



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

TO: Members of the Audit Committee

FROM: Richard Froehlich *RF*

SUBJECT: Material for Audit Committee Meeting
November 25, 2013 at 10:00 a.m.

DATE: November 18, 2013

Attached please find the following materials for the Audit Committee meeting:


- Proposed Agenda
- Minutes of September 25, 2013 Meeting
- Debt Report
- Investment Report
- Credit Report
- Internal Audit Report
- FY 2014 Internal Audit Schedule



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

TO: Members of the Audit Committee

FROM: Richard Froehlich 

SUBJECT: Agenda for Audit Committee Meeting

DATE: November 18, 2013

For the Audit Committee Meeting, which will take place on Monday, November 25th, at 10:00 a.m., I propose the following agenda:

1. Roll Call
2. Approval of Minutes of the Meeting Held on September 25, 2013
3. Debt Report
4. Investment Report
5. Credit Risk Update
6. Internal Audit Report
7. FY 2014 Internal Audit Schedule
8. Other Business

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

September 25th, 2013

A meeting of the Members of the Audit Committee of the New York City Housing Development Corporation (the "Corporation") was held on Wednesday September 25th, 2013 at the offices of the Corporation, 110 William Street, 10th Floor, New York, New York.

The meeting was called to order at 10:00 am by Mr. Harry Gould, Board Member, who noted the presence of a quorum. Mr. Gould called for approval of the minutes from the August 15th, 2013 meeting. The minutes were approved.

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

Mr. Gould then turned to Mr. Bharat Shah, Controller of the Corporation, to provide the unaudited financial statements as of the third quarter of FY 2013 which covers the period from November 1st 2012 through July 31st 2013. Mr. Shah noted that the growth in assets and liabilities has continued from last fiscal year through the third quarter of this fiscal year. The Financial highlights include the following: \$1 billion of bonds have been issued by the Corporation. Total assets at third quarter end are \$12.59 billion, an increase of \$232.8 million or 1.9% from Fiscal Year end 2012. Total liabilities are \$10.87 billion, an increase of \$171.7 million or 1.6% from Fiscal Year end 2012. Mr. Shah reported that total net position (assets) is \$1.72 billion, an increase of \$61 million or a 3.7% increase from last fiscal year end. Net income thru third quarter of this fiscal year is \$61 million from normal operations. A decrease of \$1.8 million or a 3% compared to the same period last year.

Mr. Gould then turned to Ms. Kimberly Hancy of Ernst & Young to present the firm's audit plan for HDC's Fiscal Year 2013, which ends on October 31st. Ms. Hancy directed the Members' attention to page three of the audit plan booklet furnished to the Members, and reviewed the deliverables and areas of audit emphasis outlined there. Ms. Hancy then provided a brief overview of the audit plan for 2013. Ms. Hancy noted no big changes from last year. Ms. Hancy noted that they are on target to meet the timeframe. Last year there were some changes with GASB 63 or GASB 65 but this year nothing is required yet. GASB 68 is being early implemented by the City and was recommended to HDC as well but it will be adopted for FY 2014 since the City will need to provide information to the Corporation and due to HDC's Fiscal Year End, the City would not be ready to provide the necessary information. Mr. Froehlich noted that NYCERS annual contribution at \$1.3 million last year and possibly \$1.6 million this year. The Corporation's proportion share for NYCERS is very small compare to other agencies; HDC's budget for pensions is at \$25 to \$26 million. The Corporation is waiting on the City for calculations for the GASB 68 to determine HDC's portion but the Corporation's share is very small. Ms. Hancy noted that GASB 69 and 70 are not required yet.

Mr. Gould then turned to Ms. Ellen Duffy, Senior Vice President of Debt Issuance and Finance, to provide HDC's debt report for the month of August 2013. Ms. Duffy noted that the Corporation issued one series of Open Resolution bonds in July totaling \$40.14 million. There was no bond issuance in August. Redemptions in July totaled \$90.26 million from thirteen series of Open Resolution bonds, including some series of NIBP bonds. Ms. Duffy further noted that there were no bond redemptions in August. HDC's debt outstanding as of August 31, 2013 is approximately \$8.97 billion. The Corporation's statutory debt capacity stands at \$11.25 billion. Ms. Duffy reported that additionally NYCHA issued \$630 million, 2 series of bonds refunding \$250 million for 24-30 projects closed on September 10th and was very well priced. Mr. Gould asked how that relates to the \$8.97 billion and Ms. Duffy stated that it will not have a big effect.

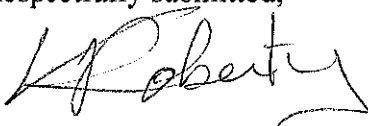
Mr. Gould then turned to Ms. Duffy for the Corporations' Weekly Investment report for September 10, 2013. Ms. Duffy noted that funds under management totaled approximately \$3.2 billion. This amount is somewhat higher than previous balances due to the amount of bonds the Corporation issued on behalf of NYCHA in September. This report reflects routine investment activity.

Mr. Gould then recognized Ms. Mary Hom, Deputy Director-Credit Risk, for the counterparty credit risk exposure report. Ms. Hom reported that there no changes to the list of counterparties since the last report; however, she did note that subsequent to the date of the report, the Corporation issued bonds to refund the 2005 Series A NYCHA bonds, so the National Public Finance Guarantee Corp. exposure will be removed on the next report. Ms. Hom continued that there were no rating agency actions of note, and that the Corporation's counterparty exposure remained pretty well diversified with the largest exposure continuing to be with Fannie Mae, followed by Citibank. Investments rated double-A or higher were 51% of total investments (versus 47% at the last report), and the weighted average maturity of the investment portfolio was 4.3 years (versus 4 years at the last report). Ms. Hom concluded her report by noting that the exposure to liquidity providers was unchanged at approximately \$70 million.

