

Municipal Market Weekly

Ramirez Municipal Strategy



October 2, 2017

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Muni Bear Market Begins?

Our thoughts and prayers are with the victims of Las Vegas and Puerto Rico.

The bond market kicked off Trump Trade Version 2.0 last week as bonds in the US and Europe fell precipitously after investors raised expectations about a third Fed rate hike in Dec, 2017, encouraged by Yellen's hawkish comments, continued, albeit mixed US economic data, and Trump's tax reform proposal. Trump's "rocket man" comments towards North Korea's Kim and the Obamacare reform flop in the Senate were certainly major news items, but had limited impact overall on markets. Last week was all about tax reform. Whether or not we look back three years from now at the last week of Sept, 2016 as the beginning of a US bond bear market or not, it's somewhat clear at this point that bonds are likely to get cheaper from here, even if tax reform ultimately fails. The underlying health of the US economy is simply too good. Trump's tax reform proposal, much like the man himself, lacks any clarity, although the proposal was the spark for risk-on sentiment as equity markets hit fresh records.

On the week, Treasury 2s30s bear steepened about 4bps to 138bps while Muni 2s30s bear flattened 5bps to 184bps, causing between 1-9 ratios of Muni underperformance inside 5yrs (as we expected), but outperformance of about 1 ratio in 10yrs and out. Notably, the volatile 5yr MMD spot increased 1 ratio to hit 70% last week, a level last achieved in July, 2017. While Munis at 70% of Treasuries in 5yrs is definitely cheap-er, this level is still not cheap, particularly relative to levels achieved during Trump Trade Ver 1.0. Recall that after two months of that false start in Jan, 2017, 5yr MMD was 1.79% (vs 1.35% today) and 91% of Treasuries. In other words, if this sell-off has legs and in fact is the beginning of a bear market — which we think it might — we are looking at significantly cheaper bonds...Also notable last week was the continued cheapening of 1yr Munis, influenced by Fed rate increases and SIFMA resetting 4bps higher to 0.94% from 0.88%. SIFMA is down 15bps on the month of Sept, but only 3bps higher vs July 1. Throughout the entire month of September and Q3, Munis generally benefited from strong liquidity (fund flows) against relatively low gross and net supply. During Sept, Munis largely underperformed Treasuries (except in the 10yr spot) as Treasury 2s30s flattened 4 bps to 138 bps while Muni 2s30s flattened only 1 bps to 184 bps. On the quarter, however, Munis outperformed Treasuries in the important 1-10 yr spots, underperforming only in 30yrs as Treasury 2s30s flattened 9bps while Muni 2s30s steepened 11bps. The S&P Main Muni index lost -31bps on the week, -41bps in Sept, but gained +99 bps overall in Q3 and is up +428 bps YTD. Sector outperformers in the quarter were Healthcare, Higher Ed, and Transportation. Muni High Yield underperformed during Sept, losing -51bps, but is up +150 bps in Q3 and +772 bps YTD.

Muni mutual fund flows, which last week were +\$378 mil., totaled +\$1.44 bil. in Sept and +\$3.89 bil. in Q3, averaging +\$300 mil. weekly with positive flows every week, except for the first two weeks of July, as investors became convinced that Munis would escape tax reform (they were right). Meanwhile, Muni gross supply during Sept and Q3 was weak with \$33 bil. new bonds sold during Sept (-30% vs Sept, 2016) and \$85 bil. sold during Q3 (-16% QoQ), and is running -16% YoY at \$272.7 bil. YTD, generally consistent with our initial 2017 gross supply forecast of \$368 bil., or -14% YoY. Net supply over the next 30 days is expected at -\$9.22 bil., comprised of \$11.70 bil. new issues, -\$11.97 bil. maturing, and -\$8.95 bil. announced calls. The states that stand to experience the largest change in outstanding debt include Florida (-\$2.87 bil.), New York(+\$1.73 bil.), Texas (+\$1.63 bil.), New Jersey (-\$1.46 bil.), and Georgia (-\$1.17 bil.).

Last week's \$6 bil. negotiated calendar was well placed, although there are balances remaining on several large competitive deals, including Cal Pub Works, MBTA, Minn GO and Wash GO. The secondary still had no significant insurance company selling to fund claims for the three recent hurricanes. Illinois announced the first tranche of \$6 bil. of borrowing with a \$4.5 bil. deal in November. We are going to again be defensive on our desk this week, despite a light \$5.5 bil. new issue calendar, as rates markets generally will likely be weaker given high hopes for tax reform and likely strong economic news, much as today's ISM non-manufacturing report was favorable. Also this week we have ADP employment, PMI, Initial claims, durable good, Trump vs the WORLD. The Muni calendar this week is led in the negotiated space by \$302 mil. DASNY State School Dist, \$205 mil. San Diego Gov'ts Assoc and \$186 mil. San Diego Schools. The largest deal of the week is DASNY PIT selling \$1.7 bil. in the competitive space.

