



**REQUEST FOR PROPOSALS FOR**  
**BOND UNDERWRITERS**  
**July 17, 2019**

**INTRODUCTION:**

The New York City Housing Development Corporation (“HDC” or the “Corporation”) is soliciting responses to this Request for Proposals (“RFP”) from firms interested in serving as Senior Manager (“Senior Manager”), Co-Manager (“Co-Manager”), and Selling Group Member (“Selling Group Member”) as part of the management group for HDC bond issuances. HDC, at its option, may select different senior managers and co-managers for each issue. Firms that wish to serve only in the capacity of Co-Manager or Selling Group Member may apply solely for that position.

HDC seeks firms to manage the issuance of bonds as either variable rate or fixed rate, and taxable or tax-exempt under several bond resolutions. HDC issued an average of \$1.55 billion of bonds per year since 2015, and expects its issuance to increase annually over the next several years. HDC has experienced tremendous growth since 2003 – increasing its assets by 342% and its net assets by 315%. Respondents wishing to learn more about HDC or review previous Official Statements are encouraged to visit the website at <http://www.nychdc.com/>.

HDC is a corporate governmental agency constituting a public benefit corporation organized and existing under the laws of the State of New York created pursuant to Article XII of the New York Private Housing Finance Law. HDC has the authority to issue obligations for the purpose of financing the construction or rehabilitation of affordable multifamily housing located within the City of New York.

**THE CORPORATION’S RECENT ACTIVITY:**

HDC has numerous programs for the development of affordable housing in New York City. HDC has financed the creation and preservation of more than 180,000 units since 2003 under both the current housing plan and the prior administration’s housing plan, and has issued over \$23.5 billion in bonds. HDC also contributed over \$2.95 billion in subsidies since 2003. The Corporation continues to be a critical partner in Mayor DeBlasio’s Housing New York Plan. New York City is on track to complete the initial *Housing New York* goal of 200,000 units by 2022, two years ahead of schedule, and the revised plan known as *HNY 2.0* accelerates the pace by setting a new 12-year plan to build or preserve an additional 100,000 homes by 2026.

In furtherance of HDC’s mission, HDC will continue to play an active role in issuing tax-exempt and taxable bonds under various bond indentures. HDC expects to continue to use its Multi-Family Housing Revenue Bond Resolution originally adopted by the Members in 1993 (the “Open Resolution”), its Multi-Family Secured Housing Revenue Bond Resolution originally adopted by the Members in 2005 (the “Mini-

Open”), and conduit bond financings with external credit enhancement. The Open Resolution is HDC’s largest single asset and most flexible financing vehicle. As of June 30, 2019, the Open Resolution had approximately \$7.9 billion in bonds outstanding with a 1.24% overcollateralization.

In addition, HDC expects to establish one or more new parity bond indentures for the financing of mortgage loans for the preservation of up to 62,000 units of the New York City Housing Authority (“NYCHA”) portfolio under HUD’s Rental Assistance Demonstration (“RAD”) program and through the Section 18 disposition process. These programs allow NYCHA to address its critical repair and capital needs by converting public housing funding to long-term property-based Section 8 contracts. NYCHA expects to pool developments into groups for more efficient transaction execution. As each group becomes ready for Section 8 conversion, HDC will issue tax-exempt (no new volume cap will be used), including Recycled Bonds, Governmental Bonds and 501(c)(3) Bonds and/or taxable bonds to finance the construction and/or permanent mortgage loans for the developments. It is expected that the annual issuance may ultimately range from approximately \$500 million to \$1 billion under this new parity indenture.

Over the last several years HDC has also undertaken a variety of innovative financings including: taxable and tax exempt securitizations of HDC’s assets; forward securitizations; direct purchase of bonds; risk-share programs with the GSEs; the Federal Financing Bank program for HUD-542 Risk Sharing loans; Sustainable Neighborhood Bonds; mortgage pass-through structures; CMBS structure for conduit refundings; the execution of interest rate caps and swaps to hedge its variable rate interest rate risk; Convertible Option Bonds (COBs) to preserve volume cap and prepayments to be used for recycling; bifurcated structure for financing 80/20 or mixed-income projects to preserve volume cap; Mitchell Lama preservation; and a variety of preservation programs relating to HUD-financed properties.

HDC expects its bond underwriters to provide assistance in developing such programs in the future, execute seamless transactions, and maintain the Corporation’s reputation as one of the most successful and innovative housing finance agencies in the country.

