NYC HDC

Eric Enderlin
President

Honorable Eric Adams
Mayor
The City of New York
City Hall
New York, New York 10007

Dear Mayor Adams:

The New York City Housing Development Corporation (the "Corporation" or "HDC") is submitting its Annual Investment Report (the "Report") for the Corporation and its subsidiaries pursuant to Section 2925 of the Public Authorities Law ("PAL") of New York State. The Report presents the Corporation's investment record for fiscal year 2024. As required by statute, the report includes:

1. The investment record of the Corporation, which is discussed in this letter
2. The Investment Guidelines as approved by the Audit Committee Members on January 18, 2024, and ratified by the Board Members on March 27, 2024
3. The results of the annual independent audit (DRAFT)

This report also includes descriptive charts on HDC's investments and investing environment, and a Counterparty Credit Risk Exposure Summary.

<u>The Corporation</u>

The Corporation was established in 1971 under the provisions of the Private Housing Finance Law of the State of New York ("HDC Act"). It was created primarily to offer low-interest mortgage loans and thereby encourage the investment of private capital in providing safe and sanitary housing for those whose need for housing cannot be provided by unassisted private enterprise.

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Housing Development Corporation

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To accomplish its objectives, the Corporation finances new construction and rehabilitation of multi-family residential housing developments through the issuance of tax-exempt and taxable debt. The Corporation is not authorized to levy taxes and has never received operating assistance from New York City ("City") or New York State ("State"). HDC is authorized to provide construction and/or permanent financing with mortgage loans generally secured by first or second liens on the real estate financed. These loans may also be guaranteed or secured in a variety of ways such as with bank letters of credit, Fannie Mae or Freddie Mac guarantees and mortgage insurance provided by governmental agencies or private insurers.

To assist HDC in fulfilling its mandate, the State Legislature established four subsidiaries of HDC, two of which are currently active and have assets. The Housing Assistance Corporation ("HAC"), established in 1985, and the New York City Residential Mortgage Insurance Corporation ("REMIC"), established in 1993 are currently active. The Housing New York Corporation ("HNYC") was founded in 1986 and the NYC HDC Real Estate Owned Corporation ("REO") was established in 2004 under 654-a of the Act. Both of these subsidiaries are currently inactive.

<u>Investment Guidelines</u>

As an integral part of the internal controls established by the Corporation to safeguard its assets, management has set forth Investment Guidelines (the "Guidelines") which are annually reviewed and approved by the Members of the Corporation. The Corporation's investment options are set by the PAL and the HDC Act, and the Guidelines establish permitted investments within this statutory framework. The current Guidelines were approved by the Audit Committee Members on January 18, 2024, and ratified by the Board Members on March 27, 2024. A copy of which is attached for your review as **Attachment 1**. In addition, as **Attachment 1A**, a blacklined copy of the Investment Guidelines is attached for your review and approval to reflect updated title changes in Section II of the Guidelines.

The Guidelines require the Corporation and its subsidiaries to seek to diversify their investment holdings and to establish an Investment Committee. The primary goal of the Committee is to safeguard the Corporation's assets and maximize investment yield without undue risk. The Committee generally meets bi-weekly and authorizes purchases and sales of investments in accordance with the HDC Act, the various bond resolutions which govern the programs administered by the Corporation, and contractual obligations with other governmental agencies.

In addition to the Guidelines, HDC's Cash Management Department operates according to written policies and procedures that govern the receipt and disbursement of funds. These policies and procedures work together with the Guidelines to provide a framework for safeguarding the Corporation's investment assets.

<u>Description of Monies Available for Investment</u>

HDC invests funds from a variety of sources. Each time the Corporation issues bonds, the proceeds are invested until needed for mortgage advances, as well as the bond revenue and debt service reserve funds. The Corporation invests in permitted investments including demand deposits, certificates of deposit, repurchase agreements (all fully collateralized by letters of credit from the FHLB, U.S. Treasury or Agency securities), Guaranteed Investment Contracts ("GICs"), NYS/NYC municipal bonds, and direct purchases of U.S. Treasury and Agency obligations.

Most collections are pledged to the payment of bond principal and interest. These mortgage receipts are thus invested to the next debt service date. The applicable bond resolutions of the Corporation's housing programs, and the Investment Guidelines determine the types of securities that may be purchased with these monies.

HDC maintains substantial reserve funds as required by each program. Many HDC programs require the ability to liquidate securities at the original reserve amount at any time, regardless of market conditions. HDC enters into GICs for these restricted reserves, deposits funds in collateralized demand deposit accounts, or purchases U.S. Treasury or Agency obligations with maturity dates that target a one to six-year average life to provide this liquidity feature.

The Corporation also administers several types of escrow funds that are accumulated to pay certain expenses of the housing developments to protect the Corporation's mortgage liens. They include escrows for hazard insurance, real estate taxes, mortgage insurance premiums, water and sewer charges and working capital. These funds are generally outside the lien of the bond resolutions and are either held by the applicable trustee or a depository. They are invested on a short-term basis to coincide with the dates when the applicable payments must be made and are invested in U.S. Treasury or Agency obligations, collateralized demand deposit accounts, or repurchase agreements collateralized by U.S. Treasury or Agency securities.

A portion of the Corporation's mortgage portfolio is insured by the Federal Housing Administration ("FHA"), which requires developers to maintain a Reserve-for-Replacement Fund. These funds are invested in US Treasury bills and collateralized demand deposit accounts.

The Corporation is committed to assisting the City in implementing its affordable housing and community development strategy. Since 2003, unrestricted corporate funds in excess of $3.999 billion have been allocated for this purpose and are being used to provide 1% or low-interest loans. HDC also serves as a fee-based loan servicer for various City Department of Housing Preservation and Development ("HPD") housing loan programs. As such, the Corporation invests HPD loan funds that have not yet been advanced to the borrowers as well as project reserves. These funds are invested in short term repurchase agreements, collateralized demand deposits, or U.S. Treasury and Agency securities.

The Corporation has established the Corporate Services Fund as its operating fund. The cash and investments held in this fund are principally allocated to funding affordable housing programs and providing dedicated reserves to support the Corporation's "AA" rating. The HDC Act and the Guidelines determine the types of securities which may be purchased by this fund.

The Corporation administers the investments of its two active subsidiaries, HAC and REMIC. In July 2003 HAC approved the funding of a rental subsidy program for eligible tenants of the Ruppert /Yorkville ("RY Subsidy Program") development, which was leaving the Mitchell-Lama program. The RY Subsidy Program had been funded by loans from HDC to HAC, by HAC revenues, and by a pre-payment from two of the HAC mortgages. In October 2017, in order to continue to fund the RY Subsidy Program and repay HDC, the HAC Members authorized the sale of its remaining five loans with an aggregate outstanding balance of approximately $32 million to HDC. HDC securitized these loans raising $23.8 million for HAC. The loan sale proceeds were used to repay HDC its outstanding $9.05 million loan to HAC. The remaining sale proceeds, together with earnings on the proceeds, were used to provide funds for the RY Subsidy Program. In July 2024, the proceeds that were used to fund the RY Subsidy program were depleted. HDC's Board Members approved monthly fund transfers from the Corporation to HAC for an amount not to exceed $3,400,000 in total to cover the shortfall of payments required through December 2025. As of October 31, 2024, $463,000 has been transferred from the Corporation to HAC. As of October 31, 2024, there are no funds invested for the benefit of HAC since the Corporation is funding the RY Subsidy monthly on an as needed basis. HDC staff will work with the City of New York to determine other potential resources to support the RY Subsidy Program in the intervening period.

REMIC insures mortgages and underwrites to a zero-loss standard. Therefore, liquidity is not a major concern and REMIC funds are invested in securities expected to be held to maturity. The portfolio as of October 31, 2024, consisted of fully collateralized demand deposits, repurchase agreements, municipal bonds, and US Treasury and Agency securities. Some earnings may be invested short term for a few months to accumulate or to aggregate with expected investment rollovers.

See Note 3 "Investment and Deposits" of the FY 2024 financial statements for further details.

Investment Results

Realized earnings on investments totaled $160.97 million in fiscal year 2024, an increase of $51.78 million from fiscal year 2023, due mainly to steady reinvestment rates and a greater amount of investment proceeds. The current yield curve environment and changing market conditions are factors to consider in the Corporation's ongoing investment strategy.

Because of the Corporation's commitments, the majority of investments must be held for the short term, which provides sufficient liquidity for the Corporation. **Chart A** summarizes HDC's investment earnings since 2020. **Charts B and C** in this report illustrate the level of short-term investment rates which had slightly declined during 2024. In response to the current interest rate environment, the Corporation continued to invest primarily in collateralized demand deposits, certificates of deposit, guaranteed investment contracts, and direct purchases of U.S. Treasury and Agency obligations to optimize yield. **Charts D and E** provide a breakdown of the pools of funds invested and the type of investments.