Mr. Gould then turned the Committee's attention to Mr. James Kong of Ernst & Young to present the results of the 2012 Emphasys and Sympro IT Review. Mr. Kong reported that E&Y performed a post IT implementation review of the Emphasys and Sympro applications for the Corporation. As a result of the review, E&Y noted certain observations and recommendations for improvement. E&Y noted that all the areas reviewed appear to be operating effectively. Mr. Colvin Grannum, Board member requested an explanation of Emphasys and Sympro. Ms. Duffy noted that it is a debt, investment and cash management system that HDC purchased in 2010. Emphasys manages the bond and investment side and Sympro manages the cash management side. The review looked at how many individuals had access to make changes. There were some minor suggestions. Mr. Grannum asked about management response and Ms. Duffy noted that the IT Department is small and only a limited number of individuals have access.

At 10:25 am, with no further business, Mr. Gould moved to dismiss and the meeting was adjourned.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Violine Roberty". The signature is written in black ink and is positioned above the printed name.

Violine Roberty

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

September 25th, 2013

ATTENDANCE LIST

<u>NAME</u>	<u>AFFILIATION</u>
Harry Gould	Audit Committee Member
Denise Scott	Audit Committee Member
Colvin Grannum	Audit Committee Member
James Kong	Ernst & Young
Kimberly Hancy	Ernst & Young
Marc Jahr	NYC Housing Development Corp.
Richard Froehlich	NYC Housing Development Corp.
Ellen Duffy	NYC Housing Development Corp.
Cathy Baumann	NYC Housing Development Corp.
Urmias Naeris	NYC Housing Development Corp.
Mary John	NYC Housing Development Corp.
Cheuk Yu	NYC Housing Development Corp.
Uyen Luu	NYC Housing Development Corp.
Bharat Shah	NYC Housing Development Corp.
Mary Hom	NYC Housing Development Corp.
Eileen O'Reilly	NYC Housing Development Corp.
Jonathan Springer	NYC Housing Development Corp.
Shirley Jarvis	NYC Housing Development Corp.
Violine Roberty	NYC Housing Development Corp.



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

TO: Members of the Audit Committee
FROM: Ellen Duffy *ED*
SUBJECT: Monthly Debt Report for October 31, 2013
DATE: NOVEMBER 18, 2013

Attached please find HDC's debt report for the month of October 2013.

The Corporation issued three series of stand-alone debt for NYCHA in September totaling approximately \$656.09 million. In October two series of Open Resolution bonds were issued totaling approximately \$72.02 million. In addition, \$44.94 million of taxable Multi Family Secured Mortgage Revenue Bonds ("Mini-Open") were issued.

Redemptions in September totaled \$75.43 million from two series of Open Resolution bonds. In addition, \$201.99 million stand-alone bonds for NYCHA were redeemed. There were no bond redemptions in October.

HDC's debt outstanding as of October 31, 2013 is approximately \$9.46 billion. The Corporation's statutory debt capacity stands at \$11.25 billion.

HDC Debt - Monthly Report of October 31, 2013

Total HDC Debt		Open Resolution		New Issue Bond Program		Stand-Alone Bonds		MF Secured Resolution		Total HDC Bonds		
Outstanding Principal	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent	Amount	Percent
Fixed Rate	3,192,425,000	78.7%	367,550,000	100%	894,625,000	18%	105,950,000	100%	4,560,590,000.00	48%		
Var-Term	91,915,000	2.3%	-	0%	-	0%	-	0%	91,915,000.00	1%		
Var-Index (1)	704,520,000	17.4%	-	0%	169,460,396	3%	-	0%	873,980,396.00	9%		
VRDO	69,875,000	1.7%	-	0%	3,865,510,000	78%	-	0%	3,935,385,000.00	42%		
Total	4,058,735,000	100%	367,550,000	100%	4,929,595,396	100%	105,950,000	100%	9,461,810,396.00	100%		
Statutory Limit									11,250,000,000.00			
Remaining Capacity									1,788,189,604.00			15.90%

