

Municipal Market Weekly

Ramirez Municipal Strategy



June 11, 2018

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Municipals ended last week mixed, with short and short-intermediate bonds rallying and outperforming on strong demand, while intermediate and long duration strategies followed Treasuries lower and posted negative returns. Muni new issue supply last week of \$10.1 bil. was the second largest YTD and was well-received by investors, particularly deals with above-average spread such as CT GOs (20y / +85) and LAX LINXS (+65 at the wides). BWICs were 23% above-average on the week as buyers sought to raise liquidity to pay for new deals with Wed and Thurs having \$1 bil.+ lists for bid. Mutual fund flows last week were again positive for the fifth consecutive week, albeit mild at \$189 mil. (\$3.54 bil. YTD). The S&P Main Muni index lost -4 bps last week, is up +63 bps QTD, and is down -30 bps YTD. Treasuries in comparison lost -16 bps on the week and are down -47 bps QTD and -165 bps YTD; Corp-IG lost -25 bps last week and are down -105 bps QTD and -334 bps YTD; Global lost -6 bps on the week and is down -275 bps QTD and -142 bps YTD.

US rates were adversely affected by various domestic and global crosscurrents, including the G-7 meeting in Canada where tensions flared among world leaders after Trump's magnificent rendition of Dale Carnegie's "How to Win Friends and Influence People." European bond markets slumped on resumption of the Italian political crisis, emerging markets took a beating led by Brazil, and the ECB hinted of a debate this week on a taper of its bond-buying program. Rates were also influenced by Japanese PM Abe meeting with Trump on Thurs to discuss the vaunted US-North Korea summit in Singapore this week. US economic data was mixed, including nonfarm productivity revision to 0.4%, which was below the consensus 0.6%.

Muni 2s30s bull steepened +11 bps on the week to 129 bps as MMD in 2yrs was bumped -5 bps (1.69%), left unchanged in 5yrs (1.99%), cut +2 bps in 10yrs (2.46%), and cut +6 bps in 20yrs and 30yrs (2.86% and 2.98%, respectively). SIFMA reset -1 bps lower to 1.05%, or 51% 1ML and 70% of 1yr MMD. Treasury 2s30s was -1 bp steeper to 59 bps as yields in 2-30 yrs rose by 5-6 bps across the curve. Last week's rate moves caused relative value of MMD in 2yrs and 10yrs to turn "rich" at 67% and 83%, respectively but maintained "fair" relative value in 5yrs and 30yrs at 71% and 96%, respectively. The 2yr and 5yr spots have outperformed YTD by 14.3 and 4 ratios, respectively. We maintain our conviction – as we have all year -- that the 2yr and 5yr spots should continue to outperform as investors focus on shorter duration strategies amidst rising rates.

In other, less-savory Muni news, the court-appointed agents for Puerto Rico's GO bonds and COFINA sales tax bonds reached an agreement on dividing up alleged-COFINA sales tax revenues at 54% in favor of COFINA, which caused COFINA senior bonds to rally. GO bonds remained largely unchanged on the news as it remains unclear how the central government will manage with lower than expected COFINA sales tax. The US District Court judge overseeing the PR restructuring hinted that she likes the agreement, although it remains to be seen if the proposal is workable for the government.

Gross new issue supply returns this week on par with the 12-week moving average at \$6.7 bil., with negotiated transactions representing \$4.6 bil., or 69% of the total. Negotiated transactions are led by \$628 mil. NYC Housing Dev Corp, \$436 mil. Mass Dev Fin Corp for Caregroup, \$379 mil. NJ Housing, \$375 mil. NYC Muni Water, and \$300 mil. CT Hlth and Ed for Yale Univ. The largest competitive transactions include \$247 mil. FL DOT and \$140 mil. Federal Way SD (WA). Gross supply YTD is down -17% YoY at \$136 bil. which is (finally) slightly ahead of our full-year 2018 estimate of -27% YoY (\$317 bil.). Total net supply over the next 30 days is ramping up as expected and now stands at -\$35.18 bil., comprised of +\$10 bil. new issue, -\$34.43 maturing, and -\$10.75 bil. announced calls. States that stand to experience the largest change in outstanding debt include California (-\$8.74 bil.), New York (-\$4.95 bil.), New Jersey (-\$2.95 bil.), Arizona (-\$2.12 bil.), and Pennsylvania (-\$1.85 bil.). We continue to think negative net supply will increase slightly at over -\$40 bil. in the coming weeks due to the down trend in new issue against maturing bonds and announced calls.