As required by GASB No. 31 the Corporation has recorded a fair value adjustment in its investment portfolio. The Corporation recorded a net appreciation of $147.65 million for fiscal year 2024. As part of the Corporation's investment policies, it looks to invest its bond and corporate related reserves in securities with the intent to hold the investment to maturity. As a result, any unrealized appreciation or depreciation is only reported as an accounting gain or loss at this time.

HDC funds under management increased approximately 33.12% from fiscal year-end 2023 to fiscal year-end 2024, from $4.1 billion to $5.5 billion. The Corporation had an 18.03% increase in net position over the last year due to an improved fair value adjustment in its investment portfolio as described above.

While consolidated investment income was $160.97 million, it is important to note that interest income accrues to the benefit of the bond issue or corporate fund from which it is derived. Earnings on bond proceeds are applied to pay interest expense on the related bonds. In fiscal year 2024, $104.01 million or 64.61% of the consolidated investment income was attributable to bond programs, and therefore was not available to the Corporation. An additional $4.090 million was earned by and retained within REMIC and HAC. The remaining $52.87 million of earnings is pledged to ongoing affordable housing programs of the Corporation.

Fees and Charges Paid

HDC manages its funds internally through the Cash Management Division. HDC has not incurred nor paid any fees, commissions or other charges for investment services.

Internal Controls

Principal guidance of the Corporation's investments is provided by the Investment Guidelines and Investment Committee, as described above, and daily activities are carried out in accordance with written policies and procedures. In addition, there are multiple forms of oversight and review of the Corporation's investment practices:

- HDC's Credit Risk Unit reviews the Corporation's investment portfolio on a regular basis and includes investments in its monthly Corporate Counterparty Risk Report. This report is presented to HDC's executive staff monthly and to the Audit Committee of the HDC Board at each meeting. A summary chart is included in this report as **Attachment 2**.

- An Investment Report is also presented at each Audit Committee meeting. This report details investments by type and pool and provides details on any significant developments.

- HDC's Internal Audit unit conducts a periodic audit of the Cash Management Division, including a review of its compliance with written policies and procedures. Findings are reported to the Audit Committee.

- HDC's external auditors, Ernst & Young LLP, conduct an annual examination of the Corporation's financial statements. The firm's annual audit included a review of the Corporation's investment practices, confirmation of outstanding investments, and determination of the market value of securities held by HDC. The Ernst & Young Report on Compliance with Investment Guidelines and Report on 2024 Financial Statements are both attached in DRAFT form.

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Eric Enderlin
President

cc: Honorable Brad Lander
Honorable Thomas P. DiNapoli

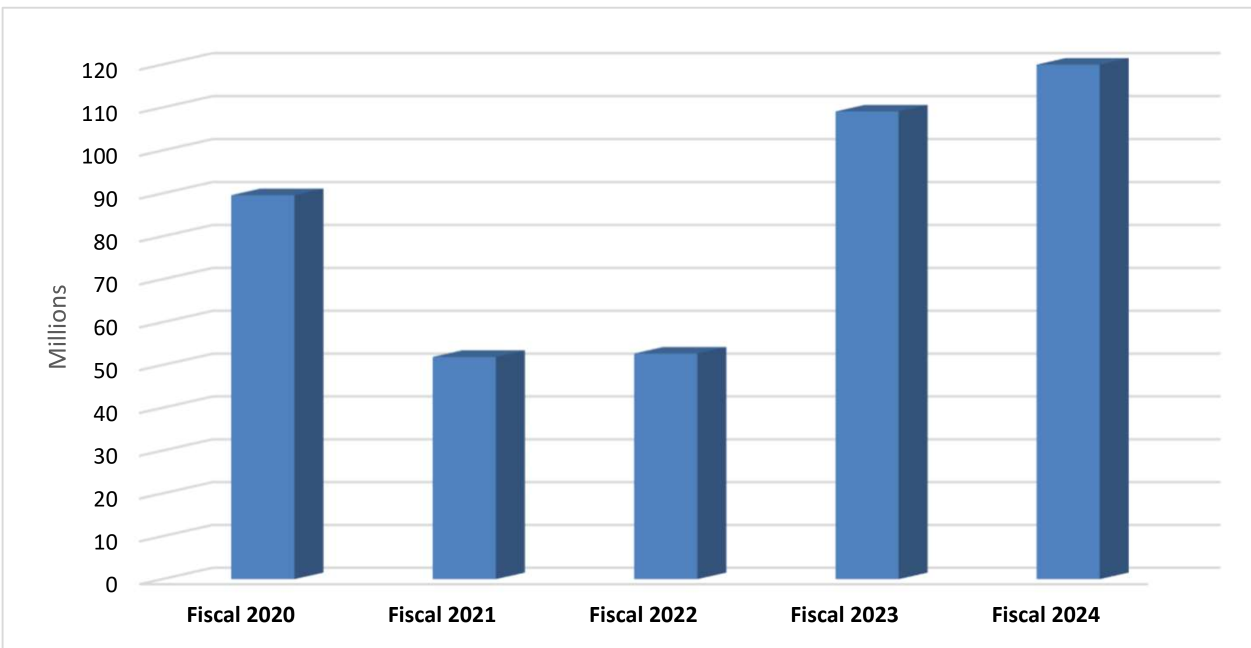
Chart A

New York City Housing Development Corporation And Subsidiaries

Summary of Investment Earnings

Fiscal Years 2020-2024

Fiscal Year	Amount in Millions
2020	89.6
2021	51.9
2022	52.7
2023	109.1
2024	160.9



Note: Investment earnings do not include any Fair Market Value adjustment.

Chart B

Sample Average Interest Rates for Fourth Quarter 2023 through Fourth Quarter 2024

Descriptions:	4th QTR 2023	1st QTR 2024	2nd QTR 2024	3rd QTR 2024	4th QTR 2024
Market yield on U.S. Treasury securities at 3-months	5.53	5.45	5.47	5.23	4.58
Market yield on U.S. Treasury securities at 6-months	5.46	5.28	5.39	4.93	4.40
Market yield on U.S. Treasury securities at 1-year	5.24	4.90	5.14	4.46	4.25
Market yield on U.S. Treasury securities at 2-years	4.83	4.48	4.83	4.04	4.15
Market yield on U.S. Treasury securities at 5-years	4.45	4.12	4.46	3.80	4.12
Market yield on U.S. Treasury securities at 10-years	4.47	4.16	4.45	3.95	4.28
90-Day AA Financial Commercial Paper Interest Rate	5.41	5.26	5.31	5.11	4.53

