

**MINUTES OF THE 27th MEETING OF THE
NEW YORK STATE HOUSING FINANCE AGENCY'S
FINANCE AND PROGRAM COMMITTEE
HELD ON AUGUST 14, 2013 AT 9:20 A.M
AT ITS OFFICES AT 641 LEXINGTON AVENUE**

MEMBERS AND DESIGNEES

PRESENT

Steven J. Weiss	HFA Vice Chairman
Elaine McCann	Division of the Budget, representing Robert Megna, Member ((via telephone)
Darryl C. Towns	Member (via telephone)
Gary R. Connor	New York State Division of Housing & Community Renewal, representing Darryl C. Towns, Member

ABSENT:

William J. Mulrow	Chairman
-------------------	----------

HFA Vice Chairman Steven J. Weiss opened and chaired the meeting in the absence of Chairman William J. Mulrow. He noted that Elaine McCann was participating in the meeting by video conference from the New York State Division of Budget conference center at the Capitol Building, Room 131, in Albany. A public notice was given of the time and location of that venue. Mr. Valella noted that Mr. Towns was participating in the meeting via telephone, but would not be voting and would not be counted for quorum purposes.

Alejandro J. Valella, Vice President and Deputy Counsel of the Agencies, acted as Secretary.

HFA Vice Chairman Weiss asked for a motion and a second to call the meeting to order of the New York State Housing Finance Agency Finance and Program Committee meeting. Gary Connor made a motion to call the HFA Finance and Program Committee meeting to order; Elaine McCann seconded the motion. These motions and seconds would be used, unless specific items called for a different vote, or unless any Committee Member wished to record his or her vote differently.

Ms. Joyce L. Miller, Nestor M. Davidson, and Aida Brewer representing Commissioner Thomas Mattox, all HFA Members attended this as guests.

The first item on the agenda was the adoption of the minutes of the 26th HFA Finance and Program Committee held on July 11, 2013. There being no objections or corrections from the Members, the minutes were deemed approved.

The next three items on the agenda were resolutions recommending the review and approval of financing an amount not to exceed \$46,000,000 for Bronx Park Phase I Southeast Apartments located at 2111 Southern Boulevard and 800 & 820 East 180th Street; review and approval of financing an amount not to exceed \$72000,000 for Bronx Park Phase II Southwest Apartments located at 1880 & 2000 Valentine Avenue, 1985 Webster Avenue, 2100 Tiebout Avenue; review and approval of financing an amount not to exceed \$38,000,000 for Bronx Park Phase III Northwest Apartments located at 355-65 East 184th Street, 33 East 181st Street (Bronx, Counties), respectively Mr. Weiss noted that the three items are listed separately in the agenda, but would be presented simultaneously.

Ms. Zucker greeted everyone and noted that Ms. Gail Bressler, Vice President, Finance and Development, would be joining her to provide the specifics on the next three (3) projects. She conveyed how excited she is to be presenting these three (3) projects to the Board which is the first three (3) of the thirty-five (35) Mitchell-Lama projects that the agency expects to refinance of the forty-four (44) project portfolio that was closed in early June 2013. She complimented staff and thanked everyone who “chipped in” to help move these projects forward. She recalled that it was expected that the agency would refinance 8,600 apartment units over the next five (5) years – “this is a little over 1,200 of those apartment units. She particularly noted that staff is always exploring different ways to finance the agency’s projects so that more efficiencies can be brought to the borrowers and also to lower borrowing costs. The three (3) projects will be financed through a new bond resolution. Unlike, the agency’s typical bond issue which pays on a semi-annual basis, this will be paid in a stand-alone bond resolution each of which is supported by a Freddie Mac credit enhancement facility; these new bond resolutions seek to capture the efficiencies and a sizeable savings is expected.