Despite favorable technical factors and likely outperformance in spots over the coming summer months, a defensive posture is warranted given anticipation of higher rates generally across the curve. For this reason, we continue to advocate 5yrs-7yrs eff duration using a laddered approach that includes intermediate (14-16 yr) maturities. We like 'AA' GO and 'A' rated Revenue credits in the 14-16yr intermediate maturity range with 5%+ coupons and shorter calls (5-8 yrs). These intermediate maturities with shorter-calls -- which have become cheaper as the curve has flattened -- capture ~90% of the MMD curve, and provide incremental yield with consistent, low-volatility roll-down (~50 bps). Our high-grade trading inventory continues to reflect this sentiment.

We are going to be cautious on the market this week given the various cross currents at play. Monday has the Trump-Kim meeting in Singapore, today and Tuesday have Treasury sales, Wed has UK voting on Brexit terms and the FOMC is set to raise rates another 25 bps, Thurs has an ECB rate decision, and Friday has a BOJ rate decision. Global trade tensions remain, Italy is still in chaos, and there is a raft of economic data for the US, including CPI, retail sales, jobless and continuing claims, import and export price indices, capacity utilization, and TIC flows. Trump vs. DeNiro.

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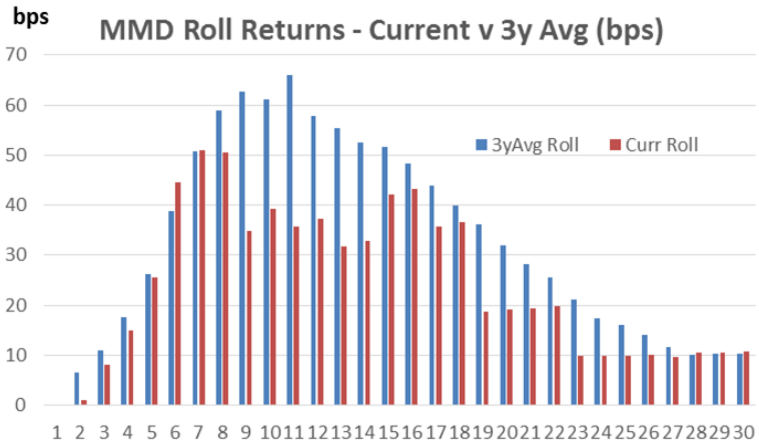
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2018 Strategy

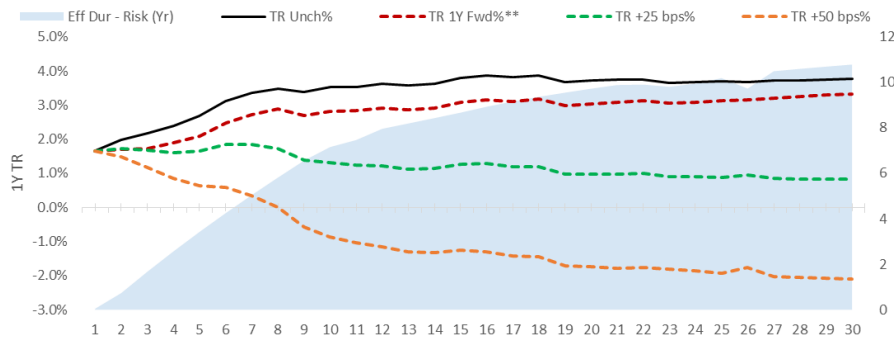
- Ladder strategy
- Defensive posture (5yr-7yr eff dur)
- Intermediate bonds with shorter calls (5-8yrs); cheaper vs longer calls, capture better spread and rolldown, faster reinvestment
- Best rolldown range is generally 8-15yrs.
- Coupon: 5%+ (lower convexity vs 4%)
- Credit: 'AA' GOs, 'A' rated or better Revenue Bonds;