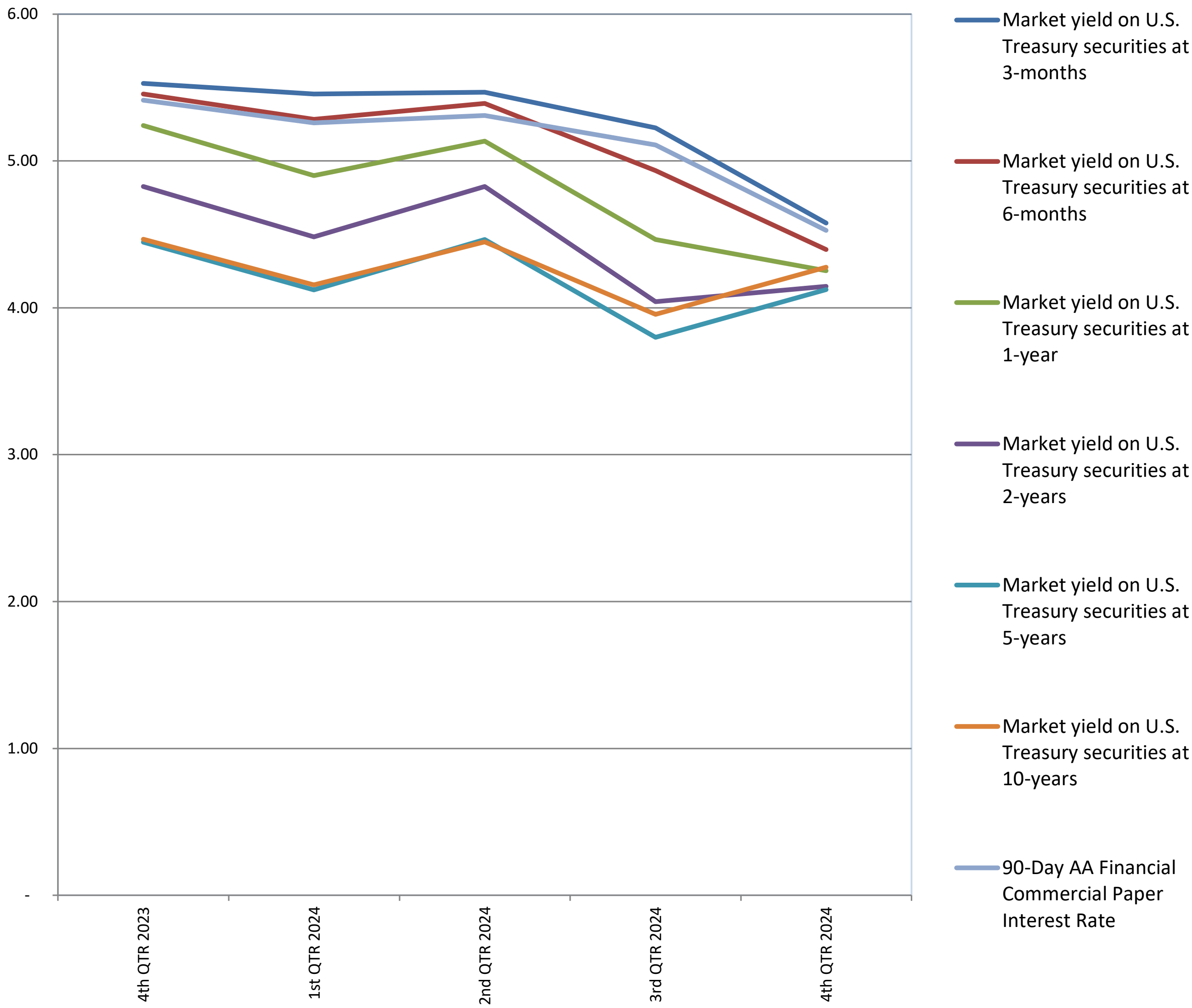


Chart C

NYCHDC Average Interest Rates from Fiscal First Quarter 2023 through Fiscal Fourth Quarter 2024

Month/Year	*Repurchase	*Money Markets	SIFMA
Nov-23	5.29	5.21	3.54
Dec-23	5.31	5.22	3.69
Jan-24	5.30	5.22	3.17
Feb-24	5.29	5.23	3.35
Mar-24	5.30	5.22	3.47
Apr-24	5.30	5.22	3.86
May-24	5.32	5.23	3.56
Jun-24	5.31	5.21	3.51
Jul-24	5.32	5.21	3.07
Aug-24	5.32	5.21	3.33
Sep-24	5.03	4.72	3.43
Oct-24	4.82	4.69	3.36

* Weighted Average

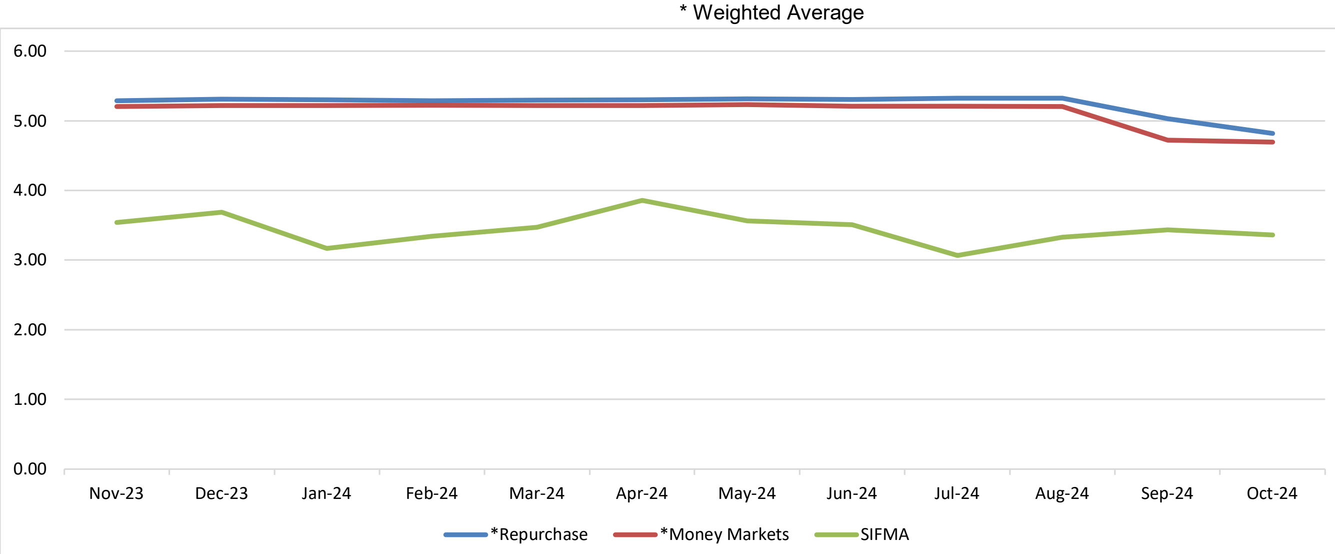
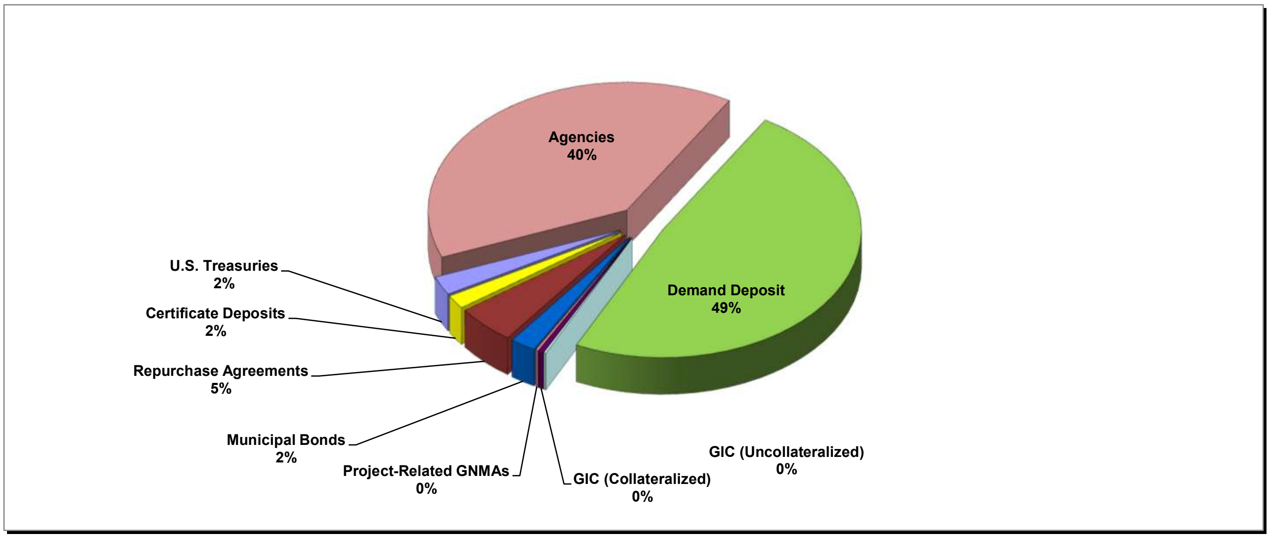


Chart D

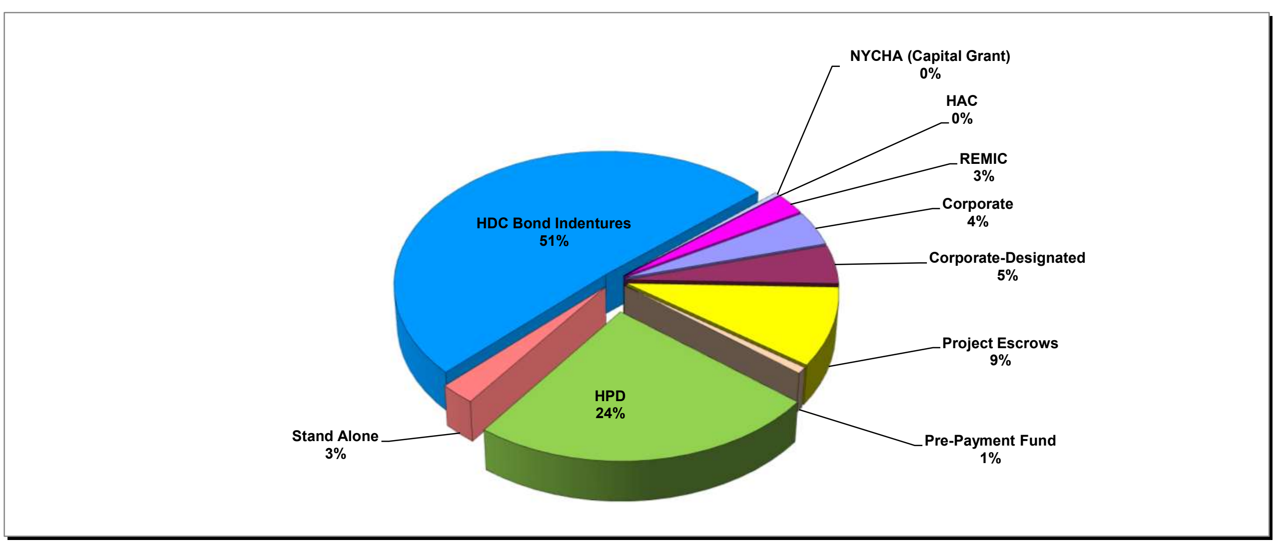
NYCHDC Outstanding Investments at Par by Type as of 10/31/2024