Tax Reform Proposal

Since details are scant on Trump's tax reform proposal, it is truly impossible to generalize potential outcomes, although we will try for Munis... Our preliminary take is that the plan, if passed as-is, is more or less neutral for the asset class both on the supply and demand side. At this time, all stakeholders are clamoring for details and significant discussion, lobbying, and voting remains, so stay tuned. The likely good news for Muni investors is that the Muni tax-exemption remains unaffected, the AMT is repealed, individual tax brackets are simplified to three from seven, the standard deduction is doubled, and the corporate tax rate is lowered to 20% from 35%. Potential bad news, particularly for certain individual investors and all issuers, is Trump's proposal to eliminate the state and local tax (SALT) deduction. Many individual Muni investors have historically relied heavily on the SALT deduction to offset adjusted gross income, while most Muni issuers fund operations and pay for debt through SALT. With loss of SALT deductibility at the individual and corporate level, taxes now become exponentially more expensive for the taxpayer, resulting in less taxing flexibility for issuers, lower new Muni issuance, and/or potentially lower issuer credit quality. Irrespective of the interest rate environment, the proposal's net effect on Muni prices resulting solely from the proposal's effect on supply/demand will depend heavily on the extent to which a larger standard deduction for individuals offsets the loss of SALT deductibility (in aggregate), the precise breakpoint thresholds for the new three individual tax brackets, whether or not the AMT gets eliminated, and if the corporate income tax rate ultimately ends at 20% or something higher. Trump administration officials contend that higher and faster GDP as a result of tax cuts will accelerate growth and therefore pay for the cuts. This topic will be debated ad nauseam.

Trade Ideas

As we have mentioned for the last several weeks, Munis continue to appear rich with tight ratios and spreads, although we continue to think that certain swaps make sense for the right accounts, including:

- Sell 'AAA' and 'AA' rated 10-30yr bonds with 5-7 yr calls; Buy 'A' rated 10-30yr bonds with 8-10yr calls, pick up ~40 bps (+20 bps for call extension, +20 bps for credit)
- Sell State of Connecticut GOs; Buy University of Connecticut GOs

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Municipal Market Weekly Ramirez Municipal Strategy

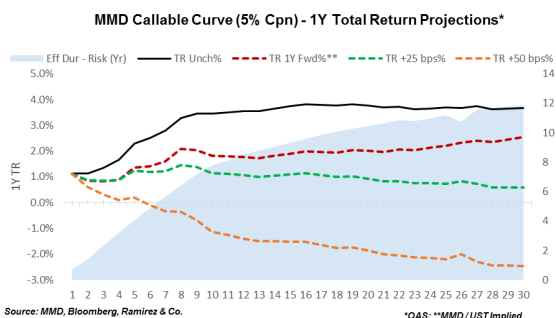


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2017 Strategy: Barbell

A barbell portfolio strategy remains optimal with effective duration of about 10yrs (20yr avg maturity), to both hedge downside risk (short) and preserve income (long). Forward Treasury rates in one year imply continued flattening of the curve with range-bound long-end rates.



MMD Callable Curve (5% Cpn) - 1Y Total Return Projections*								
	Mty	1-30y	1-5y	6-10y	11-15y	16-20y	21-25y	26-30y
Eff Dur	10.0	2.9	6.6	8.8	10.1	10.9	11.5	
Scenarios	Unch	3.53%	1.72%	3.16%	3.60%	3.79%	3.68%	3.67%
	1Y Fwd	2.01%	1.04%	1.83%	1.80%	1.99%	2.09%	2.42%
	+25 bps	0.93%	1.01%	1.28%	1.07%	1.03%	0.78%	0.66%
	+50 bps	-1.66%	0.31%	-0.57%	-1.43%	-1.70%	-2.10%	-2.33%
		1-10y		11-20y		21-30y		
Optimal (Barbell)		29%		7%		64%		
TR: 2.19%	Eff Dur: 9.97	WAM*: 21.6						