Strategy	Scenarios				
	Bear Case	Base Case		Bull Case	
	Ladder (Short)	70/30 Bar	Ladder	30/70 Bar	Ladder
Crv Shft (avg bps)*	50	25	25	6	6
Quality	Revs >= A+	Revs >= A+	Revs >= A+	Revs >= A+	Revs >= A+
TR % Proj.	1.58%	2.38%	1.74%	3.76%	3.81%
OAS (bps)	9	32	15	52	53
Eff Dur (yrs)	0.4	6.3	3.6	8.2	10.7
WAM	1.5	14.2	5.4	22.4	29.0
Cnvx	0.01	-0.69	0.35	-1.85	-1.90

6 *W.A. bps shift = implied by FWD rates



MMD Callable Curve (5% Cpn) - 1Y Total Return Projections*



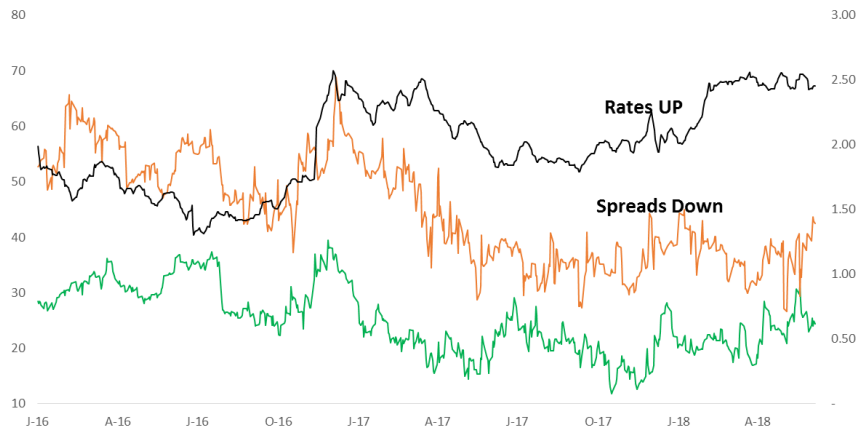
Source: MMD, Bloomberg, Ramirez & Co.

*OAS; **MMD / UST Implied

MMD Callable Curve (5% Cpn) - 12M FWD Total Return Projections*								
	Mty	1-30y	1-5y	6-10y	11-15y	16-20y	21-25y	26-30y
	Eff Dur	7.6	2.3	5.9	8.2	9.4	9.9	10.5
Scenarios	Unch	3.63%	2.42%	3.39%	3.64%	3.79%	3.70%	3.73%
	1Y Fwd Rates	3.01%	1.92%	2.73%	2.92%	3.09%	3.09%	3.25%
	Parallel +25 bps	1.11%	1.65%	1.58%	1.19%	1.12%	0.93%	0.86%
	Parallel +50 bps	-1.40%	0.89%	-0.20%	-1.22%	-1.53%	-1.83%	-2.00%

Credit spreads have tightened while rates have increased...

'AA' and 'A' GO 10Y Credit Spreads (bps)



Source: Bloomberg

— AA 10Y — A 10Y — AAA 10Y Bench

MUNI TAX-EXEMPT SPREADS								
2Y STATISTICS								
		6/11/18	Avg	Min	Max	SD	Z-Scr	Value
10Y	AA GO	24	25	12	40	6	-0.11	Fair
	A GO	43	45	27	69	9	-0.24	Fair
	BBB REV	84	96	67	118	10	-1.15	Rich
30Y	AA GO	47	35	22	51	5	2.40	Cheap
	A GO	56	58	27	94	14	-0.13	Fair
	BBB REV	102	110	85	144	12	-0.60	Fair
	HY	184	294	168	472	63	-1.75	Rich

SECTOR CREDIT SPREADS (10Y)								
2Y STATISTICS								
Sector	Rating	6/8/18	Avg	Min	Max	SD	3Y Z-Scr	Value
GO	AA	24	25	12	40	6	-0.11	Fair
	A	50	55	25	86	13	-0.35	Fair
HOSP	AA	31	38	24	60	6	-1.03	Rich
	A	57	65	48	102	7	-1.13	Rich
HI ED	AA	12	25	9	40	7	-1.97	Rich
	A	44	53	33	94	10	-0.93	Fair
TRANS	AA	20	26	12	47	8	-0.76	Fair
	A	39	46	23	87	10	-0.70	Fair
POWER	AA	17	17	5	32	6	-0.02	Fair
	A	0	47	32	72	8	-6.27	Rich
WTR / SWR	AA	22	23	10	41	5	-0.32	Fair
	A	39	60	27	104	16	-1.31	Rich
HY	<BBB-	184	294	168	403	63	-1.75	Rich