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	Weighted Avg. Spread
Var-Index								
2002 C	43,510,000	57,861,680	2034	Quarterly/ 3 M FHLB Swap Rate + 30 bps	Taxable	0.38%	7.71%	9.8715%
2008 E	94,740,000	79,773,784	2037	Quarterly/ 3 M FHLB Swap Rate + 30 bps	Taxable	0.39%	3.80%	2.8254%
2008 F	77,020,000	58,448,965 (2)	2041	Quarterly/ 3 M FHLB Swap Rate + 30 bps	Taxable	0.39%	5.73%	3.9746%
2008 J	34,180,000	43,536,801	2043	Quarterly/ 3 M LIBOR + 61 bps	Taxable	0.88%	6.39%	7.2621%
2009 K	96,590,000	161,565,144	2043	Quarterly/ 3 M LIBOR + 61 bps	Taxable	0.88%	3.71%	5.3558%
2009 L-2	25,000,000	86,722,973 (3)	2039	Quarterly/ 3 M LIBOR + 48 bps	Taxable	0.75%	1.00%	2.8039%
2010 H	66,895,000	86,624,866	2040	Quarterly/ 3 M LIBOR + 54 bps	Taxable	0.81%	4.17%	4.5984%
2011 F-2	56,460,000	56,962,900 (2)	2040	Quarterly/ 3 M LIBOR + 48 bps	Taxable	0.75%	6.46%	5.9966%
2011 F-3	12,540,000	31,642,627	2040	Quarterly/ 3 M LIBOR + 48 bps	Taxable	0.75%	2.85%	6.4440%
2013 D-2	55,000,000	174,269,546	2038	Quarterly/ 3 M LIBOR + 65 bps	Taxable	0.92%	1.45%	0.5381%
Total	561,935,000	841,389,288						
Var-Index/VRDO/Pass-Through								
2012 A	42,585,000	67,540,000 (4)	2014	Weekly/ 7 D SIFMA + 110 bps	Tax-Exempt	1.18%	1.18%	0.0000%
2006 L-1	100,000,000	100,000,000 (4)	2046	Monthly/LIBOR + 120bps/75%	Tax-Exempt	1.03%	1.03%	0.0000%
2012 K-2	20,765,000	20,765,000 (4)	2016	VRDO (Wells Fargo Liquidity)	Tax-Exempt	0.07%	0.07%	0.0000%
2013 B-2	7,500,000	7,500,000 (4)	2018	VRDO (TD Bank Liquidity)	Tax-Exempt	0.06%	0.06%	0.0000%
2013 B-3	24,000,000	24,000,000 (4)	2018	VRDO (JP MORGAN Liquidity)	Tax-Exempt	0.07%	0.07%	0.0000%
2013 B-4	17,610,000	17,610,000 (4)	2018	VRDO (Wells Fargo Liquidity)	Tax-Exempt	0.07%	0.07%	0.0000%
Total	212,460,000	237,415,000						

Open Resolution Interest Rate CAPs

Strike Rate	Outstanding Notional Amount With Goldman Sachs	Maturity Date
	223,254,345 (5)	11/1/2032
	307,520,501 (6)	54.73%

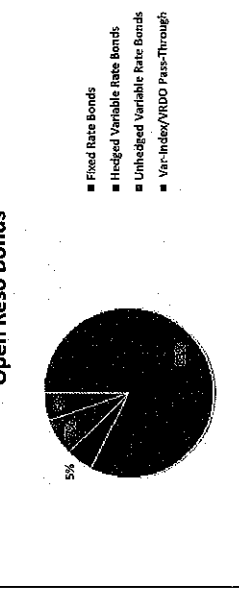
2013 Volume Cap

Allocation for	Amount
2012 M (New Vol Cap portion)	44,100,000
NYC Allocation	45,000,000
NYS Allocation --HPS Tranche II	180,000,000
NYS Allocation -- June ask	100,000,000
	90,000,000
Used up to 10/31	(425,870,000)
Balance Available 10/31/13	33,230,000

Notes

- (1) Includes 2006 L-1 in an amount of \$100,000,000 which has been walled off from the Open Resolution.
- (2) One loan (Franklin Plaza) is currently advancing.
- (3) The mortgages are collateral for both L-1 (\$50,000,000 outstanding) and L-2 (variable).
- (4) The bond is structured as a pass-thru deal and the borrower is responsible for the bond interest, which is fully capitalized.
- (5) Interest rate caps are not legally tied to the associated bond series, therefore provides a hedge to the full Open Resolution variable rate portfolio
- (6) Includes only those assets for which HDC keeps the earnings

Open Reso Bonds*



*Chart includes NIBP

Rates of the Index Floating Bonds:

3 M FHLB Swap Rate	current (11/08/2013)	0.10
3 M LIBOR -	current (11/08/2013)	0.24
1 M LIBOR -	current (11/08/2013)	0.17
7 D SIFMA -	current (11/07/2013)	0.06

Debt Issuance / Key Events

2013 Series A - MFSMRB	116,960,000.00
2013 Series A-1 - HRB	44,940,000.00
2013 Series A-2 - HRB	55,855,000.00
	16,165,000.00

Redemptions in Oct:

	0.00
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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 November 4, 2013
DATE: NOVEMBER 18, 2013

Attached please find HDC's investment report for November 4, 2013. Funds under management totaled approximately \$2.98 billion. This report reflects routine investment activity.