Market Performance Indicators

Week Ending: 9/29/17

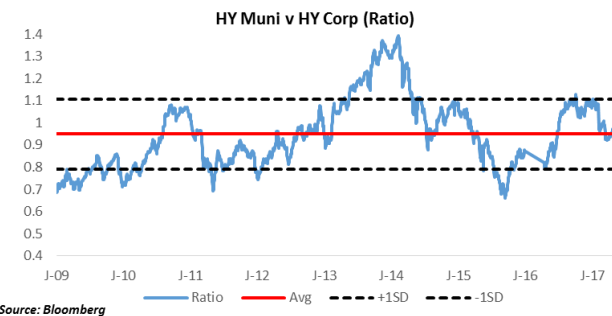
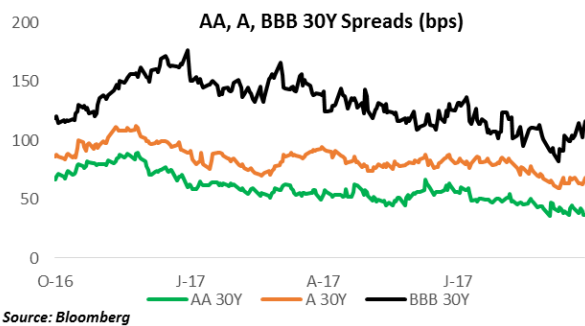
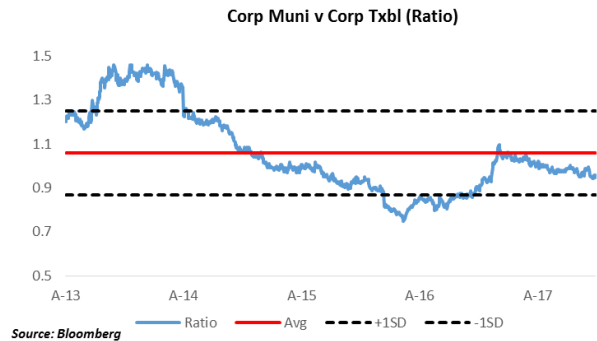
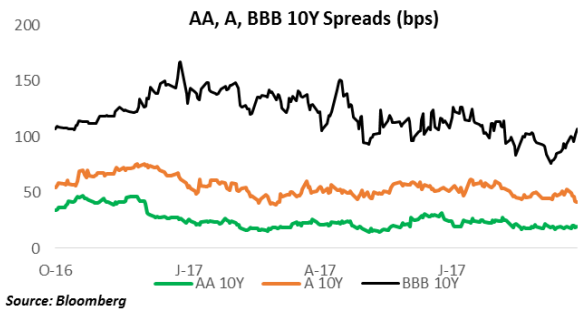
INDEX MONITOR