Source: Bloomberg

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Market Performance Indicators

WEEK ENDING: 6/8/18

INDEX	Eff Dur	TOTAL RETURN (%)										YIELD (%)								
		WTD	Jun '18	May '18	Apr '18	2Q18	1Q18	2018	2017	2016	2015	6/8/18	WTD Δ	YTD Δ	Lo 12M	Hi 12M	Mean 12M	Vol 12M	Z-score 12M	Z-score 3Y
TREASURY-TERM																				
TREASURY - ALL	6.10	-0.16	-0.55	0.90	-0.81	-0.47	-1.18	-1.65	2.31	0.63	0.84	2.75	0.03	0.51	1.73	2.88	2.24	0.35	1.43	2.21
SHORT	1.98	-0.01	-0.11	0.38	-0.10	0.16	-0.20	-0.05	0.87	1.25	0.67	2.70	0.03	0.63	1.47	2.78	2.04	0.43	1.52	2.47
SHORT-INT	3.79	-0.10	-0.35	0.59	-0.48	-0.25	-0.86	-1.11	1.75	1.84	1.57	3.05	0.04	0.63	1.91	3.17	2.45	0.40	1.52	2.58
INTRMD	5.34	-0.16	-0.48	0.72	-0.63	-0.40	-1.21	-1.60	2.59	1.78	1.25	3.33	0.04	0.52	2.47	3.45	2.86	0.29	1.59	2.33
LONG-INT	6.89	-0.30	-0.67	0.80	-0.78	-0.66	-1.80	-2.44	3.51	2.20	1.09	3.57	0.05	0.55	2.73	3.68	3.13	0.28	1.59	2.08
LONG	14.93	-0.59	-1.40	1.13	-1.93	-2.21	-3.57	-5.70	10.47	5.77	-3.26	3.99	0.05	0.44	3.45	4.04	3.70	0.16	1.77	0.90
MUNICIPAL-TERM																				
SHORT	1.95	0.16	0.17	0.44	-0.21	0.41	0.24	0.65	1.16	0.39	0.88	1.81	-0.08	0.11	1.03	2.04	1.50	0.33	0.95	1.90
SHORT-INT	3.27	0.11	0.08	0.80	-0.34	0.54	-0.33	0.21	2.39	0.12	1.96	2.08	-0.04	0.20	1.30	2.28	1.76	0.26	1.02	1.80
INTRMD	4.80	-0.01	-0.10	1.07	-0.36	0.61	-1.09	-0.49	4.74	0.28	3.27	2.51	0.00	0.32	1.84	2.67	2.22	0.26	1.12	1.39
LONG-INT	5.20	-0.05	-0.17	1.15	-0.35	0.63	-1.35	-0.73	5.42	0.38	3.68	2.64	0.01	0.36	1.99	2.79	2.36	0.25	1.14	1.26
LONG	6.54	-0.26	-0.44	1.69	-0.64	0.60	-1.56	-0.97	8.19	0.97	4.52	3.33	0.05	0.41	2.79	3.49	3.10	0.19	1.21	0.90
MUNICIPAL-QUALITY																				
MUNI-EXEMPT	5.01	-0.04	-0.16	1.13	-0.35	0.63	-0.92	-0.30	4.95	0.90	3.32	2.65	-0.01	0.28	2.05	2.82	2.41	0.23	1.07	1.23
MUNI-TAXABLE	8.02	-0.21	-0.49	0.81	-0.91	-0.60	-0.80	-1.40	6.81	4.16	1.30	4.09	0.03	0.31	3.59	4.20	3.85	0.15	1.56	1.44
HIGH-GRADE	5.01	-0.02	-0.11	1.05	-0.41	0.53	-1.21	-0.69	4.22	-0.09	3.21	2.33	0.00	0.32	1.54	2.50	2.00	0.31	1.08	1.64