Ms. Bressler stated that there are three projects before the Board for approval which were built in the early 1970s. Ms. Bressler stated that the controlling entity will be SF Rector Street LLC which is owned by the Schron family. She reported that this request for authorization is for \$156 Million Dollars in bonds to finance the acquisition and rehabilitation of the three projects. The project will qualify for Housing Urban Development’s Rental Assistance Demonstration PILOT Program (a.k.a. RAD) and is expected to receive Project Based Section 8 Vouchers for 368 tenants with incomes at or below 60% of the AMI which allow the agency to underwrite at a higher amount. The estimated annual allocation of low income housing tax credits is expected to be acquired at a price equal to \$1.01 through \$1.04 per tax credit. There will be capital improvements of about \$75 Million Dollars which averages about \$60,000 per unit. The project expects about a 20% reduction in energy costs due to weatherization work and the installation of new bathrooms, kitchens, etc. HFA will receive about \$58 Million Dollars in payment towards

the outstanding debt, subordinate about \$12 Million Dollars of the existing debt and write off about \$80 Million Dollars of accrued interest in the life of the loans.

Vice Chairman Weiss asked if Ms. Zucker could explain the process for the purchasers and the number of purchasers in terms of who the agency is expecting to attract. Ms. Zucker believes that there will be more institutions in the taxable market. She will provide a report on the savings and number of purchasers at the next Board meeting to highlight the savings and buyers.

Mr. Valella confirmed that this is a closed resolution but in the future the same device could be used for other eligible projects, i.e. for other Fannie Mae or Freddie Mac or HFA transactions.

HFA Board Member, Ms. Miller asked about the energy expenses, in particular asking whether the owner or the tenants were responsible. Mr. Reinhart answered by stating that the utilities are paid by the owner and not subdivided. He noted that the energy savings in the project related to the fact that it was a conversion from electronic to a hydronic with controlled temperature, a proven technology that has been used on a similar Mitchell-Lama project in the area. He also noted that the project would feature an indestructible radiator used in Sweden which features a different way of delivering energy-efficient heat. Ms. Miller also asked about the changeover related to the change in the source of power generated. Mr. Reinhart explained that a gas-fired, hot-water heat system is used. Ms. Miller also asked whether Ruby Schron is still involved with this project. Mr. Reinhart explained that the ownership is with Mr. Schron's children. He further confirmed that this is an estate planning issue and Mr. Schron's children have been and are actively involved in the business. Lastly, Ms. Miller asked about the provisions for retaining these buildings in the program in the future. Ms. Zucker explained that the agency enters into a regulatory agreement with the borrower who commits to 40 years of affordability.

Mr. Valella stated that in consideration of the first and second motions previously entered, the motions were carried and the following resolution was adopted unanimously.

BRONX PARK PHASE I SOUTHEAST APARTMENTS:

A RESOLUTION OF THE FINANCE COMMITTEE OF THE NEW YORK STATE HOUSING FINANCE AGENCY RECOMMENDING THE ISSUANCE OF CERTAIN BONDS

BRONX PARK PHASE II SOUTH WEST APARTMENTS:

Mr. Valella stated that in consideration of the first and second motions previously entered, the motions were carried and the following resolution was adopted unanimously.

A RESOLUTION OF THE FINANCE COMMITTEE OF THE NEW YORK STATE HOUSING FINANCE AGENCY RECOMMENDING THE ISSUANCE OF CERTAIN BONDS

BRONX PARK PHASE III NORTH WEST APARTMENTS

Mr. Valella stated that in consideration of the first and second motions previously entered, the motions were carried and the following resolution was adopted unanimously.