INDEX	Eff Dur	TOTAL RETURN (%)					YTD risk adj	YIELD (%)				YIELD (%)				Z-score			
		Week	Sept	3Q	YTD	12M		12M risk adj	3Y	5Y	9/29/17	Δ	Δ	12M	12M	12M	12M	12M	3Y
TREASURY-TERM																			
TREASURY - ALL	6.2	-0.28	-0.64	0.38	2.26	0.80	-1.67	-0.49	1.94	1.25	1.95	0.04	0.03	1.30	2.09	1.82	0.17	0.75	1.64
SHORT	2.0	0.00	-0.08	0.34	1.07	1.80	0.69	0.96	1.05	0.94	1.65	0.02	0.16	1.11	1.65	1.47	0.13	1.35	1.68
SHORT-INT	3.8	-0.03	-0.32	0.58	2.12	1.34	0.41	0.21	2.16	1.75	2.11	0.03	-0.05	1.64	2.30	2.03	0.15	0.53	1.46
INTRMD	5.1	-0.03	-0.25	0.86	2.70	1.39	0.04	0.02	2.39	1.93	2.63	0.03	-0.06	2.06	2.86	2.57	0.16	0.37	1.46
LONG-INT	6.6	-0.11	-0.45	0.99	3.20	1.14	-1.25	-0.33	2.92	2.21	2.91	0.03	-0.14	2.34	3.24	2.91	0.19	-0.01	1.19
LONG	15.2	-0.38	-0.40	1.52	7.42	1.05	-1.00	-0.12	5.34	3.85	3.61	0.03	-0.28	3.32	4.02	3.73	0.16	-0.69	1.41
MUNICIPAL-TERM																			
SHORT	1.8	-0.14	-0.17	0.46	1.76	4.73	1.12	2.02	1.02	1.05	1.19	0.10	-0.32	1.03	1.58	1.23	0.14	-0.27	0.95
SHORT-INT	3.3	-0.25	-0.44	0.62	3.02	3.74	1.00	0.77	1.78	1.81	1.49	0.09	-0.43	1.26	2.06	1.57	0.25	-0.39	0.49
INTRMD	4.8	-0.32	-0.44	1.07	4.63	3.31	0.93	0.38	3.08	3.02	2.02	0.08	-0.52	1.69	2.75	2.17	0.25	-0.60	0.03
LONG-INT	5.2	-0.34	-0.43	1.18	5.01	3.18	0.88	0.32	3.48	3.38	2.17	0.08	-0.51	1.81	2.91	2.33	0.26	-0.61	-0.05
LONG	6.5	-0.39	-0.67	1.23	5.83	2.80	0.59	0.17	4.63	4.47	3.04	0.09	-0.45	2.50	3.71	3.15	0.28	-0.40	-0.03
MUNICIPAL-QUALITY																			
MUNI-EXEMPT	4.8	-0.31	-0.41	0.99	4.28	3.23	0.80	0.34	3.32	3.28	2.21	0.07	-0.46	1.91	2.87	2.36	0.22	-0.67	-0.20
MUNI-TAXABLE	8.1	-0.33	-0.46	1.43	5.15	1.37	0.68	0.15	5.05	4.66	3.76	0.04	-0.18	3.42	4.03	3.80	0.13	-0.32	-0.10
HIGH GRADE	4.8	-0.37	-0.58	0.78	4.24	2.93	0.61	0.25	2.74	2.57	1.74	0.08	-0.45	1.39	2.41	1.83	0.24	-0.38	0.30
'A' RATED	4.6	-0.25	-0.29	1.17	4.59	3.36	1.04	0.42	3.50	3.63	2.23	0.07	-0.45	1.89	2.88	2.37	0.23	-0.62	0.10
'BBB' RATED	5.2	-0.18	0.04	2.38	6.43	3.97	1.75	0.63	4.64	4.05	2.95	0.04	-0.65	2.51	3.73	3.22	0.29	-0.95	-0.27
HIGH YIELD	7.5	-0.26	-0.51	1.50	7.72	3.03	1.43	0.38	4.81	5.19	5.35	0.03	-1.08	5.22	6.57	5.92	0.42	-1.34	0.61
MUNICIPAL-SECTOR																			
PRE-RE	2.4	-0.12	-0.16	0.33	1.62	4.72	0.90	1.45	1.00	1.00	1.06	0.07	-0.28	0.93	1.43	1.09	0.12	-0.22	1.01
GO	4.8	-0.43	-0.57	0.93	4.02	2.82	0.47	0.19	2.76	2.64	1.94	0.09	-0.39	1.60	2.53	2.03	0.21	-0.45	0.05
DED TAX	5.7	-0.43	-0.66	1.03	3.35	2.06	-0.51	-0.19	2.54	2.31	2.37	0.07	-0.71	2.21	3.25	2.75	0.29	-1.30	-0.98
WTR-SWR	5.0	-0.29	-0.40	1.07	4.51	2.92	0.66	0.24	3.57	3.46	2.14	0.07	-0.45	1.72	2.84	2.28	0.24	-0.55	0.05
PUB PWR	4.4	-0.44	-1.07	0.06	2.81	1.59	-0.22	-0.09	3.06	2.49	1.95	0.08	-0.99	1.77	3.13	2.45	0.39	-1.31	-1.32
HEALTHCARE	5.1	-0.22	-0.24	1.20	5.18	3.34	1.25	0.45	4.51	4.79	2.89	0.06	-0.41	2.33	3.54	3.01	0.26	-0.45	0.20
HIGHER ED	5.5	-0.28	-0.36	1.24	5.14	3.15	1.08	0.37	3.71	3.75	2.53	0.06	-0.44	2.09	3.20	2.66	0.24	-0.55	0.27
TRANSPORT	5.0	-0.24	-0.27	1.43	5.26	3.55	1.11	0.41	3.95	3.91	2.28	0.07	-0.55	1.94	3.05	2.48	0.26	-0.74	-0.26
HOUSING	5.8	-0.23	-0.32	0.96	4.36	3.73	2.21	1.07	3.74	4.11	2.95	0.06	-0.30	2.77	3.39	3.04	0.16	-0.55	-0.56
TOBACCO	10.2	-0.03	0.63	0.41	15.70	5.52	7.93	1.46	13.65	11.25	5.16	0.08	-0.49	4.48	5.87	5.07	0.33	0.26	-0.39
CORP-MUNI	4.0	-0.03	0.14	1.47	5.20	5.55	1.40	0.71	4.12	4.95	3.02	0.03	-0.56	2.55	3.73	3.21	0.27	-0.71	0.04
GLOBAL / CORP																			
GLOBAL AGG	7.0	-0.67	-0.83	1.76	6.25	1.37	-1.26	-0.22	1.17	0.46	1.61	0.02	-0.03	1.15	1.76	1.56	0.12	0.42	0.40
US CORP-IG	7.5	0.07	0.05	1.34	5.18	1.63	2.21	0.58	4.08	3.64	3.16	0.00	-0.23	2.86	3.52	3.22	0.15	-0.44	-0.18
US CORP-HY	3.8	0.30	0.84	1.98	7.00	4.58	8.88	3.58	6.10	7.18	5.45	-0.05	-0.56	5.36	6.89	5.83	0.33	-1.15	-1.17
											Rich	Fair	Cheap						
											*Rich/Cheap: +/- 1.5 Z-scr								