'A' RATED	4.82	-0.05	-0.16	1.11	-0.37	0.57	-1.07	-0.51	5.40	0.82	3.60	2.68	-0.01	0.31	2.08	2.85	2.42	0.23	1.14	1.30
'BBB' RATED	5.07	-0.10	-0.23	1.23	-0.27	0.72	-0.94	-0.23	7.97	0.94	4.31	3.21	0.01	0.29	2.79	3.36	3.07	0.15	0.92	0.55
HIGH YIELD	7.01	-0.04	-0.20	2.09	0.45	2.34	0.58	2.94	9.69	3.52	1.81	4.87	0.00	-0.28	4.64	6.11	5.28	0.26	-1.60	0.83
MUNICIPAL-SECTOR																				
PRE-RE	2.41	0.14	0.13	0.50	-0.23	0.40	0.10	0.50	1.07	0.32	0.95	1.74	-0.08	0.08	0.93	2.00	1.42	0.35	0.91	1.92
GO	5.08	-0.07	-0.19	1.16	-0.41	0.55	-1.19	-0.64	4.56	0.08	2.99	2.52	-0.01	0.31	1.76	2.69	2.21	0.28	1.08	1.62
DED TAX	5.65	0.06	-0.06	1.26	-0.29	0.91	-0.84	0.06	3.73	1.92	1.24	2.81	0.00	0.31	2.21	2.98	2.60	0.22	0.92	0.55
WTR-SWR	5.22	-0.09	-0.21	1.21	-0.46	0.54	-1.24	-0.71	5.31	0.53	3.92	2.59	0.00	0.33	1.97	2.76	2.33	0.23	1.13	1.23
PUB PWR	4.51	-0.03	-0.12	1.05	-0.30	0.63	-0.99	-0.37	3.20	1.18	4.57	2.48	-0.01	0.25	1.77	2.67	2.24	0.27	0.87	0.44
HEALTHCARE	5.36	-0.10	-0.25	1.32	-0.37	0.69	-0.99	-0.31	7.00	1.24	4.65	3.19	0.01	0.35	2.72	3.37	3.00	0.19	1.00	0.94
HIGHER ED	5.66	-0.12	-0.27	1.29	-0.46	0.56	-1.14	-0.59	6.20	0.62	3.87	2.93	0.01	0.33	2.38	3.09	2.69	0.21	1.14	1.23
TRANSPORT	5.08	-0.08	-0.20	1.15	-0.38	0.57	-1.28	-0.71	6.25	0.93	3.76	2.76	0.00	0.33	2.13	2.92	2.48	0.24	1.16	1.18
HOUSING	8.99	-0.11	-0.26	1.18	-0.43	0.48	-0.66	-0.18	5.59	1.52	3.71	3.11	0.00	0.31	2.66	3.27	2.95	0.15	1.07	0.47
TOBACCO	8.40	0.10	-0.14	2.35	1.63	3.87	1.72	5.65	17.82	6.17	13.48	4.15	-0.08	-0.45	3.87	5.26	4.69	0.33	-1.66	-1.76
IDB	4.28	0.01	-0.09	0.98	-0.11	0.79	-0.35	0.44	6.41	1.53	3.66	3.15	-0.01	0.20	2.73	3.40	3.06	0.17	0.54	0.44
GLOBAL / CORP																				
GLOBAL	7.17	-0.06	-0.41	-0.76	-1.60	-2.75	1.36	-1.42	7.39	1.77	-3.15	2.05	0.05	0.36	1.47	2.07	1.72	0.16	2.05	2.14
US CORP-IG	7.44	-0.25	-0.66	0.54	-0.93	-1.05	-2.32	-3.34	6.42	5.84	-0.68	3.99	0.04	0.69	3.03	4.07	3.42	0.32	1.78	2.35
US CORP-HY	4.25	0.44	0.53	-0.03	0.65	1.15	-0.86	0.28	7.50	18.37	-4.47	6.35	-0.06	0.64	5.31	6.46	5.82	0.33	1.62	-0.24

