
Project-Related GNIMAs	183,897,561	184,288,851	(391,290)	185,836,274	(1,938,713)
Open Resolution DSR	85,114,920	85,114,920	-	78,521,155	6,593,765
Open Resolution Capitalized Interest	10,322,018	10,322,018	-	9,399,631	922,387
Open Resolution Bond Proceeds	648,017,091	662,487,766	(14,470,675)	866,160,068	(218,142,977)
Open Resolution Redemption					
Open Resolution Prepayment	41,299,421	41,201,703	97,718	137,724,915	(96,425,494)
Non Bonded Proceeds	5,220,397	5,220,397	-	1,245,285	3,975,112
Mitchell-Lama Prepayment	5,189,067	5,189,067	-	7,185,536	(1,996,469)
NYCHA (Stand Alone, All Funds)	31,134,100	31,134,150	(50)	30,966,778	167,322
Bond Proceeds, Non-OR	137,045,975	140,000,393	(2,954,418)	88,211,791	48,834,184
HPD Participating Loan (Scheimerhorn)	11,751,942	12,195,073	(443,131)	4,836,851	6,915,091
236 Subsidy (Mortgage Loan Trust) *					
Bond Revenue Funds, Non-OR	120,894,454	73,563,792	47,330,662	79,239,743	41,654,712
Subtotal, Bond-Related	1,434,348,546	1,398,207,537	36,141,009	1,667,587,806	(233,239,060)
HPD Funds	182,565,404	184,948,448	(2,383,044)	179,184,868	3,380,536
Escrows (HDC retains earnings)	28,789,238	31,021,349	(2,232,112)	22,489,137	6,300,101
Reserves for Replacement, Escrows	207,839,168	204,512,945	3,326,223	207,955,015	(115,847)
Subtotal, Loan Servicing	419,193,810	420,482,743	(1,288,933)	409,629,021	9,564,789
Housing Assistance Corp.	17,351,200	17,736,588	(385,388)	18,230,800	(879,600)
REMIC	77,696,213	77,682,713	13,500	77,025,491	670,721
Mitchell-Lama Claim Payment Fund	2,346,000	2,346,000	-	2,346,000	-
Construction Loan Mortgage Equity	2,184,163	2,076,813	107,350	1,991,034	193,129
Corporate Services - 421a Funds	23,619,216	23,999,919	(380,703)	24,665,216	(1,046,001)
Corporate Services - Committed to HDC Loans	35,091,488	36,299,188	(1,207,700)	53,274,095	(18,182,807)
Corporate Services - Citi Loan Participation	136,509,662	136,509,662	-	155,492,946	(18,983,284)
Corporate Services - General/Operating***	151,934,794	149,164,149	2,770,645	60,442,167	91,492,627
Corporate Services - RAP				1,684,736	(1,684,736)
Corporate Services - AHPLP				1,165,596	(1,165,596)
Corporate Services - Revolving/Warehousing				-	-
Corporate Services - Future Mitchell Lama Grants	6,340,000	6,340,000	-	6,239,811	100,189
Corporate Services - Mitchell Lama Repair Fund	7,704,886	7,704,886	-	5,978,893	1,725,993
Corporate Services - HPD 2004 M.O.U.	13,672	13,672	-	13,663	9
Corporate Services - HUD Multi-Family Loan Fund	5,966,849	6,694,528	(727,679)	7,282,771	(1,315,922)
Corporate Services - HPD 15 Year Reserves	1,293,942	1,293,942	-	1,293,128	814
Corporate Services - Designated and Restricted / Rating and Reserves **				82,050,750	(82,050,750)
Subtotal, HDC Non-Bond Programs	546,412,084	546,222,059	190,025	499,177,096	47,234,988
Total, All Pools	2,399,954,440	2,364,912,339	35,042,101	2,576,393,722	(176,439,281)

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

** 72,500,000 Rating Agency Reserve

*** 5,866,000 2006 A DSR

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

***** 19M Six Month Operating Reserve

Weekly Investment Report
Tuesday, March 27, 2012

03/27/2012
Percentage of
Type of Securities
Held

Change 10/31/2011 to
Current

	3/27/2012	3/13/2012	Weekly Change	10/31/2011	Change 10/31/2011 to Current
Total Investments	2,399,954,440	2,364,912,339	35,042,102	2,576,393,722	(176,439,282)
Investments by Security:					
Repurchase Agreements	186,957,800	152,934,000	34,023,800	194,944,000	(7,986,200)
Guaranteed Investment Contracts	410,940,946	420,255,606	(9,314,660)	165,057,649	245,883,296
Demand Deposit (Interest Bearing)	792,110,134	829,357,882	(37,247,748)	884,032,728	(91,922,594)
Certificate-of-Deposit	68,000,000	68,000,000	-	68,000,000	-
Agencies	386,782,000	345,782,000	41,000,000	426,325,071	(39,543,071)
Project-Related GNMA	183,897,561	184,288,851	(391,290)	185,836,274	(1,938,713)
Municipal Bonds	72,700,000	72,700,000	-	97,000,000	(24,300,000)
Treasuries	298,566,000	291,594,000	6,972,000	555,198,000	(256,632,000)
Total	2,399,954,440	2,364,912,339	35,042,102	2,576,393,722	(176,439,282)