U.S. Treasuries	164,472,000.00	2.35%
Agencies	2,772,226,949.20	39.62%
Demand Deposit	3,394,646,631.08	48.51%
GIC (Uncollateralized)	13,102,451.03	0.19%
GIC (Collateralized)	29,048,497.70	0.42%
Project-Related GNMAs	16,048,896.78	0.23%
Municipal Bonds	146,460,000.00	2.09%
Repurchase Agreements	340,200,000.00	4.86%
Certificate Deposits	121,500,000.00	1.74%
	6,997,705,425.79	100.00%



NYCHDC Outstanding Investments at Par by Pool as of 10/31/2024

Corporate	290,243,290.04	4.15%
Corporate-Designated	324,940,430.87	4.64%
Project Escrows	663,456,714.82	9.48%
Pre-Payment Fund	52,557,623.48	0.75%
HPD	1,713,870,702.77	24.49%
Stand Alone	176,913,951.43	2.53%
HDC Bond Indentures	3,564,013,335.05	50.93%
NYCHA (Capital Grant)	30,694,897.70	0.44%
HAC	-	0.00%
REMIC	181,014,479.63	2.59%
	6,997,705,425.79	100.00%

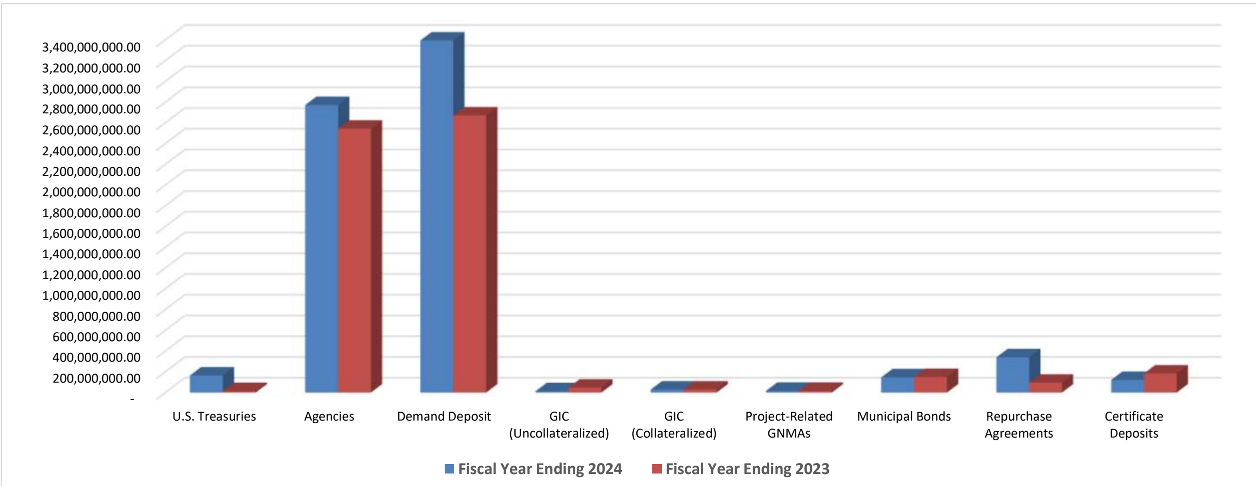


Note: Figures are not inclusive of Fair Market Value.

Chart E

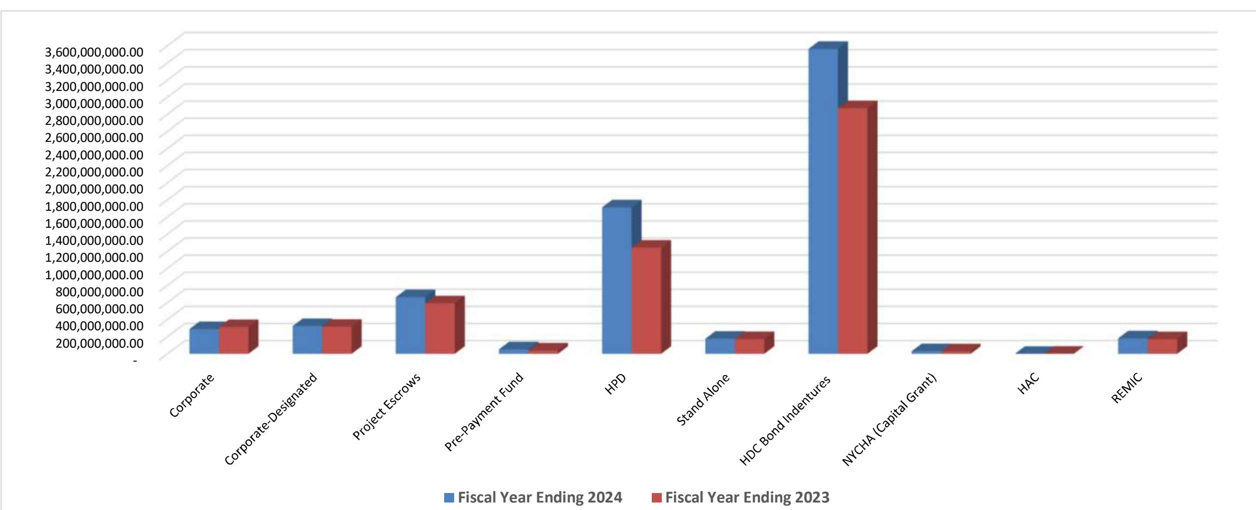
NYCHDC Outstanding Investments at Par by Type
as of Year End 2024 with Comparison to Fiscal Year End 2023

	Fiscal Year Ending 2024	Fiscal Year Ending 2023
U.S. Treasuries	164,472,000.00	13,645,000.00
Agencies	2,772,226,949.20	2,544,081,489.74
Demand Deposit	3,394,646,631.08	2,671,959,077.71
GIC (Uncollateralized)	13,102,451.03	47,399,860.02
GIC (Collateralized)	29,048,497.70	29,048,497.70
Project-Related GNMAs	16,048,896.78	16,549,948.33
Municipal Bonds	146,460,000.00	149,790,000.00
Repurchase Agreements	340,200,000.00	94,987,000.00
Certificate Deposits	121,500,000.00	184,000,000.00
	6,997,705,425.79	5,751,460,873.50



NYCHDC Outstanding Investments at Par by Pool
as of Year End 2024 with Comparison to Fiscal Year End 2023

	Fiscal Year Ending 2024	Fiscal Year Ending 2023
Corporate	290,243,290.04	313,790,385.79
Corporate-Designated	324,940,430.87	315,887,753.89
Project Escrows	663,456,714.82	591,571,369.84
Pre-Payment Fund	52,557,623.48	39,311,204.88
HPD	1,713,870,702.77	1,242,097,610.81
Stand Alone	176,913,951.43	173,580,120.77
HDC Bond Indentures	3,564,013,335.05	2,871,738,040.60
NYCHA (Capital Grant)	30,694,897.70	29,856,797.70
HAC	-	1,721,354.13
REMIC	181,014,479.63	171,906,235.09
	6,997,705,425.79	5,751,460,873.50



Note: Figures are not inclusive of Fair Market Value.

Attachment 1

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION INVESTMENT GUIDELINES

Originally Adopted August 14, 1984
Approved: January 18, 2024
Ratified: March 27, 2024

I. Purpose

These "Investment Guidelines" (also referred to as the "Guidelines") are adopted pursuant to Section 2925 of the Public Authorities Law and, after adoption by the Members, shall be annually reviewed and approved by the Corporation. These Investment Guidelines shall be effective with respect to all investments entered into by the Corporation after the date of their adoption.

II. Investment Committee

Investments of the Corporation shall be made and monitored by the Corporation's Investment Committee (the "Committee") under the chairmanship of the Executive Vice President for Capital Markets and Investments. In the absence of the Executive Vice President for Capital Markets and Investments, the Executive Vice President and Chief Financial Officer shall chair the Committee. The Committee's members shall also include the EVP & Chief Financial Officer, the SVP and Controller, the Managing Director for Cash Management and the Assistant Vice President(s) for Cash Management or Senior Cash Management Administrator. No person shall serve on the Committee who has not completed college level or higher courses in finance or two or more years of professional experience in investment activities. The Managing Director of Cash Management shall be responsible for daily supervision of investment activities.