Rates & Ratios

	This Wk 6/8/18	Last Wk 6/1/18	Beg Qtr 4/2/18	Beg Yr 1/2/18	Mean		Value		WTD Perf	MTD Perf	QTD Perf	YTD Perf
					12M	3Y	12M	3Y				
AAA MMD / UST									Ratios	Ratios	Ratios	Ratios
2 Yr	67%	70%	73%	81%	72%	81%	Fair	Rich	-2.8	Out	-2.8	Out
5 Yr	71%	72%	80%	75%	72%	78%	Fair	Fair	-1.0	Out	-1.0	Out
10 Yr	83%	84%	88%	81%	85%	91%	Fair	Rich	-0.8	Out	-0.8	Out
30 Yr	96%	96%	98%	91%	97%	99%	Fair	Fair	0.5	Under	0.5	Under
UST									BPS	BPS	BPS	BPS
2 Yr	2.52	2.49	2.26	1.91	1.85	1.22	Cheap	Cheap	2.8		2.8	60.1
5 Yr	2.80	2.76	2.57	2.24	2.24	1.76	Cheap	Cheap	4.0		4.0	56.4
10 Yr	2.96	2.91	2.75	2.45	2.53	2.22	Cheap	Cheap	5.2		5.2	51.6
30 Yr	3.10	3.06	2.98	2.80	2.93	2.84	Cheap	Cheap	4.8		4.8	30.5
AAA MMD									BPS	BPS	BPS	BPS
2 Yr	1.69	1.74	1.65	1.56	1.33	0.96	Cheap	Cheap	-5.0		-5.0	13.0
5 Yr	1.99	1.99	2.04	1.68	1.63	1.37	Cheap	Cheap	0.0		0.0	31.0
10 Yr	2.46	2.44	2.41	1.98	2.15	2.01	Cheap	Cheap	2.0		2.0	48.0
30 Yr	2.98	2.92	2.94	2.55	2.83	2.81	Cheap	Fair	6.0		6.0	43.0

Muni Primary Market

Gross Supply (\$ in millions)

	As of 6/8/18
Last Week	10,120.1
12wk Moving Avg	6,645.8
YTD	135,614.5

Source: Bloomberg

Weekly Visible Supply (\$ in millions)

	Week of 6/11/18
Total	6,653.6
Comp.	2,045.8
Neg.	4,607.8

Source: Bloomberg, Ramirez

30-Day Visible Supply (\$ in millions)

	Current Total	2018 High \$	2018 Low Date	2018 High \$	2018 Low Date
Total	8,496.0	13,770.7	(5/15)	4,175.5	(1/2)
Comp.	3,909.2	6,795.3	(5/14)	903.1	(1/26)
Neg.	4,586.8	8,296.2	(4/2)	1,991.3	(4/25)

Source: Bond Buyer

Top Competitive Issuances Coming to Market

Issuer	State	Amount (\$ 000's)
Florida DOT	FL	246,855
Federal Way SD #210	WA	140,265
Maine St	ME	117,895
FL State BOE PECO	FL	117,705
West St Paul ISD #197	MN	116,410

Source: Bloomberg

Top Negotiated Issuances Coming to Market

Issuer	State	Amount (\$ 000's)
New York City Hsg Dev Corp	NY	\$628,085
Massachusetts Dev Fin Agy	MA	436,400
New Jersey Hsg & Mtge Fin Agy	NJ	378,930
New York City Muni Wtr Fin Auth	NY	375,000
Connecticut St Hlth & Edu Facs	CT	300,000

Source: Bloomberg

Underwriters will attempt to market \$6.65 bil. of municipals in the week of 6/11, led in the negotiated space by \$628.09 mil. New York City HDC, \$436.40 mil. Massachusetts Dev Fin Agy, and \$378.93 mil. New Jersey Hsg & Mtge Fin Agy. The competitive calendar is highlighted by \$246.86 mil. FL DOT and \$140.27 mil. Federal Way SD.