**The issuance of the RFP and the submission of a proposal by a firm or the acceptance of such proposal by HDC does not obligate HDC in any manner whatsoever. Legal obligations will only arise upon execution of formal underwriting agreements by and among HDC and the firm or firms selected to render services described herein. This RFP will not apply to the selection of underwriters with respect to any proposed bond issuances of HDC which are currently in progress.**

**HDC reserves the right to amend, modify or withdraw this RFP; to waive or revise any requirements of this RFP; to require supplemental statements or information from any responding party; to select for its management groups as many or as few responding firms as it may choose; to accept or reject any or all proposals received in response hereto; to extend the deadline for submission of proposals; to negotiate or hold discussions with any responding party; and to cancel, in whole or in part, the RFP if HDC deems it to be in its best interest to do so. HDC may exercise the foregoing rights at any time without notice and without liability to any responding party or other parties for their expenses incurred in the preparation of proposals or otherwise. Proposals in response hereto will be prepared at the sole cost and expense of the responding party.**

All proposals submitted to HDC in response to this RFP may be disclosed in accordance with the standards specified in the Freedom of Information Law, Article 6 of the Public Officers Law of the State of New York.

**Minority and Women Owned Business Enterprise (MWBE)** - HDC is dedicated to furthering the participation of minority and women-owned businesses in its work. All respondents are urged to include in their proposals methods for facilitating the participation in the project of businesses that have been certified by the New York City Department of Small Business Services (“SBS”) as women or minority owned. Proposals from minority, veteran- and women-owned respondents are encouraged. Joint Venture proposals are discouraged.

**PART I – INSTRUCTIONS FOR SUBMISSION**

1. Please deliver one physical copy of the firm’s proposal in its entirety and four physical copies of the cover letter and of the 10 page body of the proposal either by hand or by certified mail. **Do not use binders or books of any kind – staple or clip response only.** Also email an electronic copy of the **entire** response, together with a separate Excel file for the information required in the Excel table format, to [underwriter\\_rfp@nychdc.com](mailto:underwriter_rfp@nychdc.com) on or before the time and date specified below:

Date Due: Tuesday, August 13, 2019  
Time Due: 5:00 PM  
Place Due: New York City Housing Development Corporation  
110 William Street, 10<sup>th</sup> Floor  
New York, New York 10038  
Attention: Ellen Duffy, Senior Vice President for Debt Issuance and Finance

Any questions regarding the structure or content of the RFP should be addressed via email to: Ellen Duffy, Senior Vice President for Debt Issuance and Finance ([eduffy@nychdc.com](mailto:eduffy@nychdc.com)) by July 22, 2019. HDC will provide written responses to all questions by July 26, 2019. HDC cannot ensure a response to questions received later than July 22, 2019. Underwriters may contact Ellen Duffy or Richard Froehlich, First Executive Vice President and Chief Operating Officer ([rfroehlich@nychdc.com](mailto:rfroehlich@nychdc.com)) regarding the RFP. Firms are permitted to have normal communications with HDC officials on ongoing business, but not with regard to any aspect of this RFP. If in doubt about an inquiry, a firm should direct the question to Ms. Duffy or Mr. Froehlich.

2. Responses must be prepared in no smaller than **size 10 font** and may not exceed ten **(10)** 8½” x 11” size pages; provided, however, required charts and/or information for questions Part III 4, 6, Part IV 1, 3(b), 3(c), are excluded from this page limitation and should be provided in the designated Excel table format as instructed or, if no specific Excel table format is required, in a separate appendix to the RFP response. **Please note the instructions for submitting the Doing Business Data form in Part IV question 6.** Any other materials submitted which exceed this limitation will not be considered in evaluating responses. Please respond to the questions listed in Part III and IV in the order in which they are presented. If you are applying for a Senior Manager position, a response is required for all questions. If you are applying to be a Co-Manager or Selling Group Member, you are required to respond to questions 1, 2, 3, 4, 11 and all questions in Part IV.

3. Proposals must include a one page cover letter (not part of the page limit), signed by an authorized official and must also provide the name, title, address, e-mail, and telephone number of individuals with authority to negotiate and contractually bind the firm, and who may be contacted during the period of proposal evaluation. Please also indicate if the response is for a Senior Manager, Co-Manager, or Selling Group position.

## **PART II – REVIEW OF PROPOSALS AND SELECTION OF UNDERWRITING TEAM**

1. HDC will review all proposals received. Responses will be evaluated based on the content of the responses and the relevance to HDC. **Please note that the ability of a firm to execute complex transactions from kick-off to closing will be a major component of HDC’s review.** Firms soliciting for Senior Manager positions may be considered for an invitation to make oral presentations. Oral presentations are currently expected to take place during the Fall of 2019. Members of the firm must be available during this period. Firms requesting consideration for a Co-Manager or Selling Group position will be evaluated on the basis of written proposals only. Firms not selected as a Senior Manager will be considered for a Co-Manager role. HDC will notify any firm selected to be interviewed.
2. Subsequent to the selection of firms, HDC will continue to maintain an open door policy with underwriting firms for new and innovative ideas or financing opportunities not otherwise available to HDC. HDC will review those ideas on an on-going basis and specific underwriting assignments may be awarded where appropriate. In addition, HDC will evaluate the performance of any selected Senior Manager or member of the management group on an on-going basis and reserves the right, in its sole discretion, at any time to eliminate, substitute or add a member of the underwriting team.