The Committee shall meet on a regular basis to determine funds available for investment and the appropriate Investment Instruments (as hereinafter defined) for those funds based on market conditions, length of time the funds are available for investment purposes, investment restrictions imposed by related bond or note resolutions, and the diversification of the Corporation's investment portfolio. Any funds derived from the issuance of bonds will be invested pursuant to the related bond resolution, as approved by the Members. In addition, the Committee shall determine the Corporation's periodic need for funds, based on anticipated construction advances, dates of debt service payments on the Corporation's obligations, and other financial requirements.

III. Approved Investment Instruments

1. Any bonds, debentures, notes, participation certificates or other similar obligations under consideration for investment will be rated in one of the two highest rating categories of a nationally recognized rating service. Subject to the provisions of any bond or note resolution, the Committee may use only the following Investment Instruments to invest the funds of the Corporation or funds held by the Corporation:

A. direct obligations of or obligations guaranteed by the United States.

B. bonds, debentures, notes, participation certificates or other similar obligations issued by any one or combination of any of the following:

Government National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Farm Credit System Banks Consolidated Obligations, Banks for Cooperatives, Tennessee Valley Authority, Washington Metropolitan Area Transportation Authority, United States Postal Service, Farmers' Home Administration and Export-Import Bank of the United States.

C. bonds, debentures, notes, participation certificates or other similar obligations issued by any federal agency and backed by the full-faith and credit of the United States.

D. any other obligations of the United States or any federal agencies which may be purchased by New York State Savings Banks.

E. participation certificates of the Federal Home Loan Mortgage Corporation and mortgage-backed securities of the Federal National Mortgage Association rated in the highest rating category of a nationally recognized rating service.

F. short-term corporate obligations, known as Commercial Paper, with a maturity of up to ninety days which are issued by corporations that are deemed by a nationally recognized rating service to be in the highest short-term rating category of such rating service. **Concentration limits: not to exceed 60% of portfolio, or $50 million with any one issuer**.

G. deposits in interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements (i) secured by any of the obligations described in A through D above, or (ii) fully insured by the Federal Deposit Insurance Corporation, or (iii) made with banking institutions, or their parents which either (a) have unsecured debt rated in one of the two highest rating categories of

a nationally recognized rating service or (b) are deemed by a nationally recognized rating service to be an institution rated in one of the two highest rating categories of such rating service.
Concentration limits: not to exceed 60% of portfolio

H. obligations of the City and State of New York.

I. obligations of the New York City Municipal Water Finance Authority.

J. obligations, the principal and interest of which, are guaranteed by the City or State of New York.

K. obligations in which the Comptroller of the State of New York is authorized to invest in as specified in section ninety-eight of the State Finance Law.

2. Except for Investment Instruments in book-entry form, Investment Instruments above shall be physically delivered for retention by the Corporation or its agent. Any agent or custodian for the Corporation shall maintain such Investment Instruments in a segregated account and shall provide such confirmations of Investment Instruments and other information as may be required by the Corporation in order to supervise the Investment Instruments. In the case of book-entry Investment Instruments, the Corporation shall take such actions as may be necessary to obtain title or a perfected security interest in such Investment Instruments.

3. Repurchase Agreements

The Corporation may enter into repurchase agreements for the Investment Instruments described in Secs. III 1. A to D above, pursuant to the delivery requirements of Sec. III 2. The Investment Instruments shall be held by an agent of the Corporation, such agent shall not be an agent, with respect to the repurchase transaction, of the party with whom the Corporation has entered into the repurchase agreement and the agent shall not assert any claims against the Investment Instruments, based on claims it may have against said party.
Concentration limits: not to exceed 50% of portfolio.

A. Short Term Fixed Repurchase Agreements

All Short Term Fixed Repurchase Agreements (those repurchase agreements which do not exceed thirty-four days and require repurchase on a predetermined date) must be made with a financial institution meeting the qualifications of Sec. V.A. (iii) hereof. To the maximum extent possible, consistent with market practice, such Short Term Fixed Repurchase Agreements shall be pursuant to a written master agreement and, in the event no written agreement is feasible, shall be made, monitored and secured in a manner sufficient to protect the Corporation's interests.

The terms of such Short Term Fixed Repurchase Agreement must permit the Corporation to sell Investment Instruments if the other party to such agreement shall fail to promptly repurchase the Investment Instrument on the day required by the repurchase agreement. To assure such repurchase, the agreement shall require that there be maintained on an ongoing basis in such account Investment Instruments having a market value at least equal to 101% of the moneys held under overnight repurchase agreements and 102% of the moneys held under longer term repurchase agreements, which will be marked to market daily by the Corporation. At the option of the Corporation, repurchase agreements with the same party may be combined for the purpose of valuating the Investment Instruments to market.

B. Long Term Repurchase Agreements

All funds invested for more than thirty-four days through flexible or fixed repurchase agreements ("Long Term Repurchase Agreements") shall be pursuant to written agreements incorporating the provisions required above except that the Investment Instruments held shall be marked to market according to the negotiated terms of each agreement but in no event less than monthly. In addition, any institution or its parent with whom the Corporation enters into a Long Term Repurchase Agreement and which (a) does not have unsecured debt rated in one of the three highest rating categories of a nationally recognized rating service or (b) is not deemed by a nationally recognized rating service to be an institution rated in one of the three highest rating categories of such rating service, shall be required to provide Investment Instruments with a market value at least equal to 103% of the moneys held under the repurchase agreement, which Investment Instruments will be marked to market at least weekly. Additional Investment Instruments must be provided when the market value falls below 103% of money held under these Long Term Repurchase Agreements.

IV. Diversification

The Committee, in making its investment decisions based on these guidelines, shall seek to diversify both its investment holdings and the parties with whom it deals in making investment decisions.

Subject to the provisions of these Guidelines, the limitations set on the total percentage of the portfolio invested with any one party may be lower than the maximums permitted under the Guidelines and will be based on the financial review indicated in section V. C (below), with a maximum determined by the Committee under advisement from the Corporation's Credit Risk department.

The Corporation shall seek at least three bids, whenever feasible, in selecting offers for repurchase agreements, government securities or certificates of deposit. In awarding investment contracts, diversification of forms of Investment Instruments and trading partners shall be a major consideration.

V. **Qualifications**

A. Pursuant to the limitations established in the Investment Guidelines, the Corporation shall enter into investment transactions only with the following entities:

(i) Any member bank of the Federal Reserve System;

(ii) Any bank or trust company organized under the laws of any state or any national banking association;

(iii) any government bond dealer currently listed on the List of the Government Securities Dealers Reporting to the Market Reports Division of the Federal Reserve Bank of New York, or other substantial financial institution which itself or its parent either (a) has unsecured debt rated in one of the three highest rating categories of a nationally recognized rating service or (b) is deemed by a nationally recognized rating service to be an institution rated in one of the three highest rating categories of such rating service;

(iv) with regard to the purchasing and/or sale of government and municipal securities, other than repurchase agreements, any dealer that provides for simultaneous security transactions and payments.

B. Any agent or custodian of Investment Instruments for the Corporation must be a bank or trust company organized under the laws of any state or a national banking association. Any custodian of Investment Instruments for the Corporation will be rated in an investment grade category of a nationally recognized rating service.

C. The Credit Risk Department of the Corporation shall review the financial statements, level of capitalization, ratio of repurchase transactions to capitalization (for parties to repurchase agreements), its rating, and financial situation of any new bank, broker, securities dealer, investment advisor or agent and shall review such party's financial status periodically thereafter.

VI. Reporting

The Committee shall prepare a quarterly report for the Members on the investment activities of the Corporation and in addition shall prepare an annual report which shall include these Investment Guidelines, any amendments, an explanation of the guidelines and amendments, the results of the annual independent audit, the investment income record of the Corporation and a list of fees paid for investment services. This annual report, which may incorporate parts of the Corporation's annual report, shall be submitted to the Mayor, the Comptroller of the City of New York and the New York State Department of Audit and Control, and shall be available to the public upon reasonable request.

Attachment 1A

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NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
INVESTMENT GUIDELINES

Originally Adopted August 14, 1984
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II. Investment Committee

Investments of the Corporation shall be made and monitored by the Corporation’s Investment Committee (the “Committee”) under the chairmanship of the Executive Vice President for Capital Markets and Investments. In the absence of the Executive Vice President for Capital Markets and Investments, the Executive Vice President and Chief Financial Officer shall chair the Committee. The Committee’s members shall also include the EVP & Chief Financial Officer, the SVP and Controller, the Managing Director for Cash Management , The Vice President(s) for Cash Management, and the Assistant Vice President~~(s)~~ for Cash Management.~~, or Senior Cash Management Administrator~~. No person shall serve on the Committee who has not completed college level or higher courses in finance or two or more years of professional experience in investment activities. The Managing Director of Cash Management shall be responsible for daily supervision of investment activities.