Weekly Investment Report
Monday, November 04, 2013

	11/14/2013	10/22/2013	Weekly Change	10/31/2012	Change 10/31/2012 to Current
Total Investments	2,980,769,202	3,209,388,596	(228,619,394)	2,627,870,239	352,898,963
Investments by Pool:					
Open Resolution Revenue	85,747,276	203,573,181	(117,825,905)	224,587,914	(138,840,638)
Project-Related GNIMAs	148,729,340	149,127,369	(398,029)	153,388,466	(4,659,126)
Open Resolution DSR	99,796,795	99,796,699	136	90,719,628	9,077,166
Open Resolution Capitalized Interest	-	-	-	1,898,351	(1,898,351)
Open Resolution Bond Proceeds	678,118,472	693,573,848	(15,455,376)	788,228,856	(110,110,384)
Open Resolution Redemption	40,415,000	121,177,268	(80,762,268)	44,702,420	(4,287,420)
Open Resolution Prepayment	79,336,684	79,348,982	(12,298)	51,794,494	27,542,190
Debt Paydown Reserve Fund	6,537,805	6,536,972	833	16,808,078	(10,270,274)
Non Bonded Proceeds	105,370	105,303	67	493,222	(387,852)
Mitchell-Lama Prepayment	-	-	-	5,162,806	(5,162,806)
NYCHA (Stand Alone, All Funds)	506,236,692	506,149,325	87,367	31,164,000	475,072,692
Bond Proceeds, Non-OR	100,473,050	105,675,044	(5,201,993)	75,802,937	24,670,114
HPD Participating Loan (Scheimerhorn)	3,815,754	3,811,198	4,557	7,058,080	(3,242,326)
Bond Revenue Funds, Non-OR	203,549,909	205,393,340	(1,843,431)	116,248,953	87,300,955
Subtotal, Bond-Related	1,952,862,147	2,174,268,488	(221,406,341)	1,608,058,207	344,803,940
HPD Funds	205,390,954	204,234,137	1,156,818	198,702,442	6,688,512
Escrows (HDC retains earnings)	32,095,832	33,319,987	(1,224,155)	30,223,267	1,872,565
Reserves for Replacement, Escrows	220,403,301	220,789,775	(386,474)	219,989,414	413,887
Subtotal, Loan Servicing	457,890,088	458,343,899	(453,811)	448,915,124	8,974,964
Housing Assistance Corp.	9,736,300	9,736,400	(100)	13,330,500	(3,594,200)
REMIG	94,880,386	94,350,787	529,598	80,526,638	14,353,748
Mitchell-Lama Claim Payment Fund	1,100,000	1,100,000	-	-	1,100,000
Construction Loan Mortgage Equity	5,387,850	5,646,024	(258,174)	3,644,506	1,743,344
Community Block Development Grant	-	-	-	-	-
Corporate Services - 421a Funds	59,982,204	60,057,696	(75,492)	22,353,293	37,628,911
Corporate Services - Committed to HDC Loans	68,461,665	69,897,836	(1,436,171)	45,205,542	23,256,123
Corporate Services - Committed to HDC Open Res	4,508,791	5,066,718	(557,927)	16,638,592	(12,129,801)
Corporate Services - Citi Loan Participation	40,049,403	46,384,103	(6,334,700)	32,651,505	7,397,898
Corporate Services - General/Operating***	136,181,411	134,812,361	1,369,050	248,518,421	(112,337,011)
Corporate Services - Revolving/Warehousing	172,142	172,032	110	-	172,142
Corporate Services - Future Mitchell Lama Grants	10,019,607	10,014,077	5,530	-	10,019,607
Corporate Services - Mitchell Lama Repair Fund	1,516	1,515	1	1,503	12
Corporate Services - HUD 2004 M.O.U.	13,838	13,830	9	13,726	112
Corporate Services - HUD Multi-Family Loan Fund	5,110,070	5,119,050	(8,980)	5,278,397	(168,327)
Corporate Services - HPD 15 Year Reserves	4,137,656	4,136,521	1,135	2,912,327	1,225,329
Corporate Services - OPEB	7,880,000	7,880,000	-	3,890,000	3,990,000
Corporate Services - NYCEEC	2,554,484	2,554,401	82	2,501,000	53,484
Corporate Services - Designated and Restricted / Rating and Reserves **	119,839,645	119,832,858	6,787	93,430,955	26,408,690
Subtotal, HDC Non-Bond Programs	570,016,967	576,776,209	(6,759,242)	570,896,908	(879,941)
Total, All Pools	2,980,769,202	3,209,388,596	(228,619,394)	2,627,870,239	352,898,963

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

** 80,000,000 Rating Agency Reserve

** 1,560,750 2006 A DSR

** 15M HDC Risk Sharing Reserves Co-op City(139)

** 22,750,575 HDC Financial Guaranty Reserves NYCHA Tax credit (140)

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

*** 19M Six Month Operating Reserve

11/04/2013
Percentage of
Type of Securities
Held

Change 10/31/2012 to
Current

	11/4/2013	10/22/2013	Weekly Change	10/31/2012	Change 10/31/2012 to Current
Total Investments	2,980,769,202	3,209,388,596	(228,619,394)	2,627,870,239	352,898,963
Investments by Security:					
Repurchase Agreements	224,029,000	220,125,000	3,904,000	194,940,000	29,089,000
Guaranteed Investment Contracts	202,726,693	223,902,856	(21,176,163)	217,842,794	(15,116,101)
Demand Deposit (Interest Bearing)	1,219,939,108	1,471,344,310	(251,405,201)	1,046,782,979	173,156,129
Citibank Forward Purchase Agreement (NYCHA DSR)	29,824,394	29,824,394	-	-	-
Agencies	847,414,667	805,724,667	41,690,000	525,012,000	322,402,667
Project-Related GNMA	148,729,340	149,127,369	(398,029)	153,388,466	(4,659,126)
Municipal Bonds	67,475,000	67,475,000	-	77,035,000	(9,560,000)
Treasuries	240,631,000	241,865,000	(1,234,000)	344,869,000	(104,238,000)
Total	2,980,769,202	3,209,388,596	(228,619,394)	2,627,870,239	323,074,569

Diversification Details:
Amount Outstanding

Repurchase Agreements:	
Chase Securities, Inc.	-
Citigroup	-
Daiwa Securities	113,365,000
Banc Of America Securities	-
Mizuho Securities Usa, Inc.	110,664,000
Total	224,029,000

Commercial Paper

	Amount Outstanding	Uncollateralized	Collateralized	Total
Guaranteed Investment Contracts				
Bank Of America	-	6,130,000	-	6,130,000
Bayerische Landesbank	7,048,140	-	-	7,048,140
Credit Agricole CIB NEW YORK (Calyon	136,855,224	-	-	136,855,224
Deutsche Bank Ag New York -GIC PROVIDER	-	47,678,329	-	47,678,329
Rabobank International	3,825,000	-	-	3,825,000
RBC Capital Markets Corporation	-	-	-	-
Societe Generale Gic	-	1,190,000	-	1,190,000
Westdeutsche Landesbank	-	-	-	-
Total	147,728,364	54,998,329	100.00%	202,726,693

	%
GIC Uncollateralized %	72.87%
GIC Collateralized %	27.13%

Demand Deposit (Interest Bearing)				
H.S.B.C	96,595,652	7.92%	3,241%	
Flushing Commercial Bank	56,667,811	4.65%	1.901%	
JP MORGAN CHASE BANK	114,364,365	9.37%	3.837%	
NYC Community Bank	663,839,245	54.42%	22.271%	
Signature	288,472,036	23.65%	9.678%	
Total	1,219,939,108	100.00%	40.927%	


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



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

To: Members of the Audit Committee

From: Mary Hom 

Date: November 13, 2013

Re: Counterparty Credit Risk Exposure

I have attached a report detailing the Corporation's counterparty exposure as of November 11, 2013.