## **PART III – QUALIFICATIONS, EXPERIENCE & FINANCING RECOMMENDATIONS**

1. Provide a brief summary of your current (2019) state and local housing agency **senior managed** clients and how long you have held this role.
2. If the firm currently serves as a management group member for HDC issues, describe any investment banking, marketing, secondary market contributions or proposals you have provided in the past 12 months. If the firm is seeking to be promoted from the management group to a Senior Manager position, please discuss reasons for this promotion.
3. Indicate whether the firm is an affiliate member of the National Association of Local Housing Finance Agencies or the National Council of State Housing Agencies.

4. **Capitalization** - Provide the capitalization of the entity that will be contracting with HDC for 2016-2019 or the latest date for which such information is available ***in the Excel table format affixed hereto as Exhibit III-4***. Include total capital, equity capital, liability, net capital and excess net capital as defined by the SEC.
5. **Technical Capabilities** - Going forward, HDC will provide all consolidated rating agency cash flow analysis in-house utilizing the cfX software platform. However, we expect the Senior Manager to structure the bond issue being underwritten, provide information to the rating agencies, determine loan allocations, provide the arbitrage analysis, as well as perform multiple other senior manager responsibilities.
  - a. For those firms seeking to serve as Senior Manager, describe the firm's in-house technical staff and analytic capabilities and the extent to which services are contracted with outside entities. If services are contracted to outside entities, describe the entity and their experience.
  - b. Given the complexity of HDC's financings which include multiple bond series with multiple senior managers, please provide in detail (specific to HDC) how you would manage and execute a "typical " HDC financing so that the bond structure and related cashflows are completed in a timely manner, senior managers are engaged, and all deadlines are met (provide a case study evidencing this capacity).
6. Describe the organizational structure in which the firm would propose to manage HDC financings. List the members of the firm who would be assigned to HDC's team, including all relevant banking, support, sales, marketing, quantitative and research personnel, ***in the Excel table format affixed hereto as Exhibit III-6***. In addition, provide brief resumes of the lead individuals who would assume day-to-day management of HDC financings (resumes can be included in an appendix as part of **Exhibit III-6**). Describe any changes in the firm's personnel or staffing policy in the municipal finance department and the housing segment of the municipal finance department over the past two years.
7. **NYCHA Bond Issuance**
  - a. HDC does not anticipate the allocation of volume cap/4% credits, and is looking into alternatives to leverage private investment. HDC will not make spread on the NYCHA financed loans. The bond issue will be structured to meet rating agency stress tests. Provide suggestions on the implementation of financing alternatives for NYCHA RAD conversions.
  - b. Provide information on rating agency related considerations, including number of ratings needed for these bonds, recommendations to achieve a AA rating. Also discuss for marketing strategies and recommendations to seed the indenture for future capacity and flexibility.

8. **Multi-Family Secured Revenue Bond Resolution (the “Mini-Open”)**

Established in 2005, the Mini-Open Resolution has approximately \$125 million of bonds outstanding with \$156 million of outstanding mortgage loans and other assets. The most recent issuance was in October 2017. This resolution permits the issuance of an unlimited amount of parity debt to finance secured mortgage loans and is rated Aa1 by Moody’s. Provide suggestions on how HDC can best use the Mini-Open bond resolution to further its mission of financing affordable housing.

9. Since June, 2015, the Corporation has designated its Open Resolution bonds as Sustainable Neighborhood Bonds (“SNB”), the first social bonds for affordable housing in the United States. Our goal has been to highlight to investors how the new construction and preservation of HDC affordable housing projects contributes to the stability and economic diversity of neighborhoods, in addition to emphasizing certain Green initiatives. The Corporation anticipates that the majority of its future issuances will continue to be designated as SNB or ESG (Environmental, Social and Governance). How can HDC build on the success of its SNB designation to encourage broader investor participation in all HDC bond resolutions?
10. Provide structuring recommendations that will facilitate the growth of its investor base for retail, Community Reinvestment Act (“CRA”) driven, and crossover investors.
11. Does the firm have any new or innovative ideas, not mentioned above, to enhance, diversify and/or otherwise assist HDC in its financing program? Describe any additional factors which are important in considering the inclusion of the firm as Senior Manager, Co-Manager, or Selling Group Member.