Rates & Ratios

	YIELDS (%)				YIELDS (%)				Z-Score		
	9/29/2017	9/22/2017	1/3/2017	9/30/2016	Lo 12M	Hi 12M	Mean 12M	SD 12M	12M	4Y	
AAA MMD /											
2 Yr	67%	62%	100%	105%	62%	110%	82%	13.48	-1.089	-1.186	
5 Yr	70%	69%	91%	88%	62%	103%	78%	9.49	-0.909	-1.081	
10 Yr	85%	86%	94%	94%	83%	106%	92%	5.16	-1.196	-1.446	
30 Yr	99%	101%	99%	100%	91%	108%	99%	2.60	-0.053	-0.425	
UST											
2 Yr	1.49	1.43	1.23	0.78	0.79	1.49	1.23	16.15	1.615	2.248	
5 Yr	1.94	1.85	1.97	1.16	1.18	2.13	1.80	20.34	0.711	1.577	
10 Yr	2.34	2.24	2.46	1.60	1.61	2.62	2.27	20.66	0.338	0.330	
30 Yr	2.86	2.77	3.07	2.32	2.33	3.22	2.91	18.08	-0.239	-0.277	
AAA MMD											
2 Yr	1.00	0.89	1.23	0.82	0.82	1.23	0.99	10.74	0.120	1.489	
5 Yr	1.35	1.27	1.79	1.02	1.02	1.91	1.40	22.90	-0.228	0.628	
10 Yr	2.00	1.92	2.32	1.51	1.52	2.58	2.08	24.02	-0.340	-0.217	
30 Yr	2.84	2.78	3.05	2.31	2.31	3.35	2.89	21.30	-0.225	-0.382	

Legend: Rich Fair Cheap
 *Rich/Cheap: +/- 1.5 Z-score



MUNI TAX-EXEMPT SPREADS							
		9/29/17	Avg	Min	Max	SD	Z-Scr
10Y	AA	20	25	15	47	8	-0.69
	A	41	55	39	76	8	-1.66
	BBB	107	120	76	167	18	-0.70
30Y	AA	37	59	36	89	12	-1.83
	A	69	84	59	112	11	-1.45
	BBB	117	131	82	176	19	-0.74
	HY	245	331	245	403	37	-2.29
10Y	AA->A	22	30			10	-0.85
	A->BBB	66	64			19	0.09
30Y	AA->A	32	25			10	0.72
	A->BBB	48	47			19	0.07
	BBB->HY	128	200			37	-1.91

Source: Bloomberg

Muni Primary Market

Gross Supply (\$ in millions)

	As of 9/29/17
Last Week	9,763.0
12wk Moving Avg	7,060.7
YTD	272,712.0

Source: Bloomberg

Weekly Visible Supply (\$ in millions)

	Week of 10/2/17
Total	5,532.2
Comp.	3,184.6
Neg.	2,347.6

Source: Bloomberg

30-Day Visible Supply

	Current Total	2017 High \$	2017 High Date	2017 Low \$	2017 Low Date
Total	9,219.5	18,007.8	(1/10)	2,461.7	(6/30)
Comp.	3,829.0	6,479.6	(8/8)	1,146.5	(6/29)
Neg.	5,390.5	13,684.4	(1/10)	1,153.6	(6/30)

Source: Bond Buyer

Top Competitive Issuances Coming to Market

Issuer	State	Amount (\$ 000's)
DASNY PIT	NY	1,699,245
Columbus	OH	314,120
FL BOE Lottery	FL	290,000
King Co	WA	148,010
CA Dept of Vet Affairs	CA	100,000