Diversification Details:

	Amount Outstanding
Repurchase Agreements:	
Chase Securities, Inc.	-
Citigroup	-
Daiwa Securities	82,336,800
Banc Of America Securities	39,622,000
Mizuho Securities Usa, Inc.	64,999,000
Total	186,957,800

Commercial Paper

	Amount Outstanding	%	Collateralized	%	Total
Guaranteed Investment Contracts					
Bank Of America	-	0.00%	6,879,980	-	6,879,980
Bayerische Landesbank	17,256,170	4.55%	23,805,000	74.68%	41,061,170
Credit Agricole CIB NEW YORK Calyon	353,156,134	93.16%	-	-	353,156,134
Rabobank-International	4,545,421	1.20%	-	-	4,545,421
RBC Capital Markets Corporation	3,442,701	0.91%	-	-	3,442,701
Societe Generale Gic	565,540	0.18%	-	0.00%	565,540
Westdeutsche Landesbank	-	0.00%	1,190,000	3.73%	1,190,000
Total	379,065,966	100.00%	31,874,980	100.00%	410,940,946
Demand Deposit (Interest Bearing)					
Wells Fargo / Wachovia	-	0.00%	0,000	0.00%	0,000
H.S.B.C	135,819,212	17.15%	5,659	5.659%	135,824,871
Webster	23,364,102	2.95%	0,974	0.974%	23,365,076
Flushing Commercial Bank	55,709,527	7.03%	2,321	2.321%	55,711,848
JP MORGAN CHASE BANK	123,622,838	15.61%	5,151	5.151%	123,627,989
NYC Community Bank	49,442,914	6.24%	2,060	2.060%	49,444,974
Signature	404,151,539	51.02%	16,840	16.840%	404,168,379
Total	792,110,134	100.00%	33,005	33.005%	825,115,139

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 ~~NYC~~

Date: April 9, 2012

Re: Counterparty Credit Risk Exposure

I have attached a report detailing the Corporation's counterparty exposure as of March 30, 2012.