The Committee shall meet on a regular basis to determine funds available for investment and the appropriate Investment Instruments (as hereinafter defined) for those funds based on market conditions, length of time the funds are available for investment purposes, investment restrictions imposed by related bond or note resolutions, and the diversification of the Corporation’s investment portfolio. Any funds derived from the issuance of bonds will be invested pursuant to the related bond resolution, as approved by the Members. In addition, the Committee shall determine the Corporation’s periodic need for funds, based on anticipated construction advances, dates of debt service payments on the Corporation’s obligations, and other financial requirements.

III. Approved Investment Instruments

1. Any bonds, debentures, notes, participation certificates or other similar obligations under consideration for investment will be rated in one of the two highest rating categories of a nationally recognized rating service. Subject to the provisions of any bond or note resolution, the Committee may use only the following Investment Instruments to invest the funds of the Corporation or funds held by the Corporation:

A. direct obligations of or obligations guaranteed by the United States.

B. bonds, debentures, notes, participation certificates or other similar obligations issued by any one or combination of any of the following:

Government National Mortgage Association, Federal Land Banks, Federal Home Loan Banks, Federal Intermediate Credit Banks, Federal Farm Credit System Banks Consolidated Obligations, Banks for Cooperatives, Tennessee Valley Authority, Washington Metropolitan Area Transportation Authority, United States Postal Service, Farmers' Home Administration and Export-Import Bank of the United States.

C. bonds, debentures, notes, participation certificates or other similar obligations issued by any federal agency and backed by the full-faith and credit of the United States.

D. any other obligations of the United States or any federal agencies which may be purchased by New York State Savings Banks.

E. participation certificates of the Federal Home Loan Mortgage Corporation and mortgage-backed securities of the Federal National Mortgage Association rated in the highest rating category of a nationally recognized rating service.

F. short-term corporate obligations, known as Commercial Paper, with a maturity of up to ninety days which are issued by corporations that are deemed by a nationally recognized rating service to be in the highest short-term rating category of such rating service. **Concentration limits: not to exceed 60% of portfolio, or $50 million with any one issuer**.

G. deposits in interest-bearing time or demand deposits, certificates of deposit or other similar banking arrangements (i) secured by any of the obligations described in A through D above, or (ii) fully insured by the Federal Deposit Insurance Corporation, or (iii) made with banking institutions, or their parents which either (a) have unsecured debt rated in one of the two highest rating categories of

a nationally recognized rating service or (b) are deemed by a nationally recognized rating service to be an institution rated in one of the two highest rating categories of such rating service.
Concentration limits: not to exceed 60% of portfolio

H. obligations of the City and State of New York.

I. obligations of the New York City Municipal Water Finance Authority.

J. obligations, the principal and interest of which, are guaranteed by the City or State of New York.

K. obligations in which the Comptroller of the State of New York is authorized to invest in as specified in section ninety-eight of the State Finance Law.

2. Except for Investment Instruments in book-entry form, Investment Instruments above shall be physically delivered for retention by the Corporation or its agent. Any agent or custodian for the Corporation shall maintain such Investment Instruments in a segregated account and shall provide such confirmations of Investment Instruments and other information as may be required by the Corporation in order to supervise the Investment Instruments. In the case of book-entry Investment Instruments, the Corporation shall take such actions as may be necessary to obtain title or a perfected security interest in such Investment Instruments.

3. Repurchase Agreements

The Corporation may enter into repurchase agreements for the Investment Instruments described in Secs. III 1. A to D above, pursuant to the delivery requirements of Sec. III 2. The Investment Instruments shall be held by an agent of the Corporation, such agent shall not be an agent, with respect to the repurchase transaction, of the party with whom the Corporation has entered into the repurchase agreement and the agent shall not assert any claims against the Investment Instruments, based on claims it may have against said party.
Concentration limits: not to exceed 50% of portfolio.

A. Short Term Fixed Repurchase Agreements

All Short Term Fixed Repurchase Agreements (those repurchase agreements which do not exceed thirty-four days and require repurchase on a predetermined date) must be made with a financial institution meeting the qualifications of Sec. V.A. (iii) hereof. To the maximum extent possible, consistent with market practice, such Short Term Fixed Repurchase Agreements shall be pursuant to a written master agreement and, in the event no written agreement is feasible, shall be made, monitored and secured in a manner sufficient to protect the Corporation's interests.

The terms of such Short Term Fixed Repurchase Agreement must permit the Corporation to sell Investment Instruments if the other party to such agreement shall fail to promptly repurchase the Investment Instrument on the day required by the repurchase agreement. To assure such repurchase, the agreement shall require that there be maintained on an ongoing basis in such account Investment Instruments having a market value at least equal to 101% of the moneys held under overnight repurchase agreements and 102% of the moneys held under longer term repurchase agreements, which will be marked to market daily by the Corporation. At the option of the Corporation, repurchase agreements with the same party may be combined for the purpose of valuating the Investment Instruments to market.

B. Long Term Repurchase Agreements

All funds invested for more than thirty-four days through flexible or fixed repurchase agreements ("Long Term Repurchase Agreements") shall be pursuant to written agreements incorporating the provisions required above except that the Investment Instruments held shall be marked to market according to the negotiated terms of each agreement but in no event less than monthly. In addition, any institution or its parent with whom the Corporation enters into a Long Term Repurchase Agreement and which (a) does not have unsecured debt rated in one of the three highest rating categories of a nationally recognized rating service or (b) is not deemed by a nationally recognized rating service to be an institution rated in one of the three highest rating categories of such rating service, shall be required to provide Investment Instruments with a market value at least equal to 103% of the moneys held under the repurchase agreement, which Investment Instruments will be marked to market at least weekly. Additional Investment Instruments must be provided when the market value falls below 103% of money held under these Long Term Repurchase Agreements.

IV. **Diversification**

The Committee, in making its investment decisions based on these guidelines, shall seek to diversify both its investment holdings and the parties with whom it deals in making investment decisions.

Subject to the provisions of these Guidelines, the limitations set on the total percentage of the portfolio invested with any one party may be lower than the maximums permitted under the Guidelines and will be based on the financial review indicated in section V. C (below), with a maximum determined by the Committee under advisement from the Corporation's Credit Risk department.

The Corporation shall seek at least three bids, whenever feasible, in selecting offers for repurchase agreements, government securities or certificates of deposit. In awarding investment contracts, diversification of forms of Investment Instruments and trading partners shall be a major consideration.

V. <u>Qualifications</u>

A. Pursuant to the limitations established in the Investment Guidelines, the Corporation shall enter into investment transactions only with the following entities:

(i) Any member bank of the Federal Reserve System;

(ii) Any bank or trust company organized under the laws of any state or any national banking association;

(iii) any government bond dealer currently listed on the List of the Government Securities Dealers Reporting to the Market Reports Division of the Federal Reserve Bank of New York, or other substantial financial institution which itself or its parent either (a) has unsecured debt rated in one of the three highest rating categories of a nationally recognized rating service or (b) is deemed by a nationally recognized rating service to be an institution rated in one of the three highest rating categories of such rating service;

(iv) with regard to the purchasing and/or sale of government and municipal securities, other than repurchase agreements, any dealer that provides for simultaneous security transactions and payments.

B. Any agent or custodian of Investment Instruments for the Corporation must be a bank or trust company organized under the laws of any state or a national banking association. Any custodian of Investment Instruments for the Corporation will be rated in an investment grade category of a nationally recognized rating service.

C. The Credit Risk Department of the Corporation shall review the financial statements, level of capitalization, ratio of repurchase transactions to capitalization (for parties to repurchase agreements), its rating, and financial situation of any new bank, broker, securities dealer, investment advisor or agent and shall review such party's financial status periodically thereafter.

VI. Reporting

The Committee shall prepare a quarterly report for the Members on the investment activities of the Corporation and in addition shall prepare an annual report which shall include these Investment Guidelines, any amendments, an explanation of the guidelines and amendments, the results of the annual independent audit, the investment income record of the Corporation and a list of fees paid for investment services. This annual report, which may incorporate parts of the Corporation's annual report, shall be submitted to the Mayor, the Comptroller of the City of New York and the New York State Department of Audit and Control, and shall be available to the public upon reasonable request.