Ramirez Negotiated Issuances Coming to Market

Issuer	State	Amount (\$ 000's)	Senior Manager	Ramirez Role
New York City Hsg Dev Corp	NY	628,085	JPMorgan	Co-Senior
New York City Muni Wtr Fin Auth	NY	375,000	Raymond James	Co-Manager

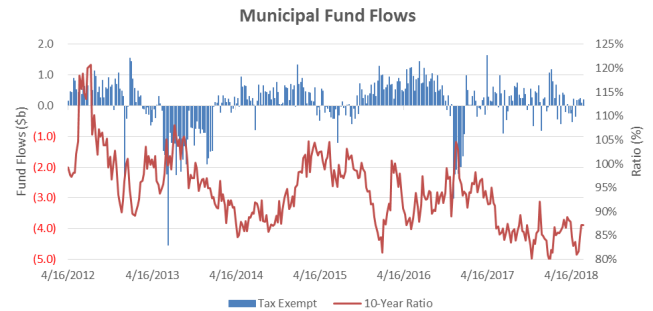
Economic Calendar

Monday (6/11)	Tuesday (6/12)	Wednesday (6/13)	Thursday (6/14)	Friday (6/15)
North Korea Summit	NFIB Small Business Optimism	MBA Mortgage Applications	Retail Sales Advance MoM	Empire Manufacturing
U.S. to Sell USD 48Bln 3-Month Notes	CPI MoM	PPI Final Demand MoM	Import Price Index MoM	Industrial Production MoM
U.S. to Sell USD 42Bln 6-Month Bills	CPI YoY	PPI Final Demang YoY	Initial Jobless Claims	Capacity Utilization
U.S. to Sell USD 32Bln 3-Year Notes	Monthly Budget Statement	FOMC Rate Decision	Continuing Claims	U. of Mich. Sentiment
U.S. to Sell USD 22Bln 10-Year Notes Reopening	U.S. to Sell USD 35Bln 4-Week Bills	Fed Speaker: Powell (Following FOMC Decision)	Bloomberg Consumer Comfort	Total Net/Long-Term TIC Flows
	U.S. to Sell USD 14Bln 30-Year Bonds Reopening			Fed Speaker: Kaplan

Source: Bloomberg

Muni Market Demand

Tax-exempt mutual funds reported inflows for the fifth consecutive for the week ending June 6, with an inflow of \$189 million. This compares to the 12-week moving average of a \$3.4 million outflow.

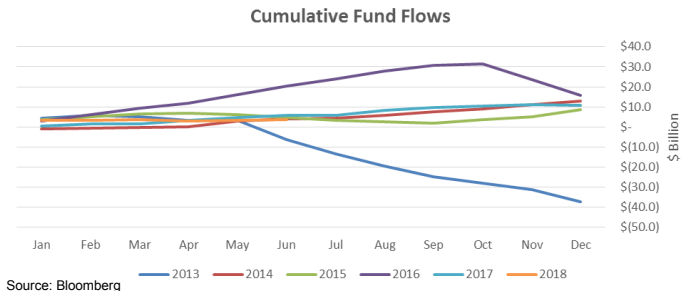


Source: Lipper Fund Flows

US Lipper Fund Flows

Sector	Flow Change (\$B)	YTD (\$B)
Tax-Exempt	Inflow: 0.189	Inflow: 3.537
Money Market	Inflow: 34.898	Inflow: 7.028
Taxable	Outflow: -1.192	Inflow: 51.611
Equities	Outflow: -4.255	Inflow: 42.384