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 March 30, 2012

Counterparty	Moodiv's	S&P	Construction LOC (03/30/12)	Permanent Enhancement (03/30/12)	Investment (03/30/12)	Liquidity Providers- HDC Bonds (03/30/12)	TOTAL COUNTERPARTY EXPOSURE	% Total Counterparty Exposure
Assured Guaranty	Aa3	AA-	\$67,800,000				\$67,800,000	0.71%
Bank of America	A2	A	\$311,770,000	\$26,455,000	\$43,581,917		\$381,806,917	4.01%
Bank of New York	Aa1	AA-	\$102,000,000			\$13,045,000	\$115,045,000	1.21%
Bayerische Landesbank	Aaa	NR			\$41,072,255		\$41,072,255	0.43%
CALYON/Credit Agricole Corporate & Investment Bank	Aa3	A			\$350,942,857		\$350,942,857	3.68%
Citibank	A1	A	\$666,105,000	\$256,389,252	\$58,417,000		\$922,494,252	9.68%
Daiwa Securities	Baa2	BBB+					\$58,417,000	0.61%
Dexia (**See below)	Baa1	BBB					\$0	0.00%
Dormitory Authority of the State of New York	NR	AAA			\$10,000,000		\$10,000,000	0.10%
Flushing Bank	NR	NR			\$54,636,077		\$54,636,077	0.57%
Goldman Sachs Bank	Aa3	A	\$32,920,000				\$32,920,000	0.35%
Helaba (guaranteed)	Aa1	AA		\$140,800,000			\$140,800,000	1.48%
Helaba (unguaranteed)	A1	A	\$210,000,000				\$210,000,000	2.20%
HSBC	Aa2	AA-	\$40,685,000		\$112,974,211		\$153,659,211	1.61%
JPMorgan Chase Bank	Aa1	A+	\$451,645,000	\$17,110,000	\$176,131,819	\$11,190,000	\$656,076,819	6.88%
Landesbank Baden-Wuerttemberg	A2	NR		\$70,000,000			\$70,000,000	0.73%
M&T Bank	A2	A	\$13,145,000				\$13,145,000	0.14%
M&I-Illinois(Natl Public Finance Guarantee Corp	Baa2	BBB		\$299,998,414			\$299,998,414	3.15%
Mizuho Securities	A2	A			\$37,000,000		\$37,000,000	0.39%
NYC GO (Dexia) (**See below)	Baa1	BBB			\$28,060,000		\$28,060,000	0.29%
NYC GO (unenhanced)	Aa3	AA			\$26,135,000		\$26,135,000	0.27%
NYC Transitional Finance Authority	Aa1	AAA			\$5,240,000		\$5,240,000	0.05%
NY Community Bank	A3	BBB			\$61,882,291		\$61,882,291	0.65%
NY Urban Development	NR	AAA			\$2,265,000		\$2,265,000	0.02%
Rabobank	Aaa	AA			\$4,545,421		\$4,545,421	0.05%
RBS Citizens N.A.	A2	A	\$635,000,000				\$635,000,000	6.66%
REMIC	NR	AA		\$149,423,526			\$149,423,526	1.57%
Royal Bank of Canada	Aa1	AA-			\$4,295,000		\$4,295,000	0.05%
Signature Bank	NR	NR			\$394,147,484		\$394,147,484	4.13%
Societe Generale	A1	A			\$730,683		\$730,683	0.01%
SONYMA	Aa1	NR		\$333,721,656	\$1,000,000		\$334,721,656	3.51%
US Agency:	Aaa	AA+	\$186,525,000	\$3,039,960,149	\$598,794,561		\$3,825,279,710	40.13%
FHA/HUD			\$30,425,000	\$56,988,353			\$87,413,353	0.92%
FHLB			\$156,100,000		\$120,820,000		\$276,920,000	2.90%
FHLMC				\$520,104,246	\$66,695,000		\$586,799,246	6.16%
FNMA (**See below)				\$2,296,614,241	\$209,162,000		\$2,505,776,241	26.29%
GNMA				\$166,253,309	\$183,897,561		\$350,150,870	3.67%
Other Agency					\$18,220,000		\$18,220,000	0.19%
US Treasury	Aaa	AA+			\$289,433,000		\$289,433,000	3.04%
Webster Bank	A3	BBB			\$23,368,068		\$23,368,068	0.25%
Wells Fargo Bank	Aa3	AA-	\$131,070,000				\$131,070,000	1.37%
West LB (guaranteed)	Aa1	AA-			\$1,190,000		\$1,190,000	0.01%
TOTAL			\$2,848,665,000	\$4,333,857,997	\$2,325,842,643	\$24,235,000	\$9,532,600,640	100.00%

*Counterparty Exposures Above 10% Are Highlighted
 **Does not include municipal investment exposure (see following page)



NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
 Counterparty Credit Risk Exposure Report as of March 30, 2012

Municipal Investments:		Amount							
Issuer									
Dormitory Authority of the State of New York		\$10,000,000							
NYC GO (Dexia-enhanced)		\$28,060,000							
NYC GO (unenhanced)		\$26,135,000							
NYC TFA		\$5,240,000							
NYS Urban Development		\$2,265,000							
SONYMA		\$1,000,000							
Total Municipal Investments		\$72,700,000							
Including VRDO Exposure:									
		TOTAL							
Counterparty		COUNTERPARTY							
Dexia		\$28,060,000						% Total	
								Counterparty	
								Exposure	
								0.29%	
Exposure to Counterparties Rated A-Minus and Below, or Not-Rated:									
Counterparty	Type of Exposure	Amount							
Daiwa Securities*	Repo	\$58,417,000						% Total	
Dexia Credit Local	Municipals	\$28,060,000						Counterparty	
Flushing Bank^	Money Market	\$54,636,077						Exposure	
MBIA-Illinois/Natl Public Finance Guarantee Corp^	Bond Insurance	\$299,998,414						0.61%	
NY Community Bank^	Money Market	\$61,882,291						0.29%	
Signature Bank^	Money Market	\$394,147,484						0.57%	
Webster Bank^	Money Market	\$23,368,068						3.15%	
TOTAL		\$920,509,334						0.65%	
<i>*Repurchase agreement fully- or over-collateralized by US Treasury/Agency securities</i>									
<i>^Money market fully-collateralized by FHLB LOC or U.S. Agency securities</i>									
<i>+2005 Series A Capital Fund Program Revenue Bonds (NYCHA); underlying bond rating of AA+ by S&P</i>									
Country Exposure (Ex-U.S.):									
Country	Type	\$ Amount							
Canada (Royal Bank of Canada)	GIC	\$4,295,000						% Total	
France (CALYON/Dexia/Societe Generale)	GIC/MUNI	\$379,733,540						Counterparty	
Germany (Bayerische Landesbank/Helaba/LBW/West LB)	GIC/LOC	\$463,062,255						Exposure	
Japan (Mizuho/Daiwa)	REPO	\$95,417,000						0.05%	
Netherlands (Rabobank Nederland)	GIC	\$4,545,421						3.98%	
United Kingdom (HSBC)	MM/LOC	\$153,659,211						4.86%	
TOTAL		\$1,100,712,426						1.00%	
								0.05%	
								1.61%	
								11.55%	



NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Credit Enhancement Diversification as of March 30, 2012

CONSTRUCTION PROJECTS

Provider	Moody's	S&P	Enhancement During Construction:			Expected Permanent Enhancement:		
			Number of Projects	LOC Amount	% of Total During Construction	Number of Projects	Insured or Enhanced Amount	% of Total During Permanent
Assured Guaranty	Aa3	AA-	1	\$67,800,000	2.38%	1	\$67,800,000	3.40%
Bank of America	A2	A	8	\$311,770,000	10.94%	1	\$100,000,000	5.01%
Bank of New York	Aa1	AA-	7	\$102,000,000	3.58%	0	\$0	0.00%
Citibank	A1	A	18	\$666,105,000	23.38%	3	\$140,840,000	7.05%
FHA/HUD	Aaa	AA+	2	\$30,425,000	1.07%	2	\$60,765,500	3.04%
FHLB	Aaa	AA+	7	\$156,100,000	5.48%	1	\$69,865,000	3.50%
FHLMC	Aaa	AA+	0	\$0	0.00%	6	\$250,360,000	12.54%
FNMA	Aaa	AA+	0	\$0	0.00%	1	\$635,000,000	31.80%
Goldman Sachs Bank	Aa3	A	2	\$32,920,000	1.16%	0	\$0	0.00%
Helaba (unguaranteed)	A1	A	1	\$210,000,000	7.37%	1	\$210,000,000	10.52%
HSBC	Aa2	AA-	1	\$40,685,000	1.43%	0	\$0	0.00%
JPMorgan Chase	Aa1	A+	24	\$451,645,000	15.85%	0	\$0	0.00%
M&T Bank	A2	A	1	\$13,145,000	0.46%	0	\$0	0.00%
NONE	NR	NR	8	\$0	0.00%	4	\$0	0.00%
RBS Citizens NA	A2	A	1	\$635,000,000	22.29%	0	\$0	0.00%
REMIC	NR	AA	0	\$0	0.00%	49	\$81,843,000	4.10%
SONYMA	Aa1	NR	0	\$0	0.00%	19	\$372,458,806	18.65%
Wells Fargo	Aa3	AA-	4	\$131,070,000	4.60%	1	\$7,670,000	0.38%
TOTAL			85	\$2,848,665,000	100.00%	89	\$1,996,602,306	100.00%

In Construction:

Rating	% of Total
AAA	0.00%
AA	16.16%
A	81.46%
NR	0.00%
TOTAL	97.62%

PERMANENT LOANS WITH ENHANCEMENT

Provider	Moody's	S&P	Enhancement		% of Total Permanent Enhanced Amount	Permanent		% of Total Permanent
			Number of Projects	Enhanced Amount		Number of Projects	Enhanced Amount	
Bank of America	A2	A	2	\$26,455,000	0.61%	0	\$0	0.00%
Citibank	A1	A	33	\$256,389,252	5.97%	AA	\$84,544,000	84.54%
FHA/GNMA	Aaa	AA+	25	\$223,241,662	5.15%	A	\$8,544,000	8.54%
FHLMC	Aaa	AA+	20	\$520,104,246	12.00%	BBB	\$6,922,000	6.92%
FNMA	Aaa	AA+	64	\$2,296,614,241	52.99%	TOTAL	100.00%	
Helaba (guaranteed)	Aa1	AA	1	\$140,800,000	3.25%			
JPMorgan Chase	Aa1	A+	3	\$17,110,000	0.39%			
Landesbank Baden Wuerttemberg	A2	NR	1	\$70,000,000	1.62%			
MBIA-Illinois/Natl Public Finance	Baa2	BBB	1	\$299,998,414	6.92%			
REMIC*	NR	AA	142	\$149,423,526	3.45%			
SONYMA	Aa1	NR	34	\$333,721,656	7.70%			
TOTAL			326	\$4,333,857,997	100.00%			

*Unenhanced portion totals approximately \$536 million
 ^Bond insurance on 2005 Series A (NYCHA) Capital Fund Program Revenue Bonds; underlying bond rating is AA+ by S&P



NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Investment Summary as of March 30, 2012

Investment Securities & Repo-By Rating:

Counterparty	Type	Amount	NRSRO Rating-March 30, 2012:					NR*
			AAA	AA	A	BBB*		
Bank of America	GIC	\$43,581,917			\$43,581,917			
Bayrische Landesbank (guaranteed)	GIC	\$41,072,255	\$41,072,255					
CALYON/Credit Agricole CIB	GIC	\$350,942,857			\$350,942,857			
Daiwa Securities	REPO	\$58,417,000				\$58,417,000		
Dormitory Authority of the State of NY	MUNI	\$10,000,000						\$54,636,077
Flushing Bank	MM	\$54,636,077						
HSBC	MM	\$112,974,211		\$112,974,211				
JPMorgan Chase	MM	\$176,131,819			\$176,131,819			
Mizuho Securities	REPO	\$37,000,000			\$37,000,000			
NYC GO (Dexia)	MUNI	\$28,060,000				\$28,060,000		
NYC GO	MUNI	\$26,135,000		\$26,135,000				
NYC TFA	MUNI	\$5,240,000		\$5,240,000				
NY Community Bank	MM	\$61,882,291				\$61,882,291		
NYS Urban Development	MUNI	\$2,265,000						
Rabobank	GIC	\$4,545,421	\$2,265,000					
Royal Bank of Canada	GIC	\$4,295,000		\$4,295,000				
Signature Bank	MM	\$394,147,484						\$394,147,484
Societe Generale	GIC	\$730,683			\$730,683			
SONYMA	MUNI	\$1,000,000		\$1,000,000				
US Agency	US Agency	\$598,794,561						
US Treasury	US Treasury	\$289,433,000						
Webster Bank	MM	\$23,368,068				\$23,368,068		
Westdeutsche Landesbank (guaranteed)	GIC	\$1,190,000		\$1,190,000				
% of Total		100.00%	\$53,537,255	\$1,043,607,193	\$608,387,275	\$171,727,360	\$448,783,561	19.30%

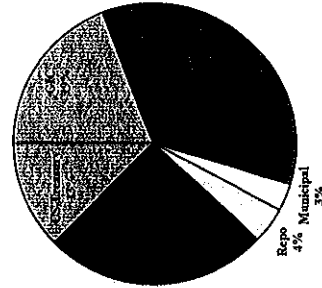
*BBB and NR exposures are fully-collateralized

Weighted Average Maturity (Years): 3.92

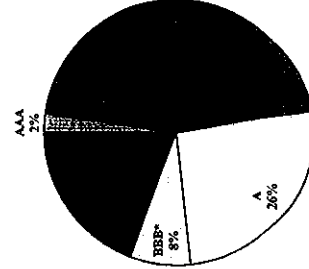
Investment Portfolio-By Type of Investment:

	Amount	% Total
GIC	\$446,358,133	19.19%
Money Market	\$823,139,950	35.39%
Municipal	\$72,700,000	3.13%
Repo	\$95,417,000	4.10%
US Agency	\$598,794,561	25.75%
US Treasury	\$289,433,000	12.44%
Total	\$2,325,842,643	100.00%

INVESTMENT PORTFOLIO
(By Type)



INVESTMENT PORTFOLIO
(By Rating)



NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Liquidity Providers as of March 30, 2012

BANK OF NEW YORK MELLON	JPMORGAN CHASE
Issue	Issue
2009 C-4	2010 D-2
Amount	Amount
\$13,045,000	\$11,190,000
<u>\$13,045,000</u>	<u>\$11,190,000</u>

Diversification:	Amount	% Total
Bank of New York Mellon	\$13,045,000	53.83%
JPMorgan Chase	\$11,190,000	46.17%
TOTAL	<u>\$24,235,000</u>	<u>100.00%</u>

FOR INTERNAL USE ONLY





NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

To: Members of the Audit Committee
From: Mary Hom *MH*
Date: April 9, 2011
Re: Developer Concentration Report 2011

I have attached the annual Developer Concentration Report for 2011. Please let me know if you have any questions.

FOR INTERNAL USE ONLY

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Developer Concentration Report 2011

PRODUCTION DATA

	<u>2011</u>	<u>2010</u>	<u>% Change ('11 vs '10)</u>
Number of Projects	34	31	10%
Number of Units	10,482	25,015	-58%
HDC First Mortgage Loans (\$000)	\$830,965	\$696,814	19%
HDC Second Mortgage Loans (\$000)	\$84,970	\$199,870	-57%
Volume Cap (\$000)	\$587,570	\$586,780	0%
Number of Developers	28	26	8%
<u>Excluding NYCHA:</u>			
Number of Projects	34	29	17%
Number of Units	10,482	4,876	115%
New Construction	1,232	2,117	-42%
As % of Units	12%	43%	
Rehab/Preservation/Mitchell-Lama	9,250	2,759	235%
As % of Units	88%	57%	
HDC First Mortgage Loans (\$000)	\$830,965	\$494,899	68%
HDC Second Mortgage Loans (\$000)	\$84,970	\$131,870	-36%
Volume Cap (\$000)	\$587,570	\$319,865	84%
Number of Developers	28	25	12%
Number of Conversions	35	36	-3%
Number of Units Converted	4,081	4,055	1%