NEW YORK CITY HOUSING DEVELOPMENT CORPORATION
Investment Summary as of October 31, 2024
(UNAUDITED)

Investment Securities & Repo-By Rating:

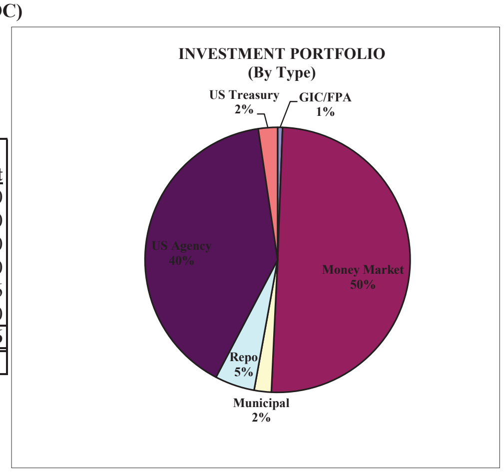
			NRSRO Rating-October 31, 2024:				
Counterparty	**Type**	**Amount**	**AAA**	**AA**	**A**	**BBB***	**BB or NR***
Bank OZK (FHLB MULOC)*	MM	$263,027,664			$263,027,664		
Bayerische Landesbank	GIC	$4,697,706		$4,697,706			
Citibank NA	FPA	$29,048,498			$29,048,498		
Citizens Bank (FHLB MULOC)*	MM	$108,525,990			$108,525,990		
Customers Bank (FHLB MULOC)*	MM	$399,339,437					$399,339,437
Daiwa Securities (TSY/AGCY)*	REPO	$122,450,000			$122,450,000		
Dime Community Bank/Bridgehampton Natl Bank (FHLB MULOC)*	MM	$498,963,170					$498,963,170
Dormitory Authority of the State of NY	MUNI	$31,440,000		$31,440,000			
East West Bank (FHLB MULOC)*	MM	$499,502,522				$499,502,522	
Flushing Bank (FHLB MULOC)*	MM	$173,434,435					$173,434,435
Hanover Bank (FHLB MULOC)*	MM	$129,508,757					$129,508,757
NYC GO	MUNI	$36,940,000		$36,940,000			
NYC TFA	MUNI	$49,950,000		$49,950,000			
NY Community Bank/Flagstar Bank (FHLB MULOC)*	MM	$493,977,390					$493,977,390
NYS HFA	MUNI	$7,880,000		$7,880,000			
NYS Urban Development Corp	MUNI	$20,000,000		$20,000,000			
PNC Bank	MM	$248,267,210			$248,267,210		
Promontory (FDIC-insured)	MM	$202,158,614					$202,158,614
Societe Generale	GIC	$787,783			$787,783		
SONYMA	MUNI	$250,000	$250,000				
TD Bank	GIC	$7,616,963			$7,616,963		
US Agency	US Agency	$2,801,680,846		$2,801,680,846			
US Bank NA	REPO	$217,750,000			$217,750,000		
US Treasury	US Treasury	$164,472,000		$164,472,000			
Webster Bank (formerly Sterling National Bank) (FHLB MULOC)*	MM	$499,441,441				$499,441,441	
		$7,011,110,426	**$250,000**	**$3,117,060,552**	**$997,474,108**	**$998,943,963**	**$1,897,381,803**
% of Total		***100.00%***	***0.00%***	***44.46%***	***14.23%***	***14.25%***	***27.06%***

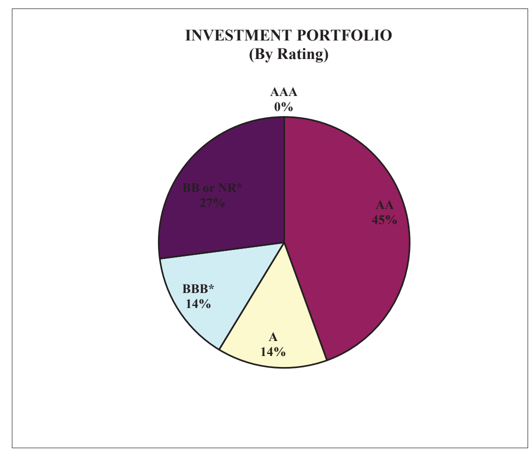
***Fully-collateralized by US Treasury/Agency securities and/or FHLB municipal letters-of-credit (MULOC)**

Weighted Average Maturity (Years):	**1.84**

Investment Portfolio-By Type of Investment:

	% Total	**Amount**
GIC/FPA	0.60%	$42,150,950
Money Market	50.15%	$3,516,146,630
Municipal	2.09%	$146,460,000
Repo	4.85%	$340,200,000
US Agency	39.96%	$2,801,680,846
US Treasury	2.35%	$164,472,000
Total	**100.00%**	**$7,011,110,426**





Schedule of Investments

New York City Housing Development Corporation
October 31, 2024
With Reports of Independent Auditors

New York City Housing Development Corporation

Schedule of Investments

October 31, 2024

Contents

Report of Independent Auditors

Management and the Members of the
New York City Housing Development Corporation

Report on the Audit of the Schedule

Opinion

We have audited the Schedule of Investments of New York City Housing Development Corporation (the "Corporation"), a component unit of the City of New York, as of October 31, 2024 and the related notes (the "Schedule").

In our opinion, the accompanying Schedule presents fairly, in all material respects, the investments of the Corporation at October 31, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedule section of our report. We are required to be independent of the Corporation, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free of material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedule.

In performing an audit in accordance with GAAS and *Government Auditing Standards,* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the Schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedule.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Financial Statements as of October 31, 2024

We have audited, in accordance with GAAS and *Government Auditing Standards*, the financial statements of the Corporation as of and for the year ended October 31, 2024, and our report thereon, dated January ___, 2025, expressed an unmodified opinion on those financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we also have issued our report dated January ___, 2025, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters with respect to the Schedule. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance with respect to the Schedule. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance with respect to the Schedule.

January ___, 2025

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Schedule of Investments Performed in Accordance with *Government Auditing Standards*

Management and the Members of the
New York City Housing Development Corporation

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the Schedule of Investments of New York City Housing Development Corporation (the "Corporation"), a component unit of the City of New York, as of October 31, 2024, and the related notes to the Schedule of Investments (collectively referred to as the "Schedule"), and have issued our report thereon dated January ___, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the Schedule, we considered the Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Schedule, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control with respect to the Schedule. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control with respect to the Schedule.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's Schedule is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, investment policies established by the Corporation and the New York State Comptroller's investment guideline requirements as presented in Section 201.3(c) of the *Accounting, Reporting and Supervision Requirements for Public Authorities*, noncompliance with which could have a direct and material effect on the Schedule. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance with respect to the Schedule. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance with respect to the Schedule. Accordingly, this communication is not suitable for any other purpose.

January ___, 2025

New York City Housing Development Corporation

Schedule of Investments
(In Thousands of Dollars)

October 31, 2024

Purpose investments	$ 16,102
Restricted investments	2,320,154
Unrestricted investments	46,185
Total investments	$ 2,382,441

The accompanying notes are an integral part of this schedule.

New York City Housing Development Corporation

Notes to Schedule of Investments

October 31, 2024

1. Background and Organization

The accompanying Schedule of Investments (the "Schedule") includes the investments of the business-type activities and the aggregate remaining fund information of the New York City Housing Development Corporation (the "Corporation" or "HDC") and its component units, the New York City Housing Assistance Corporation ("HAC") and the New York City Residential Mortgage Insurance Corporation ("REMIC").

The Corporation is a corporate governmental agency constituting a public benefit corporation organized and existing under the laws of the State of New York (the "State"). The Corporation is also a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The Corporation was established in 1971 under the provisions of Article XII of the Private Housing Finance Law (the "Act") of the State and is to continue in existence for at least as long as bonds, notes or other obligations of the Corporation are outstanding.

The Corporation was created to encourage the investment of private capital through low-interest mortgage loans in order to increase the supply of safe and sanitary dwelling accommodations for families and persons whose need for housing accommodations cannot be provided by unassisted private enterprise. To accomplish its objectives, the Corporation is empowered to finance housing through new construction or rehabilitation and to provide permanent financing for multi-family residential housing. The Corporation finances significant amounts of its activities through the issuance of bonds, notes and debt obligations. The bonds, notes and debt obligations of the Corporation are not debts of either the State or The City of New York (the "City").

Pursuant to Governmental Accounting Standards Board ("GASB") Codification 2100, *Defining the Financial Reporting Entity*, the Corporation's financial statements are included in the City's financial statements as a component unit for financial reporting purposes.

HAC is a public benefit corporation established pursuant to Section 654-b of the Act as a subsidiary of the Corporation.