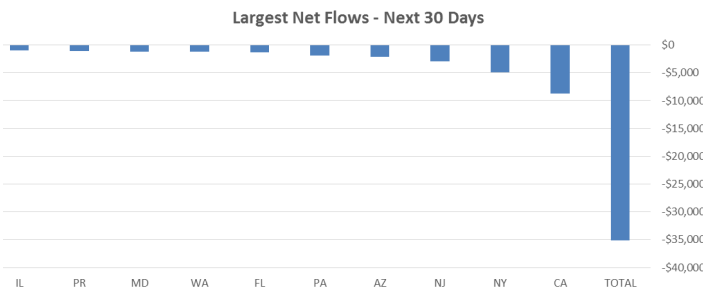
Source: Lipper Fund Flows



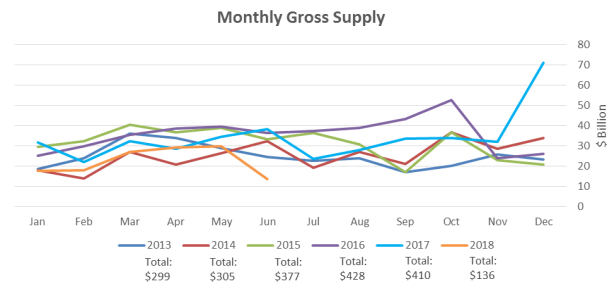
Source: Bloomberg

Muni Market Supply

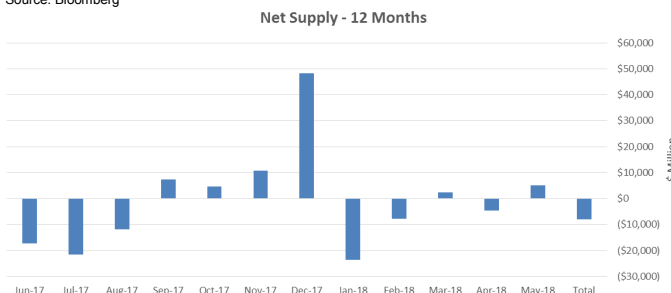
Over the next 30 days, we see net muni market supply at -\$35.18 bil., comprised of \$10.00 bil. new issues, \$34.43 bil. maturing, and \$10.75 bil. announced calls. The states that stand to experience the largest change in outstanding debt include California (-\$8.74 bil.), New York (-\$4.95 bil.), New Jersey (-\$2.95 bil.), Arizona (-\$2.12 bil.), and Pennsylvania (-\$1.85 bil.).



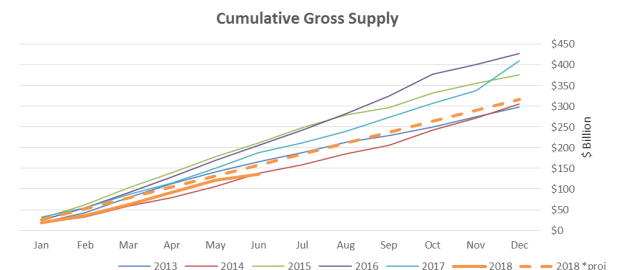
Source: Bloomberg



Source: Bloomberg, Ramirez



Source: Bloomberg



Source: Bloomberg, Ramirez

Ramirez Managed Deals

\$628,085,000
New York City Housing Development Corporation
Multi-Family Housing Revenue Bonds
Series 2018 Series C-1/Series C-2/Series D*
(Sustainable Neighborhood Bonds)
***Federally Taxable**

Issue: Rated Aa2/AA+. Pricing Tuesday, June 12, 2018. Ramirez & Co. is **Co-Senior Manager** of the Series C-1 and Series C-2 Bonds and **Co-Manager** of the Series D Bonds. Proceeds will be used to finance directly or indirectly construction and permanent mortgage loans for certain developments, to refund certain outstanding bonds of the Corporation, and to finance other corporate purposes of the Corporation. This issuance will finance thirteen projects throughout New York City.

Security: The Bonds are special obligations of New York City Housing Development Corporation (the "HDC") secured by pledged assets under the Housing Revenue Bond Resolution (the "General Resolution"), including multifamily mortgage loans and other assets, such as a debt service reserve fund. Mortgages are uninsured or enhanced by supplemental security, including mortgage insurance policies, GSE wraps, or LOCs. Most properties securing mortgages also receive State and/or Federal rental assistance.

Credit Overview: HDC is a self-supported public benefit corporation of New York State formed to increase the accessibility of multifamily housing projects within the City of New York. As of April 30, 2018, total parity debt outstanding under the General Resolution was \$6.41 billion, consisting of about 79% fixed rate bonds and 21% variable rate bonds.

As of January 1, 2018, the General Resolution's loan portfolio consisted of 920 multifamily mortgage loans with a principal balance of \$5.91 billion, of which 70% are permanent loans and 30% are construction loans. Supplemental security exists on 66% of loans, with the remaining 34% being uninsured. Delinquency rates of greater than 60 days are minimal (less than 1%). About 94% of the General Resolution's properties occupancy rates are 95% or greater. The General Resolution's loan loss coverage is provided by a high level of overcollateralization, given an asset to liability ratio of 116% in fiscal 2017, which is unchanged from the previous year.

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¹ For purposes of the debt Rule FINRA 2242, a "debt security" excludes any equity security, municipal security and security-based swap (each as defined under the Exchange Act) and any US Treasury (as defined in FINRA Rule 6710 (p)).