Top 4 Developers, By Number of Projects (2011):

<u>Developer</u>	<u>Number of Projects</u>	<u># Units</u>	<u>% Total 2011 Units</u>
Arker Companies	3	875	8.35%
Forsyth Street Advisors	2	566	5.40%
L+M Development	2	620	5.91%
Preservation Development Partners	2	253	2.41%
Total	9	2,314	22.08%

Top 5 Developers, By Number of Units (2011):

<u>Developer</u>	<u># Units</u>	<u>% Total 2011 Units</u>	<u>Number of Projects</u>
Mutual Redevelopment Houses	2,820	26.90%	1
Dayton Towers	1,758	16.77%	1
Arker Companies	875	8.35%	3
L+M Development	620	5.91%	2
Forsyth Street Advisors	566	5.40%	2
Total	6,639	63.34%	

Top 5 Developers, By First Mortgage Amounts (2011):

<u>Developer</u>	<u>HDC First Mtge Amount</u>	<u>% Total HDC First Mtge Amt</u>	<u>Number of Projects</u>
Arker Companies	\$111,570,000	13.43%	3
L+M Development	\$90,039,204	10.84%	2
Dayton Towers	\$75,476,596	9.08%	1
Forsyth Street Advisors	\$73,950,000	8.90%	2
Kent Village	\$45,045,000	5.42%	1
Total	\$396,080,800	47.67%	

Top 5 Developers, By Second Mortgage Amounts (2011):

<u>Developer</u>	<u>HDC Second Mtge Amount</u>	<u>% Total HDC Second Mtge Amt</u>	<u>Number of Projects</u>
Mutual Redevelopment Houses	\$17,000,000	20.01%	1
Phipps Houses	\$14,105,000	16.60%	1
Forsyth Street Advisors	\$12,675,000	14.92%	2
L+M Development	\$11,245,000	13.23%	2
Arker Companies	\$7,605,000	8.95%	3
Total	\$62,630,000	73.71%	



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

TO: Members of the Audit Committee

FROM: Richard Froehlich *RF*

SUBJECT: Approval of HDC's Purchasing Guidelines

DATE: April 9, 2012

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

No changes to the current guidelines are proposed. Approval of the guidelines is hereby recommended.

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

PURCHASING PROCEDURES

Updated as of February 8, 2010

I. ORDERING ITEMS

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

No item can be purchased without a valid contract. After a Contract Officer from the Legal Department has determined that a contract is valid and all appropriate approvals have been confirmed, the Legal Department is responsible for entering details of the contract into the Oracle Contract Management Module. For each contract, the following fields are maintained: Contract Number, Contract Description, Begin Date, Department, Contract Expiration Date, Automatic Renewal and Comments. The Legal Department is responsible for generating a contract number. A Purchase Order cannot be created until a contract number is generated. A contract number can also be generated for vendors used where a contract is not needed or for an item that can not 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 in order to generate a purchase order.

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

Each purchase will go through an electronic email-based hierarchy approval process except for those purchases that are required to flow through a manual signature

process through the Executive Vice President / 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 Procurement 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 Director of Office Services for approval. The Director of Office Services will review and approve the Purchase Order and forward it to the Senior Vice President of Administration for the final review and approval. After the final approval, the Procurement 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 / Senior Vice President.

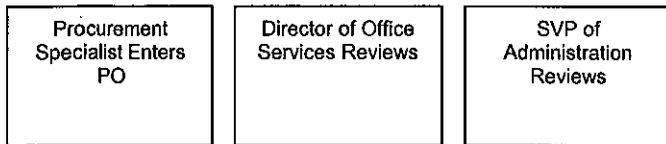
Procedures for MIS Related Purchases:

The IT System Administrator or the Procurement Specialist will create a Purchase Order with a specific contract number which will be input into the Oracle database for the Deputy Chief Information Officer's (Deputy CIO) review and approval. The Deputy CIO will review and approve the Purchase Order and forward it to the Director of Office Services. The Director of Office Services will review and approve the Purchase Order and forward it to the Senior Vice President of Administration for final review and approval. If a Purchase Order has goods and or services valued over \$7,500, the Purchase Order requires an additional level of review and will be electronically routed to an Executive Vice President for final review and approval after the Senior Vice President of Administration has reviewed and approved it. After the final approval the Procurement 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 Procurement Specialist of the change by e-mail. The Procurement Specialist will in turn make the change within the Oracle system and resubmit the Purchase Order for approval.