Source: Bloomberg

Top Negotiated Issuances Coming to Market

Issuer	State	Amount (\$ 000's)
DASNY State School Dist Rev	NY	301,850
San Diego Govts Assoc	CA	204,510
San Diego USD	CA	186,415
ME Muni Bond Bank	ME	183,940
Cuyahoga Co	OH	140,795

Source: Bloomberg

Underwriters will attempt to market \$5.53 bil. of municipals in the week of 10/2, led in the negotiated space by \$302 mil DASNY State School Dist Rev, \$205 mil. San Diego Govts Assoc, and \$186 mil. San Diego USD. The competitive calendar is highlighted by \$1.70 bil. DASNY PIT, \$314 mil. Columbus OH, and \$290 mil. FL BOE Lottery.

Ramirez Negotiated Issuances Coming to Market

Issuer	State	Amount (\$ 000's)	Senior Manager	Ramirez Role
New York City HDC	NY	63,000	Ramirez	Senior Manager
DASNY State School Dist Rev	NY	301,850	RBC	Co-Manager
Connecticut HFA	CT	54,870	JP Morgan	Co-Manager

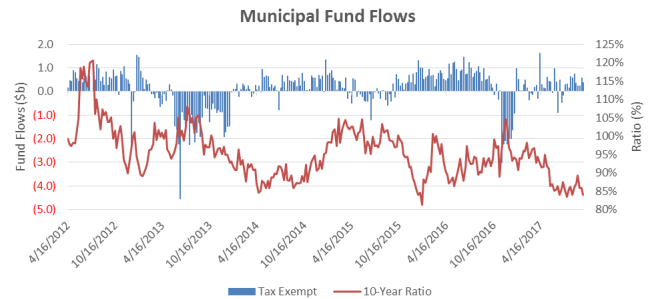
Economic Calendar

Monday (10/2)	Tuesday (10/3)	Wednesday (10/4)	Thursday (10/5)	Friday (10/6)
Markit US Manufacturing PMI	4-Week Bill Auction	MBA Mortgage Applications	Initial Jobless Claims	Change in Nonfarm Payrolls
ISM Manufacturing		ADP Employment Change	Continuing Claims	Change in Manufact. Payrolls
ISM Prices Paid		Markit US Services PMI	Trade Balance	Unemployment Rate
Construction Spending		Markit US Composite PMI	Bloomberg Consumer Comfort	Wholesale Inventories
3-Month Bill Auction		ISM Non-Manf. Composite	Factor Orders	Fed Speakers: Bostic, Dudley, Kaplan, Bullard
6-Month Bill Auction		Fed Char Yellen Speaks	Durable Goods Orders	
Fed Speaker: Kaplan			Cap Goods Orders	
			Fed Speakers: Powell, Williams,	

Source: Bloomberg

Muni Market Demand

Tax-exempt inflows continued in the week ending September 27, with inflows totaling \$378 million, which is 4% above the 12-week moving average. This represents the eleventh consecutive week of inflows.



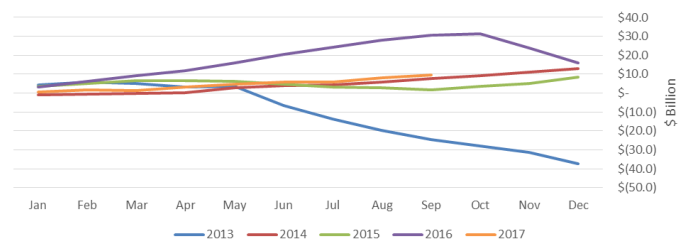
Source: Lipper Fund Flows

US Lipper Fund Flows

Sector	Flow Change (\$B)	YTD (\$B)
Tax-Exempt	Inflow: 0.378	Inflow: 9.586
Money Market	Inflow: 16.114	Inflow: 16.021
Taxable	Inflow: 0.452	Inflow: 107.361
Equities	Outflow: -9.666	Inflow: 7.478