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 November 11, 2013
 (UNAUDITED)

Counterparty	Moody's	S&P	Construction LOC	Permanent Enhancement	Investment	Liquidity Providers	COUNTERPARTY EXPOSURE	% Total Counterparty Exposure
Assured Guaranty	A2	AA-	\$67,800,000				\$67,800,000	0.67%
Bank of America	A3	A	\$70,020,000	\$51,455,000	\$6,130,000		\$127,605,000	1.26%
Bank of New York	Aa1	AA-	\$75,310,000				\$75,310,000	0.74%
Bayerische Landesbank	Aaa	NR			\$7,410,525		\$7,410,525	0.07%
CALYON/Credit Agricole Corporate & Investment Bank	A2	A			\$134,216,581		\$134,216,581	1.32%
Citibank	A3	A	\$472,780,000	\$304,208,244	\$29,824,394		\$806,812,638	7.96%
Daiwa Securities	Baa2	BBB+			\$9,155,000		\$9,155,000	0.09%
Deutsche Bank	A2	A			\$47,678,329		\$47,678,329	0.47%
Dexia (**See below)	Baa2	BBB			\$56,667,811		\$56,667,811	0.56%
Flushing Bank	NR	NR					\$0	0.00%
Goldman Sachs Bank	A2	A	\$124,140,000				\$124,140,000	1.22%
Helaba (guaranteed)	Aa1	AA-		\$139,900,000			\$139,900,000	1.38%
Helaba (uniguaranteed)	A2	A	\$210,000,000				\$210,000,000	2.07%
HSBC	Aa3	AA-			\$96,418,929		\$96,418,929	0.95%
JPMorgan Chase Bank	Aa3	A+	\$418,345,000	\$16,610,000	\$113,989,432	\$24,000,000	\$572,944,432	5.65%
Landesbank Baden-Wuerttemberg	A3	NR		\$70,000,000			\$70,000,000	0.69%
M&T Bank	A2	A	\$13,145,000				\$13,145,000	0.13%
Mizuho Securities/Mizuho Corporate Bank	A2/A1	A/A+		\$7,570,000	\$161,307,000		\$168,877,000	1.67%
NYC GO (Dexia) (**See below)	Baa2	BBB			\$28,060,000		\$28,060,000	0.28%
NYC GO (unenhanced)	Aa2	AA			\$35,470,000		\$35,470,000	0.35%
NYC Transitional Finance Authority	Aa1	AAA			\$1,800,000		\$1,800,000	0.02%
NY Community Bank	A3	BBB			\$663,407,160		\$663,407,160	6.54%
NYS Urban Development	NR	AAA			\$1,145,000		\$1,145,000	0.01%
Portigon AG (formerly WestLB)	Aa1	AA-			\$1,190,000		\$1,190,000	0.01%
Rabobank	Aa2	AA-			\$3,825,000		\$3,825,000	0.04%
RBS Citizens N.A.	A3	A-	\$704,865,000				\$704,865,000	6.95%
REMIC	NR	AA		\$199,566,971			\$199,566,971	1.97%
Signature Bank	NR	NR			\$292,695,292		\$292,695,292	2.89%
Societe Generale	A2	A			\$68,779		\$68,779	0.00%
SONYMA	Aa1	NR			\$1,000,000		\$372,099,479	3.67%
SunTrust Bank	A3	BBB+		\$100,000,000			\$100,000,000	0.99%
TD Bank NA	Aa3	AA-	\$7,500,000			\$7,500,000	\$15,000,000	0.15%
US Agency:	Aaa	AA+	\$277,525,000	\$3,089,453,634	\$998,804,007		\$4,365,782,641	43.07%
FHA/HUD			\$12,855,000	\$76,574,520			\$89,429,520	0.88%
FHFB			\$264,670,000		\$255,501,667		\$520,171,667	5.13%
FHLMC				\$631,528,486	\$364,753,000		\$996,281,486	9.83%
FNMA (**See below)				\$2,229,487,008	\$159,935,000		\$2,389,422,008	23.57%
GNMA				\$151,863,620	\$148,729,340		\$300,592,960	2.97%
Other Agency					\$69,885,000		\$69,885,000	0.69%
US Treasury	Aaa	AA+			\$238,176,000		\$238,176,000	2.35%
Wells Fargo Bank	Aa3	AA-	\$347,735,000			\$38,375,000	\$386,110,000	3.81%
TOTAL			\$2,789,165,000	\$4,349,863,328	\$2,928,439,239	\$69,875,000	\$10,137,342,567	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 November 11, 2013
 (UNAUDITED)