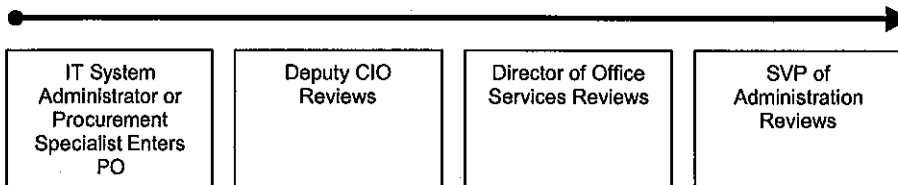
In the event the aforementioned individuals are unavailable for signatures, the following individuals are authorized to review and approve Purchase Orders: Executive Vice President / Senior Vice President. In the event the IT System Administrator is unavailable to generate the Purchase Order, the IT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

CORPORATE PURCHASES (NON-MIS)

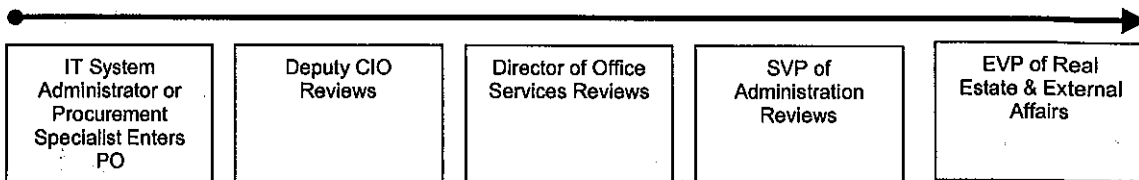




MIS PURCHASES UNDER \$7,500



MIS PURCHASES OVER \$7,500



A. PURCHASES REQUIRING COMPETITIVE BIDDING

If the aggregate total of goods and services is over \$2,500.00, then a competitive bidding process must be performed prior to the purchase of such goods and services. A Purchase Order will not be generated until such process has been successfully completed. Upon successful completion, the Purchase Order will be generated and forwarded to the Cash Management Department, Accounts Payable Administrator. The following procedures shall be followed:

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

For office and computer supplies, printing, kitchen supplies and other similar items ordered frequently, bids should be obtained annually or in some cases every two years (such determination shall be made by the Senior Vice President of Administration or Executive Vice President / Senior Vice President). An annual summary

of bids will be completed by the Purchasing Specialist and submitted to the Senior Vice President of Administration or Executive Vice President / Senior Vice President for approval.

All other items totaling over \$2,500.00 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 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 Senior Vice President of Administration or Executive Vice President / Senior Vice President 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 the bids for computer equipment and software purchases. The procedures set forth in the preceding paragraph must be followed and all documentation must be forwarded to the Purchasing Department before a purchase order will be generated.

If there is only one source for the required item, the determination and the basis must be in writing and submitted to the Senior Vice President of Administration or Executive Vice President / Senior Vice President 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 Senior Vice President of Administration or Executive Vice President / Senior Vice President 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 / Senior Vice President. All approved contracts must be sent to the Scanning Specialist for scanning.

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

Purchasing Specialist

Accounts Payable Administrator

Director of Office Services

IT System Administrator

3. All purchases must be made with the prior approval of the Senior Vice President of Administration or Executive Vice President / Senior Vice President. The Corporation will not be responsible for purchases made without an authorized Purchase Order.

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

B. PURCHASES NOT REQUIRING COMPETITIVE BIDDING

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

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

Local Transportation: A list of car services utilized by the Corporation shall be maintained and a comparison of charges is to be prepared annually and submitted to the Executive Vice President / Senior Vice President for review and approval;

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 Treasury Department;

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 Treasury Department must approve all memberships; and

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

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

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

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

C. PURCHASES ON THE INTERNET

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

D. PURCHASING VERSUS LEASING

In certain circumstances the Corporation may determine to lease products rather than purchasing them. For these items the procedures set forth in the previous paragraphs should also be followed. In addition, an analysis should be performed to compare the costs and benefits of buying versus leasing such item. The terms of the lease should be compared to the terms of purchasing the item outright to determine the best option. The buy versus lease analysis should be submitted to the Executive Vice President / Senior Vice President 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:

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.

Legal Counsel

Underwriters

Annual Report Design

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 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 attention of 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 Director of Office Services for review and approval. The Purchasing Specialist will return the invoice and attached documentation to the Accounts Payable Administrator who will then create an invoice batch. Any discrepancies are to be brought to the attention of the Purchasing Specialist, and the invoice should not be paid until all discrepancies have been resolved. Invoices that do not require a Purchase Order (e.g. payments for bond programs) are to be referred to the individual who initiated the order for proper authorization;
2. The Accounts Payable Administrator will then prepare the Payment Batch. During this stage, the Preliminary Payment Register, Checks, and Final Payment Register are printed;
3. Upon receipt of written authorization from the Vice President or Assistant Vice President of the Cash Management division, the Accounts Payable Administrator will forward the checks, invoices, and Final Payment Register to the Treasurer for review. In the Treasurer's absence, such documentation shall be sent to the EVP of Capital Markets.
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 Treasurer. Once approved, all documentation shall be returned to the Treasurer. Once complete, all checks and supporting documents will be forwarded to the Controller for the second signature.
5. In the event the aforementioned individuals are unavailable for signatures, the following individuals are authorized to sign checks: President, Executive Vice President of Capital Markets, Executive Vice President of Real Estate, Senior Vice President of Portfolio Management, and the Controller. The Final Payment Register may be signed by the Executive Vice President of Capital Markets or the Executive Vice President of Real Estate in the absence of the President. During this process, the Accounts Payable Administrator will keep track of the payment registers signed by these authorized individuals.