Source: Lipper Fund Flows

Cumulative Fund Flows

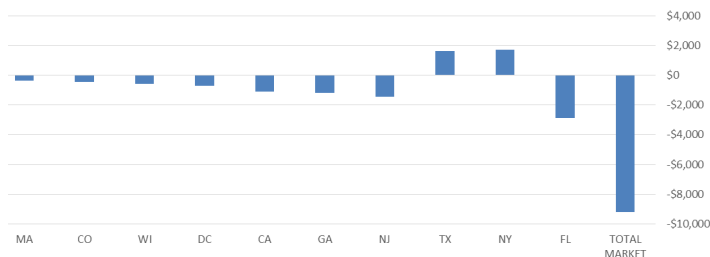


Source: Bloomberg

Muni Market Supply

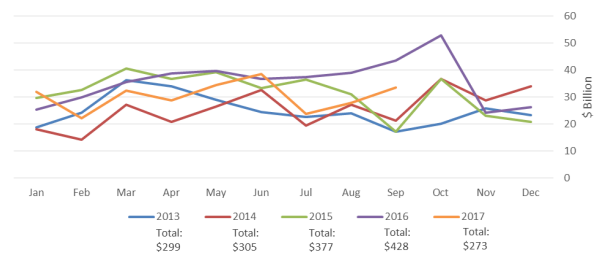
Over the next 30 days we see net muni market supply at -\$9.22 bil., comprised of \$11.70 bil. new issues, \$11.97 bil. maturing, and \$8.95 bil. announced calls. The states that stand to experience the largest change in outstanding debt include Florida (-\$2.87 bil.), New York(+\$1.73 bil.), Texas (+\$1.63 bil.), New Jersey (-\$1.46 bil.), and Georgia (-\$1.17 bil.). We estimate long-term new issue gross supply for 2017 at \$368 bil., for a decline of about \$60 bil., or -14%, which incorporates \$204 bil. of new money bonds and \$164 bil. of refundings. We expect 2017 to end with net market supply at +\$38 bil.

Largest Net Flows - Next 30 Days



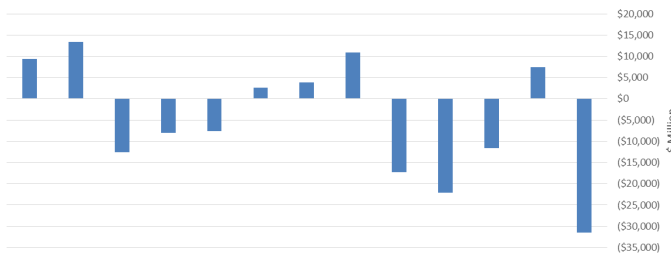
Source: Bloomberg

Monthly Gross Supply



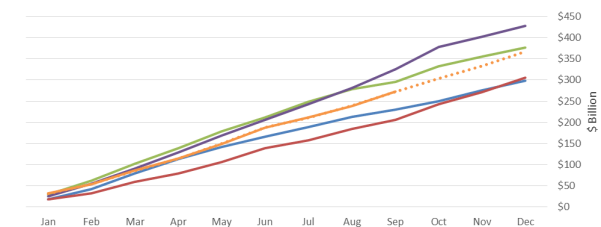
Source: Bloomberg, Ramirez

Net Supply - 12 Months



Source: Bloomberg

Cumulative Gross Supply



Source: Bloomberg, Ramirez

Ramirez Managed Deals

\$63,000,000

New York City Housing Development Corporation
Multi-Family Secured Mortgage Revenue Bonds

Issue: Bonds are rated Aa1. Pricing Tuesday, October 3. Ramirez & Co. is **Senior Manager** of this transaction. New York City Housing Development Corp (HDC) Multi-Family Secured Mortgage Revenue Bonds, Series 2017A (Bonds) finance acquisition of multi-family mortgage loans and reimburse HDC for previously financed loans. HDC will acquire five mortgages totaling \$45.5 mil. secured by the following developments: Brook Willis Apts (Bronx), Crown Heights (Brooklyn), Magnolia Plaza (Brooklyn), University Macombs (Bronx), and Artimus Site 8 (Manhattan). In connection sale of the Bonds HDC will, on Nov 1, 2017, substitute one \$25.26 mil. loan in exchange for eight loans totaling \$27.40 mil.

Security: Bonds are secured by first-lien multi-family mortgage loans and investments held under HDC's open-lien Multi-Family Secured Mortgage Revenue Bond General Resolution (Resolution). Post-issuance total parity debt outstanding is \$136.57 mil. Resolution loans carry supplemental security, consisting of mortgage insurance provided by the State of New York Mortgage Agency's (SONYMA) Project Pool Insurance Account (Moody's: Aa1/Stable) and HDC's Residential Mortgage Insurance Corporation's (REMIC) Housing Insurance Fund (S&P: AA/Stable). Uninsured losses are covered by Resolution overcollateralization. Liquidity is provided by series -specific debt service reserves funded at one-third maximum annual debt service. Cash flow statements and rating confirmations are required prior to issuance of additional bonds, partial bond redemptions, or substitution of mortgages.