Municipal Investments:		Amount			
Issuer					
NYC GO (Dexia-enhanced)		\$28,060,000			
NYC GO (unenanced)		\$35,470,000			
NYC TFA		\$1,800,000			
NYS Urban Development		\$1,145,000			
SONYMA		\$1,000,000			
Total Municipal Investments		\$67,475,000			
Including VRDO Exposure:					
Counterparty		TOTAL	COUNTERPARTY	% Total	
Dexia		\$28,060,000	EXPOSURE	Counterparty	Exposure
					0.28%
Exposure to Counterparties Rated A-Minus and Below, or Not-Rated:					
Counterparty	Type of Exposure	Amount		% Total	
Bank of America	LOC/Perm LC/GIC	\$127,603,000		Counterparty	Exposure
Citibank	LOC/Perm LC/FPA	\$806,812,638			1.26%
Daiwa Securities*	Repo	\$9,155,000			7.96%
Dexia Credit Local	Municipals	\$28,060,000			0.09%
Flushing Bank^	Money Market	\$56,667,811			0.28%
Landesbank Baden-Wuerttemberg	Perm LC	\$70,000,000			0.56%
NY Community Bank^	Money Market	\$663,407,160			0.69%
RBS Citizens	LOC	\$704,865,000			6.54%
Signature Bank^	Money Market	\$292,693,292			6.95%
SunTrust Bank	Perm LC	\$100,000,000			2.89%
TOTAL		\$2,859,267,901			28.21%
*Repurchase agreement fully- or over-collateralized by US Treasury/Agency securities					
^Money market fully-collateralized by FHLB LOC or U.S. Agency securities					
Country Exposure (Ex-U.S.):					
Country	Type	\$ Amount		% Total	
Canada (TD Bank)	LC/Liq Prov	\$15,000,000		Counterparty	Exposure
France (CALYON/Dexia/Societe Generale)	GIC/MUNI	\$162,343,360			0.15%
Germany (Bayerische Landesbank/Deutsche/Helaba/BW/Portigon)	GIC/LOC	\$476,178,854			1.60%
Japan (Mizuho/Daiwa)	RP/PERM LC	\$178,032,000			4.70%
Netherlands (Rabobank Nederland)	GIC	\$3,825,000			1.76%
United Kingdom (HSBC)	MM	\$96,418,929			0.04%
TOTAL		\$931,800,143			9.19%

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Credit Enhancement Diversification as of November 11, 2013
 (UNAUDITED)

CONSTRUCTION PROJECTS

Enhancement During Construction:			Expected Permanent Enhancement:		
Number of Projects	LOC Amount	% of Total During Construction	Number of Projects	Permanent Enhanced or Insured Amount	% of Total During Permanent
1	\$67,800,000	2.43%	1	\$67,800,000	3.99%
3	\$70,020,000	2.51%	0	\$0	0.00%
3	\$75,310,000	2.70%	0	\$0	0.00%
12	\$472,780,000	16.95%	1	\$27,750,000	1.63%
1	\$12,855,000	0.46%	6	\$141,276,000	8.31%
15	\$264,670,000	9.49%	1	\$69,865,000	4.11%
0	\$0	0.00%	4	\$188,370,000	11.09%
0	\$0	0.00%	1	\$635,000,000	37.37%
4	\$124,140,000	4.45%	0	\$0	0.00%
1	\$210,000,000	7.53%	1	\$210,000,000	12.36%
23	\$418,345,000	15.00%	0	\$0	0.00%
1	\$13,145,000	0.47%	0	\$0	0.00%
11	\$0	0.00%	5	\$0	0.00%
2	\$704,865,000	25.27%	0	\$0	0.00%
0	\$0	0.00%	43	\$68,648,000	4.04%
0	\$0	0.00%	20	\$183,344,806	10.79%
0	\$0	0.00%	1	\$45,000,000	2.65%
1	\$7,500,000	0.27%	0	\$0	0.00%
7	\$347,735,000	12.47%	1	\$62,250,000	3.66%
85	\$2,789,165,000	100.00%	85	\$1,699,303,806	100.00%

Provider	Moody's	S&P
Assured Guaranty	A2	AA-
Bank of America	A3	A
Bank of New York	Aa1	AA-
Citibank	A3	A
FHA/HUD	Aaa	AA+
FHLB	Aaa	AA+
FHLMC	Aaa	AA+
FNMA	Aa2	AA+
Goldman Sachs Bank	A2	A
Helaba (unguaranteed)	A2	A
JPMorgan Chase	Aa3	A+
M&T Bank	A2	A
NONE	NR	NR
RBS Citizens NA	A3	A-
REMIC	NR	AA
SONYMA*	Aa1	NR
TBD	N/A	N/A
TD Bank NA	Aa3	AA-
Wells Fargo/Wachovia	Aa3	AA-
TOTAL		

In Construction:

Rating	% of Total
AAA	0.00%
AA	25.39%
A	74.61%
NR	0.00%
TOTAL	100.00%

*Includes 1 project with NYCEEC

PERMANENT LOANS WITH ENHANCEMENT

Number of Projects	Enhanced Amount	% of Total Permanent Enhanced
3	\$51,455,000	1.18%
35	\$304,208,244	6.99%
25	\$228,438,140	5.25%
24	\$631,528,486	14.52%
64	\$2,229,487,008	51.25%
1	\$139,900,000	3.22%
3	\$16,610,000	0.38%
1	\$70,000,000	1.61%
1	\$7,570,000	0.17%
169	\$199,566,971	4.59%
41	\$371,099,479	8.53%
1	\$100,000,000	2.30%
368	\$4,349,863,328	100.00%

Provider	Moody's	S&P
Bank of America	A3	A
Citibank	A3	A
FHA/GNMA	Aaa	AA+
FHLMC	Aaa	AA+
FNMA	Aaa	AA+
Helaba (guaranteed)	Aa1	AA-
JPMorgan Chase	Aa3	A+
Landesbank Baden Wuert	A3	NR
Mizuho Corporate Bank	A1	A+
REMIC*	NR	AA
SONYMA	Aa1	NR
SunTrust Bank	A3	BBB+
TOTAL		