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

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

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

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

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



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

INTEROFFICE MEMORANDUM

TO: CATHLEEN BAUMANN, TREASURER
FROM: SHIRLEY JARVIS *SmT*
SUBJECT: 2012 EMPLOYEE EXPENSES AUDIT
DATE: MARCH 16, 2012

The Internal Audit Division has completed its 2012 review of the Employee Expenses.

I. Background

The Corporation's travel policy provides employees with local or out-of-town transportation, lodging, and meals associated with attending training, workshops, conferences, and seminars. This policy also includes the use of corporate car services and mileage reimbursements to employees (e.g., engineers in the Asset Management Division) who conduct HDC business. In addition, the employee development policy supports continuous learning by encouraging employees to participate in work-related training classes, workshops, seminars and conferences and through the tuition reimbursement program. Most professional memberships and work-related events are also covered under this policy. Furthermore, the Corporation promotes employee health by providing employees with a 50% allowance towards the cost of health club membership or health-related programs, up to a maximum of \$250 per calendar year.

All employees are jointly responsible with the Treasury Department for the administration of and compliance with the Corporation's policies and procedures. Department and Division Head approvals, evidenced by the authorization signatures on forms or vouchers, are intended to ensure that the employee reimbursements and payments to vendors for incurred expenses have been verified, validated and adhere to the established policies and procedures. In addition, Cash Management and the Department of Office Services collaborate to support the Corporation's policies and procedures through the internal verification of the supporting documentation prior to payment processing.

II. Audit Objectives

The objectives of the audit were to:

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

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

III. Audit Scope and Methodology

The audit scope covered payments made for selected employee expenses during the period February 1, 2011 through October 31, 2011. During this period, payments totaling \$41,074.87 were made to 44 employees and direct payments totaling \$156,686.59 were made to 56 vendors in 10 expense categories, as summarized in the table below:

Employee Expense Categories	Total Amount Reimbursed to Employees	Total Amount Paid to Vendors	Grand Total
Local Transportation (including yellow cabs and HDC car services)	650.66	14,622.45	15,273.11
Training & Conference	27,004.37	7,295.00	34,299.37
Membership Dues	0.00	56,045.00	56,045.00
Mileage Reimbursements	4,743.78	0.00	4,743.78
Flowers & Gifts	0.00	828.00	828.00
Office Celebration	0.00	8,760.00	8,760.00
Working Meals	3,411.03	8,673.19	12,084.22
Employee Development Program	1,260.00	44,104.00	45,364.00
Health Club Reimbursements	4,005.03	0.00	4,005.03
Miscellaneous	0.00	16,359.05	16,359.05
Totals	\$41,074.87	\$156,686.69	\$197,761.56

In conducting this audit, we evaluated the adequacy and effectiveness of the Corporation's internal control practices and the adherence to the written procedures. As part of our evaluation, we reviewed the Corporation's policies and procedures relating to the above selected employee expense categories from the Employee Handbook.

During testing, we performed the following:

- Reviewed the supporting documentation and verified 63 reimbursements to 21 employees totaling \$32,326.06 in four expense categories.
- Reviewed the supporting documentation and verified the accuracy of health club reimbursements to 20 employees totaling \$4,005.03.
- Selected six vendors with payments totaling \$87,915 (56% of direct payments to vendors of \$156,686.69), and reviewed the invoices and supporting documentation for compliance to policy.
- Reviewed 10 invoices, totaling \$5,696.36 for the three car service providers of local transportation.
- Recalculated the mileage to determine the accuracy of 10 mileage reimbursements to four employees totaling \$4,743.78.

The audit excluded adjusting entries to the GL, President's Office expenses and petty cash reimbursements.

Audit Results:

We determined that management has effective controls to ensure that employee reimbursement and vendor payments are properly authorized, appropriate and accurately recorded. In addition, our review of the selected employee expense categories determined that employees generally complied with policies and procedures for processing employee reimbursements and the payment of vendor invoices for these expenses.

Cc: Marc Jahr, President
Richard Froehlich, COO, EVP for Capital Markets and General Counsel
Joan Tally, EVP for Real Estate and External Affairs