HAC is empowered to receive monies from any source, including, but not limited to, the Corporation, the City or the State, for the purpose of assisting rental developments to maintain rentals affordable to low and moderate-income persons for whom the ordinary operation of private enterprise cannot supply safe, sanitary and affordable housing accommodations. In order to accomplish this objective, HAC may transfer, lend, pledge or assign these monies to any rental development or assist the Corporation in financing such developments. As a subsidiary of HDC, HAC's functions are administered by the Corporation and its Board Members substantially overlap with HDC's Board Members, so it is reported as a blended component unit in HDC's financial statements.

REMIC a public benefit corporation established pursuant to Section 654-d of the Act as a subsidiary of HDC. REMIC is the successor entity to the New York City Rehabilitation Mortgage Insurance Corporation ("Old REMIC"), which was dissolved on January 27, 1993. REMIC has the authority to insure residential mortgage loans throughout the City in order to promote the preservation of neighborhoods which are blighted, are becoming blighted or may become blighted, to discourage divestment and encourage the investment of mortgage capital in such neighborhoods and to provide safe, sanitary and affordable housing accommodations to persons and families for whom the ordinary operations of private enterprise cannot supply such accommodations.

2. Summary of Significant Accounting Policies for Investments

Investments

Short-term bank deposits and investments with stated maturities of 90 days or less are reported as Cash and Cash Equivalents. All investments are reported at fair value, except for certificates of deposit and investment agreements. The Corporation's investment agreements, which can take the form of open time deposits or fixed repurchase agreements, are reported at an amount equal to principal and accrued interest.

Purpose Investments

As part of its financing activities, HDC has made two housing development loans that are secured by GNMA certificates rather than mortgages on the related properties. The GNMA certificates provide payments at such times and in such amounts as to fully repay the respective HDC loans and are the only source of repayment for these loans. The GNMA certificates are treated under U.S. Treasury regulations as acquired program obligations. The GNMA certificates are classified in the financial statements as purpose investments and identified separately from other investments and restricted investments in the financial statements. However, interest earned on the GNMA certificates is included in earnings on investments.

It is the Corporation's policy to record GNMA certificates at amortized cost, which amounted to $16,102,000 as of October 31, 2024. The fair value of these purpose investments amounted to $15,256,000 as of October 31, 2024.

3. Investments

The Corporation is authorized to engage in investment activity pursuant to the Act and the Corporation's respective bond resolutions. Investment policies are set for the Corporation by the Members of the Corporation on an annual basis, through the annual adoption of written investment guidelines. Investments are reviewed on a periodic basis by the Corporation's Audit Committee. Day-to-day investment decisions are made by the Corporation's Investment Committee. The Corporation principally invests in securities of the United States and its agencies, open time deposits ("OTDs") in the form of investment agreements, demand accounts, repurchase agreements and certificates of deposits. In fiscal year 2024, HDC continued investing in taxable municipal bonds of the State and the City, consistent with the Corporation's enabling statute and investment guidelines. The Corporation did not enter into any reverse repurchase agreements during the year ended October 31, 2024. The Corporation is not aware of any violations of any provisions of the foregoing policies.

All securities, other than securities held by the respective trustees for the benefit of the bondholders, were held by the Corporation or its agents in the Corporation's name. Bond program investments are held by the trustee of the applicable program.

All investment transactions are recorded on the trade date. Investments, other than purpose investments, which are reported at fair value as of October 31, 2024, were as follows:

		Investment Maturities as of October 31, 2024 (in Years)			
Investment Type	**2024**	**Less than 1**	**1-5**	**6-10**	**More than 10**
(in thousands)					
Money Market and NOW Accounts	$2,593,073	$2,593,073	$ —	$ —	$ —
FHLB Bonds	786,032	61,031	644,697	80,304	—
FFCB Bonds	618,083	—	604,894	13,189	—
FHLMC Bonds	586,263	14,904	530,584	40,775	—
Fixed Repurchase Agreements	273,540	273,540	—	—	—
U.S. Treasury (Bonds, Notes, Bills)	134,130	134,130	—	—	—
NYS/NYC Municipal Bonds *****	124,933	26,454	98,479	—	—
FNMA Bonds	118,571	9,802	69,928	38,841	—
Total	5,234,625	3,112,934	1,948,582	173,109	—
Less amounts classified as cash equivalents	(3,000,776)	(3,000,776)	—	—	—
Total investments	$2,233,849	$ 112,158	$1,948,582	$173,109	$ —

**Note: Municipal Bonds are at fixed rates.*

Total investments recorded on the Schedule as of October 31, 2024 of $2,382,441,000 is made up of the following: (a) investments recorded at fair value of $2,233,849,000, (b) certificates of deposits in the amount of $121,990,000, (c) OTDs in the amount of $10,500,000 and (d) purpose investments of $16,102,000.

HDC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The Corporation has the following recurring fair value measurements as of October 31, 2024:

- NYC/NYS Municipal securities of $124,933,000 are valued using quoted market prices (Level 1 inputs)

- U.S. Treasury securities of $134,130,000 are valued based on models using observable inputs (Level 2 inputs)

- U.S. Agency securities of $2,108,949,000 are valued based on models using observable inputs (Level 2 inputs)

Money Market and Now accounts of $2,593,073,000 are valued at cost. In addition to the investments identified above, as of October 31, 2024, the Corporation held $89,276,000 uninvested as cash in various trust and other accounts.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the Corporation's investment guidelines charge the Investment Committee with "…determining appropriate investment instruments…based on…length of time funds are available for investment purposes..." among other factors. Thus, maturities are matched to the Corporation's liquidity needs. As part of the Corporation's investment policies, it looks to invest its bond and corporate related reserves in long-term securities that carry a higher yield, with the intent to hold the investments to maturity.

Credit Risk: The Corporation's investment guidelines and policies are designed to protect principal by limiting credit risk. This is accomplished by making decisions based on a review of ratings, collateral, and diversification requirements that vary according to the type of investment.

As of October 31, 2024, investments in Federal National Mortgage Association ("FNMA" or "Fannie Mae"), Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac"), Federal Home Loan Bank ("FHLB") and Federal Farm Credit Bank ("FFCB") were rated by Standard & Poor's and/or Moody's Investors Service (Fannie Mae, Freddie Mac, FHLB and FFCB are collectively referred to as "Agency"). Standard & Poor's long-term and short-term were AA+ and A-1+, respectively. Moody's long-term and short-term ratings for these Agencies were Aaa and P-1, respectively. Some investments were not rated. Investments in Fannie Mae, Freddie Mac, FHLB and FFCB are implicitly guaranteed by the U.S. government. They carry ratings equivalent to the credit ratings for the U.S. government. Some investments in these Agencies were not rated by Fitch Ratings. Of the Agency investments that were rated by Fitch Ratings, they carried ratings of AA+ for long-term and F1+ for short-term. Money market accounts and certificates of deposits are either backed by collateral held by the provider or municipal letters-of-credit provided by the Federal Home Loan Bank.

A small portion of HDC's investment portfolio consists of NYS/NYC municipal bonds. The Standard & Poor's ratings for those investments ranged from AAA to AA-; Moody's ratings ranged from Aa1 to Aa2 and Fitch Ratings Service ratings ranged from AAA to AA. Some investments were not rated. Money market, open time deposits and repurchase agreements in the form of OTDs are not rated; however, these investments are substantially collateralized by U.S. Treasury and/or Agency securities or Federal Home Loan Bank municipal letters-of-credit.

Custodial Credit Risk: For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Corporation, and are held by either the counterparty or the counterparty's trust department or agent but not in the name of the Corporation. The Corporation manages custodial credit risk by limiting its investments to highly rated institutions and/or requiring high quality collateral be held by the counterparty in the name of the Corporation.

As of October 31, 2024, repurchase agreements in the amount of $273,540,000, demand accounts in the amount of $2,593,073,000 and certificates of deposits in the amount of $121,990,000 were collateralized by high quality instruments. The collateral consisted of U.S. Treasury Notes, U.S. Treasury Bills, Agency investments, FHLB letters-of-credit and letters-of-credits held by the Corporation's agent in the name of the Corporation.

Concentration of Credit Risk: The Corporation follows its annually adopted investment guidelines in accordance with concentration limits and reviews its credit concentration monthly. The Corporation's Credit Risk unit monitors concentration risk amongst issuers and reports regularly to the Members of the Corporation's Audit Committee.

The following table shows issuers that represent 5% or more of the total investments as of October 31, 2024 *(in thousands)*:

Issuer	**Dollar Amount**	**Percentage**
FHLB Bonds	$786,032	14.65%
FFCB Bonds	618,083	11.52
FHLMC Bonds	586,263	10.92
East West Bank (*)	492,831	9.18
Customers Bank (*)	400,911	7.47
Webster Bank (*)	395,129	7.36

**Note: Covered by FHLB municipal letters of credit collateral held by the Corporation.*

Audited Financial Statements to be added here