*Unenhanced portion totals approximately \$759 million

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NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Investment Summary as of November 11, 2013
 (UNAUDITED)

Investment Securities & Repo-By Rating:

Counterparty	Type	Amount	AAA	AA	A	BBB*	NR*
Bank of America	GIC	\$6,130,000			\$6,130,000		
Bayrische Landesbank (guaranteed)	GIC	\$7,410,525	\$7,410,525				
CALYON/Credit Agricole CIB	GIC	\$134,216,581			\$134,216,581		
Citibank NA	FPA	\$29,824,394			\$29,824,394		
Daiwa Securities	REPO	\$9,155,000			\$9,155,000		
Deutsche Bank	GIC	\$47,678,329			\$47,678,329		\$56,667,811
Flushing Bank	MM	\$56,667,811					
HSBC	MM	\$96,418,929		\$96,418,929			
JPMorgan Chase	MM	\$113,989,432			\$113,989,432		
Mizuho Securities	REPO	\$161,307,000			\$161,307,000		
NYC GO (Dexia)	MUNI	\$28,060,000				\$28,060,000	
NYC GO	MUNI	\$35,470,000		\$35,470,000			
NYC TFA	MUNI	\$1,800,000		\$1,800,000			
NY Community Bank	MM	\$663,407,160			\$663,407,160		
NYS Urban Development	MUNI	\$1,145,000	\$1,145,000				
Portigon AG (formerly WestLB)	GIC	\$1,190,000		\$1,190,000			
Rabobank	GIC	\$3,825,000		\$3,825,000			
Signature Bank	MM	\$292,695,292				\$292,695,292	
Societe Generale	GIC	\$68,779			\$68,779		
SONYMA	MUNI	\$1,000,000		\$1,000,000			
US Agency	US Agency	\$998,804,007		\$998,804,007			
US Treasury	US Treasury	\$238,176,000		\$238,176,000			
% of Total		\$2,928,439,239	0.29%	\$1,376,683,936	\$493,214,515	\$700,622,160	\$349,363,103
		100.00%		47.01%	16.84%	23.92%	11.93%

% of Total

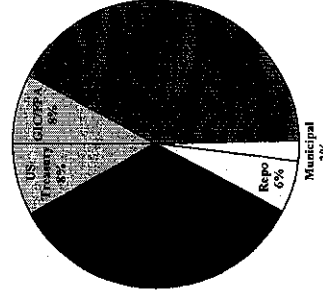
* BBB and NR exposures are fully-collateralized

Weighted Average Maturity (Years): 3.95

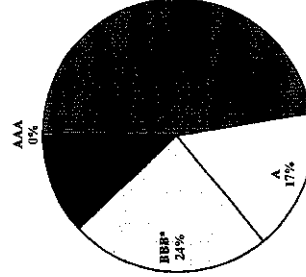
Investment Portfolio-By Type of Investment:

	Amount	% Total
GIC/FPA	\$230,343,608	7.87%
Money Market	\$1,223,178,624	41.77%
Municipal	\$67,475,000	2.30%
Repo	\$170,462,000	5.82%
US Agency	\$998,804,007	34.11%
US Treasury	\$238,176,000	8.13%
Total	\$2,928,439,239	100.00%

INVESTMENT PORTFOLIO (By Type)



INVESTMENT PORTFOLIO (By Rating)



NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Liquidity Providers as of November 11, 2013

JPMORGAN CHASE BANK		TD BANK		WELLS FARGO BANK	
Issue	Amount	Issue	Amount	Issue	Amount
2013 B-3	\$24,000,000	2013 B-2	\$7,500,000	2012 K-2	\$20,765,000
	<u>\$24,000,000</u>		<u>\$7,500,000</u>	2013 B-4	\$17,610,000
					<u><u>\$38,375,000</u></u>

Diversification:	Amount	% Total
JPMorgan Chase Bank	\$24,000,000	34.35%
TD Bank	\$7,500,000	10.73%
Wells Fargo Bank	\$38,375,000	54.92%
TOTAL	<u>\$69,875,000</u>	<u>100.00%</u>

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NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

TO: MEMBERS OF THE AUDIT COMMITTEE
FROM: SHIRLEY JARVIS *S.J.*
SUBJECT: 2013 ONLINE BANKING – LOGICAL SECURITY ACCESS REVIEW
DATE: NOVEMBER 14, 2013

Internal Audit has completed its 2013 Logical Security Access Review for the online banking systems.

I. Background

Online banking allows HDC to electronically transfer funds between bank accounts and to initiate and release wire transfers. Electronic banking is used by HDC at three banks:

1. Wells Fargo Bank (Wells Fargo)
2. BNY Mellon
3. JPMorgan Chase Bank (JPM)

The users are Cash Management employees who are issued a Secure ID token, which is an electronic card that changes numbers approximately every 60 seconds. This number, along with a userid and password is needed for access to the online banking systems. The users are granted access, based upon a request from one of the VP's in Cash Management, by the Security Administrator (SA) for the system. A user is either granted access to create/modify transactions or approve/release the transaction. No one user is allowed to do both.