**PART IV – OTHER INFORMATION**

1. **Equal Employment**

Provide a copy of the firm’s most recent Employer Information Report EEO-1 and include as Attachment IV-1 to the Proposal. Please state how many women and minorities work in the firm’s municipal securities group (public finance and sales and trading).

2. **Conflicts of Interest**

No Respondent to this RFP will be selected if he or she, as an individual or any member or partner of the firm's management team is determined, in HDC's sole and absolute discretion, to have been convicted of a felony or crime involving moral turpitude, to be an organized "crime figure", to be under indictment or criminal investigation, to be in arrears or in default on any debt, contract or obligation to the City or State of New York, or otherwise to be a "prohibited person" as defined by the City. The selected firm and any principals thereof, if applicable, may be required to complete a background questionnaire (VENDEX) and be subject to investigation by HDC and the City's Inspector General. The selection may be revoked in the event any derogatory information is revealed by such investigations.

- a. Has the firm, or any of its employees, or anyone acting on its behalf, ever been convicted of any crime or offense arising directly or indirectly from the conduct of the firm’s

business, or has any of the firm's officers, directors or persons exercising substantial policy discretion ever been convicted of any crime or offense involving financial misconduct or fraud. If so, please describe any such convictions and surrounding circumstances in detail.

- b. Please disclose (i) any material financial relationships that the firm or any firm employee has with any financial advisory firms, investment banks or law firms or other persons or entities that may create a conflict of interest or the appearance of a conflict of interest in acting as Senior Manager or Co-Manager to HDC, (ii) any family relationship that any employee of the firm has with any HDC officer or board member that may create a conflict of interest or the appearance of a conflict of interest in acting as Senior Manager or Co-Manager to HDC, and (iii) any other matter that the firm believes may create a conflict of interest or the appearance of a conflict of interest in acting as Senior Manager or Co-Manager to HDC. Please describe any procedure the firm has or would adopt, to assure HDC that a conflict of interest would not exist for the firm in the future.
- c. Is the firm involved in any litigation that could adversely impact its ability to successfully market HDC's bonds? If so, please describe.

### 3. New York City Location

- a. State whether the firm maintains its headquarters, or other offices, in New York City, and the number of the firm's employees who are employed in New York City. Describe the firm's commitment to its location in New York City. Since January 1, 2017, has the firm relocated any employees from offices in New York City to locations outside New York City? Does the firm have any plans to relocate any employees or offices outside of New York City in the next two years?
- b. Is the firm subject to the Federal Community Reinvestment Act ("CRA")? If so, what was the most recent rating given to it by its regulator(s)? For the period since 2017, please describe the firm's participation in housing programs administered by HDC, the New York City Department of Housing Preservation and Development ("HPD"), and the New York State Housing Finance Agency and Division of Housing and Community Renewal ("DHCR"), and what portion of the participation was for CRA credit. Please also summarize the firm's CRA investment since 2017, **in the Excel table format affixed hereto as Exhibit IV-3-b.**
- c. Does the firm currently make any investment or financial commitments in affordable housing (e.g. through tax credit investment, employee down payment assistance, or other equity investments, etc.)? If so, describe the firm's commitment, and summarize the firm's non-CRA commitment to affordable housing since 2017 **in the Excel table format affixed hereto as Exhibit IV-3-c.**
- d. Describe the firm's corporate citizenship and commitment to The City of New York, including local procurement of goods and services, development or participation in internship programs or scholarships, corporate philanthropy, specifically in the areas of

housing and community development, and policies with regard to the use of women-owned, minority-owned and small business enterprises.

4. Provide an **electronic link** to the firm's most recent rating agency reports. Include in your response the firm's current ratings. If these ratings have changed in the last three years, please explain in detail the reason for such change.
5. Provide an **electronic link** of FOCUS (Financial and Operational Combined Uniform Single) Reports for 2017 – 2019 or the latest date for which such information is available.

6. **Local Law 34 Compliance – Doing Business Data Form**

Pursuant to Local Law 34 of 2007, amending the City's Campaign Finance Law, the City is required to establish a computerized database containing the names of any "Person" that has business dealings with the "City" as such terms are defined in the Local Law. In order for the City to obtain necessary information to establish the required database, your response to this RFP is required to include a completed Doing Business Data Form (the "Data Form"), which can be found on the HDC website at <http://www.nychdc.com/Forms>. The Data Form should be sealed in a separate envelope marked "Doing Business Data Form". The Data Form will be submitted to the Mayor's Office of the City of New York (the "City"). If it is determined that your Data Form is not complete, you will be notified and given four (4) calendar days to rectify the specified deficiencies. Failure to do so will result in your proposal being deemed incomplete and therefore non-responsive.