



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

To: The Chairperson and Members

From: Marc Jahr *Rick D. [unclear] acting for President*
President

Date: August 8, 2013

Subject: Amendment to Authorizing Resolution for Capital Fund Grant Program Revenue Bonds (New York City Housing Authority Program), Series 2013A and Series 2013B and Approval to Select a Financial Advisor

I am pleased to recommend that the Members approve the Amendment to the Authorizing Resolution for the issuance of the Corporation's Capital Fund Grant Program Revenue Bonds (New York City Housing Authority Program), Series 2013A and Series 2013B (the "2013A Bonds" and the "2013B Bonds," respectively, and collectively, the "Bonds") originally adopted by the Members on July 25, 2013. The amended authorization will provide the Corporation with the flexibility to sell the Bonds in a sealed bid process as a public, competitive sale ("Competitive Sale").

In addition, the Members are requested to authorize the Corporation to select a firm to provide services of a financial advisor for the Competitive Sale of the Bonds ("Financial Advisor") from amongst the firms listed below.

Competitive Sale

All material financing terms and the bond structure approved by the Members on July 25, 2013, remain unchanged except the Corporation is requesting the flexibility to sell the Bonds through a Competitive Sale. If the Corporation elects to sell the Bonds using a Competitive Sale, it is expected that the Corporation, in consultation with the Financial Advisor, will initiate a Competitive Sale by placing electronically or in trade publications one or more notices of sale (each a "Notice of Sale") to announce the expected date and time of the sale, the amount and type of Bonds being issued, the structure of the deal, bidding specifications and procedures. The Bonds will be awarded to the bidder complying with the terms in the Notice of Sale and offering to purchase the Bonds at the lowest true interest cost to the Corporation. The Corporation will reserve the right in its discretion to reject any or all bids.

If the Corporation elects to sell the Bonds using a Competitive Sale, the underwriters approved at the

July 25, 2013 board meeting will not be engaged but the Corporation expects that most underwriters approved for the negotiated sale will participate in the Competitive Sale bidding either by submitting a bid alone or forming a syndicate.

Financial Advisor

Due to the short notice of such required authorization and to allow for a thoughtful selection process, Members are asked to authorize the Corporation to select between the three financial advisory firms, listed below, to act as Financial Advisor for a Competitive Sale of the Bonds:

1. Caine Mitter & Associates
2. Public Resources Advisory Group
3. PFM Group

The Financial Advisor performs an essential role in a Competitive Sale. In the event the Corporation sells the Bonds through a Competitive Sale, the selected Financial Advisor will provide guidance regarding date and time of the sale, review the language in the Preliminary Official Statement and Notice of Sale, help determine the parameters of the bid, arrange for both a bidding and marketing platform for prospective bidders and prepare any needed financial modeling including structuring the Bonds, calculating the true interest cost of each bid and preparing debt service schedules, coverage ratio and any additional calculations requested by the rating agencies.

In selecting between the three potential Financial Advisors, the Corporation will evaluate each firm's recommendations for the Competitive Sale of the Bonds; their in-house analytic capabilities; the relevant experience providing Competitive Sale advisory services for similar transactions; the number, experience and ability of the personnel proposed to represent the Corporation and other relevant factors. Caine Mitter is also expected to provide the Corporation with an opinion attesting that the terms and conditions of the Bonds are reasonable given current market conditions with respect to such matters as interest rate, fees, costs of issuance, call provisions and reserve fund requirements and such role might create a conflict which would preclude them from acting as Financial Advisor.

Fees

The Financial Advisor, if the Corporation sells the Bonds through a Competitive Sale, will earn an up-front fee, including expenses, not to exceed 0.50% of the initial principal amount of Bonds sold in a Competitive Sale.

Designated Counsel to the Winning Bidder, if the Corporation sells the Bonds through a Competitive Sale, will earn an up-front fee, not to exceed \$350,000.

Designated Counsel to the Winning Bidder of the Competitive Sale

Winston & Strawn LLP

Action By Members

The Members are requested to approve a Resolution Amending the Authorizing Resolution authorizing, in addition to the authorizations contained in the existing Authorizing Resolution, (i) the sale of the Bonds through one or more Competitive Sales, (ii) the distribution of one or more Notices of Sale in connection with any Competitive Sale of the Bonds and (iii) the execution of any other documents necessary to accomplish the issuance and sale of the Bonds through a Competitive Sale.

In addition, the Members are requested to authorize the Corporation to select a firm to provide services of a Financial Advisor for the Competitive Sale of the Bonds from amongst the firms listed above.