Credit Overview: HDC is a self-supporting public benefit corporation of the State of New York created to help increase the accessibility of multi-family housing projects within the City of New York (City). The Resolution's asset-to-liability (A/L) parity ratio on Nov 1, 2017 is expected to be about 137%, reflective of the Bonds, HDC reimbursement, and loan substitution. The loan pool on Nov 1, 2017 will consist of 28 first-lien permanent multi-family loans with an outstanding balance of \$171.33 mil. Approximately 82% (\$141 mil.) of loan principal is insured by SONYMA with the remainder insured by REMIC. The loan pool is in current payment status and all developments are in satisfactory or better physical condition with occupancy rates of at least 90%. All developments receive rental subsidies that restrict occupancy to residents earning a specified percentage of area median income.

Series	Mdys	S&P	Fitch
2017F		A+	AA-
2017G	Aa3		AA-
2017H	Aa2		AA-
2017I		A+	AA-
2017J	Aa3		AA-

\$301,850,000

Dormitory Authority of the State of New York
School Districts Revenue Bond
Financing Program Revenue Bonds

Issue: Pricing Thursday, October 5. Ramirez & Co. is **Co-Manager** of this transaction. Use of proceeds varies for each series, but will generally be used to finance school district capital costs and to refund certain outstanding school district debt.

Security: Each series of bonds are separately secured by a general obligation pledge of their respective school districts. The obligations of each school district are not cross-collateralized. The bonds are additionally enhanced by section 99-b of state law, which authorizes the withholding of state aid due to school districts if such districts do not make timely debt service payments. This applies to all bonds issued by participating districts under the Dormitory Authority of the State of New York (DASNY) program.

Credit Overview: DASNY is a conduit issuer that provides financing services to its clients in three major areas: public facilities, not-for-profit healthcare, and independent higher education. There are 54 school districts participating in this bond issue. State aid to each district is determined by a statutory formula, which may be amended or changed. However, there is a constitutional mandate for, and strong history of, state support for education. New York State's appropriated school aid increased by 5.5% in FY17 and is budgeted to increase by 4.4% in FY18. These increases outpace those for the state's overall spending. Loan payments to DASNY are due at least 45 days prior to debt service payments on the DASNY bonds. Borrowing districts agree to assign and pledge to DASNY any state aid funds due to their district. Upon any school district payment delinquency to DASNY the state comptroller must pay to the bond trustee any eligible state funds to the delinquent school district until debt service is met.

\$54,870,000

Connecticut Housing Finance Authority
Housing Mortgage Finance Program Bonds
2017 Series E

Issue: Bonds are rated Aaa/AAA. Pricing Tuesday, October 3. Ramirez & Co. is **Co-Manager** of this transaction. Proceeds will be used to finance home mortgage loans and to refund certain outstanding debt.

Security: The Bonds are general obligations of the Connecticut Housing Finance Authority (CHFA), payable from revenues derived from mortgage loans financed by the authority. The Bonds are on parity with \$3.67 billion of outstanding Housing Mortgage Finance Program (HMFP) Bonds as of December 31, 2016. Outstanding debt under the program consists of \$2.33 billion fixed rate bonds and \$1.33 billion variable rate bonds.

Credit Overview: CHFA is a self-supported public instrumentality of the State of Connecticut. HMFP was established in 1972 as a funding vehicle for CHFA's single-family and multi-family programs. As of December 31, 2016, the HMFP's asset-to-liability ratio was 124%. The program's profitability was 10%. As of the same date the authority's mortgage loan portfolio totaled \$3.79 billion, consisting of \$3.08 billion (81%) single-family and \$707 million (19%) multifamily loans. Approximately 85% of the single-family portfolio is insured by FHA or RD or guaranteed by VA, whereas 11% is uninsured due to the loans having LTVs of less than 80%. The remaining 4% represents conventionally insured loans. Seriously delinquent loans (90+ days delinquent) represent 6.09% of the single-family loans as of 7/31/17. CHFA purchases only first-lien fixed-rate loans with a standard 30-year amortization period. Under the multifamily portfolio, mortgage loans financed with the proceeds of HMFP bonds consists of 146 developments. Approximately 12% of the developments are insured or partially insured under various FHA programs, and the remainder is uninsured. Approximately 38% of the developments are further secured by Section 236 or Section 8 program subsidies.

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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)).