The SA's are outside of Cash Management. The SA function is one of dual responsibility - one SA adds/modifies access levels for users and a second SA approves the change. The SA's are:

- Wells Fargo - VP, Internal Audit and SVP for Portfolio Management
- BNY Mellon - VP, Internal Audit, CIO and a member of the IT staff
- JPMorgan Chase – CIO and a member of the IT staff

II. Audit Objectives

The objectives of the audit were to determine if adequate controls are in place to ensure that access to the online banking systems is secured. Specifically:

1. Determine whether there is an adequate electronic funds transfer policy.
2. Determine if access to the online banking systems is appropriately restricted.
3. Determine if system reports are generated and reviewed (e.g., access level reports, audit logs).

III. Audit Scope and Methodology

We performed this audit by:

1. Reviewing and evaluating the effectiveness of Cash Management policies and procedures relating to online banking.
2. Interviewing key personnel and management to gain an understanding of how access to the online banking systems is granted and monitored.
3. Reviewing system access to determine if the access levels are appropriate based on job responsibilities and if proper segregation of duties exist so that separate users create/modify and release/approve funds transactions.

IV. Audit Results:

Upon completion of the audit, we noted no matters involving internal controls that we considered material weaknesses. We determined that access to the online banking systems was appropriately restricted based on job function.

We did note areas where improvements could be made to enhance the controls. Those recommendations and management's action plan to address them (*in italics*) are summarized below.

Electronic Banking Policy and Procedures

The electronic banking procedures should be updated for each of the three online banking systems - JPM, BNY Mellon and Wells Fargo to include:

- The Security Administrators (SA) for each of the systems and how requests for user access are made to them.
- The steps for notifying each bank on adding/deleting users - (e.g., what each bank requires to set up a new user; how to request secure id tokens) and who at HDC is responsible for sending such requests to the banks.
- Periodically reviewing user access, along with dollar limits, to confirm that users have only the necessary access to perform their job function.

Cash Management will update the procedures by November 15, 2013 to include all three electronic banking system internal procedures on how to set up additional users, as well as a periodic review of all users & their associated abilities on each on-line banking system with the Security Administrators.

Dual Authority for Security Administrators

Make the security administration function for JPM dual authority, as it is for Wells Fargo and BNY/Mellon, with an appropriate number to serve as backups.

Cash Management has added three additional security administrators on the JP Morgan electronic banking system, as well as changing the security administration function to act as a dual authority.

Confirm Access Rights

The SA's should periodically generate a report detailing users and their access levels for review and confirmation by business management.

We agree with your recommendation. The System Administrator for each electronic banking system will periodically review access rights for all users and annually, starting in January 2014, confirm those responsibilities with the business unit management.

Segregation of Duties

Remove access from the users that allow them to create as well as approve transactions. To ensure that access levels are appropriate, the SA should periodically generate a report and review and confirm access with business management, as recommended above.

User access has been reviewed and access confirmed by Cash Management senior staff. All inappropriate user access has been removed. Going forward, the System Administrator for each electronic banking system will annually review and confirm user access with the business unit manager, starting in January 2014.

Our comments and recommendations as well as management's responses are fully described in the "2013 Online Banking – Logical Security Access Review" report, dated October 10, 2013.



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

MEMORANDUM

TO: MEMBERS OF THE AUDIT COMMITTEE
FROM: SHIRLEY JARVIS *Shirley Jarvis*
SUBJECT: INTERNAL AUDIT SCHEDULE FY 2014
DATE: NOVEMBER 25, 2013

Attached is the proposed audit schedule for Fiscal Year 2014 for your review and approval.

The review of each area will include the following:

- Interviewing the Division Head concerning procedures and workflow within the unit
- Reviewing all written procedures and applicable documentation
- Flowcharting the procedures and performing walkthroughs
- Performing risk assessment and identifying the inherent risks.
- Evaluating the adequacy and effectiveness of internal controls
- Selecting a random sample of transactions and performing a test of controls
- Reviewing documentation for evidence of performance of control procedures
- Verifying proper authorization and compliance with corporate policies and procedures
- Reviewing corporate compliance with applicable laws and regulations
- Confirming the implementation of recommendations from prior audits
- Preparing audit reports to communicate the results of the review to management and the Members.

Cc: Marc Jahr, President
Richard Froehlich, EVP for Capital Markets and General Counsel
Joan Tally, EVP for Real Estate and Chief of Staff
Cathleen Baumann, Treasurer



NEW YORK CITY
HOUSING DEVELOPMENT
CORPORATION

2014 ANNUAL AUDIT SCHEDULE

Audit	Scheduled Time	Projected Start / End
Audits In Progress:		
2013 Petty Cash review	1 week	November
Investments - Review compliance to investment guidelines.	8 weeks	November
Accounting – Evaluate controls for End of Period Financials.	6 weeks	December
Required Audits:		
Employee Expenses – Annual review of documentation and compliance with corporate policies	8 weeks	Nov/January
President’s Office Expenses – Annual review	3 weeks	October
Petty Cash – Annual audit	2 weeks	October
Audits Based on Risk Assessment:		
REMIC - Insurance underwriting - Review the Insurance underwriting process for compliance with regulations, guidelines and corporate policies; and completeness of files.	8 weeks	Jan/February
Procurement - Review of procurement practices and evaluate the controls over the process.	8 weeks	Jan/February
Contract Administration – Evaluate the contract management process and ensure compliance to policies and procedures.	8 weeks	March/April
Escrow Servicing - Real Estate Taxes – Review escrow servicing practices; ensure compliance to applicable laws and regulations.	12 weeks	March- May
Budget Control – Review budget process	6 weeks	May/June

Audit	Scheduled Time	Projected Start / End
Asset Management - Portfolio Inspections - Review of physical inspections, and compliance with regulations and corporate procedures.	8 weeks	July/September
Substantive Testing of Financial Statements:		
Other Assets	2 weeks	August
Payable to New York City	2 weeks	August