A RESOLUTION OF THE FINANCE COMMITTEE OF THE NEW YORK STATE HOUSING FINANCE AGENCY RECOMMENDING THE ISSUANCE OF CERTAIN BONDS

The next item on the agenda was a resolution recommending the approval in an amount not to exceed \$4,600,000 for Abraham Lincoln Apartments, located in the Town of Irondequoit, Monroe County. Ms. Bressler presented this item to the Members in detail. She stated that this project consists of sixty-nine (69) affordable housing property units in Monroe County. She noted that in addition to the \$4.6 Million Dollars in bonds, the agency is seeking a second mortgage in the amount of \$922,000. This project will be co-managed by Conifer Realty, LLC and Ibero-American Development, a not-for-profit corporation. The sixty-nine (69) units will also benefit from a project-based Section 8 HAP contract. She reported that the proposed scope of work includes the replacement of roofs and windows to provide for a more energy efficient building envelope and installation of Energy Star appliances and light fixtures; the renovations also includes new vinyl flooring, kitchens, bathrooms, a boiler system, etc. This project presently has a SONYMA outstanding forbearance amount of \$320,000. The Sponsor will guarantee the repayment to SONYMA in monthly installments over a period of 5 years; rental income will be the source of the SONYMA repayments. It was noted that the agency did not underwrite the commercial space as it is excluded from underwriting commercial income. Federal Home Loan Bank is going to issue a direct pay letter of credit on behalf of First Niagara Bank, N.A. and SONYMA Mortgage Insurance Fund will credit enhance the permanent loan. Low income housing tax credits are priced at \$0.85 by Red Stone Equity Partners, LLC.

Considering the first and second motions previously entered, the motions were carried, and the following resolutions were adopted unanimously:

A RESOLUTION OF THE FINANCE COMMITTEE OF THE NEW YORK

STATE HOUSING FINANCE AGENCY RECOMMENDING THE ISSUANCE OF CERTAIN BONDS

The next item on the agenda was a resolution recommending the approval in an amount not to exceed \$19,000,000 for Norwood Terrace Apartments, City of New York, Bronx County. Mr. Simmons presented this item in detail to the Members. He stated that the project consists of 115 units of housing to be located in the Norwood Section of the Bronx. Fifty-eight (58) studio apartments will be set aside for tenants that suffer from mental illness. The project's total development cost is estimated to be \$35 Million Dollars and is anticipated to be funded from a total loan estimated at \$16.2 Million Dollars. Mr. Simmons stated that the project will benefit from both a \$580,000 estimated HFA subsidy loan and New York City 420-c real estate tax abatement. Also, there are two sponsor loans -- a \$5.6 Million Dollar New York State Homeless Housing Assistance Program ("HHAP") loan, a \$1.5 Million Dollar New York City Department of Housing Preservation and Development ("HPD") loan and a \$138,000 New York State Energy Research and Development Authority ("NYSERDA") grant. The project overall will generate \$1.2 Million Dollars. The pricing for the tax credit is \$1.08 and the project will also generate and will receive an annual allocation of project-based Section 8 HAP Contract. The project is expected to create 310 non-union construction jobs and 15 permanent jobs. The project will be controlled by a single purpose entity, Concern for Independent Living, Inc. and B&B Supportive LLC will be the borrower.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was adopted unanimously:

A RESOLUTION OF THE FINANCE COMMITTEE OF THE NEW YORK STATE HOUSING FINANCE AGENCY RECOMMENDING THE ISSUANCE OF CERTAIN BONDS

The last item on the agenda was a resolution recommending the approval in amount not to exceed \$27,500,000 for Winbrook Phase I Apartments, City of White Plains, Westchester County. Ms. Zucker reported that this is the third project of this type that the agency has seen -- this one is in the City of White Plains (the agency has previously partnered with New Rochelle and Yonkers). She reported that yet another Westchester community is looking to transform their public housing projects and provide more livable, up-to-date housing bringing them into the street grid of the local community.

Mr. Leonard Gruenfeld presented this item in detail to the Members. He stated that the project is located at the southeast corner of South Lexington Avenue in White Plains, Westchester County. Mr. Gruenfeld stated that the Winbrook Phase I Apartments is the first phase of the redevelopment of the Winbrook Public Housing Complex which is located on South Lexington Avenue and Quarropas Street. He also stated that the complex is owned and operated by the White Plains Housing Authority ("WPHA") who will ground lease the development site to the WP Housing Company Housing Development Fund Operation for a term of 99 years. The HDFC will, in turn, enter into a nominee agreement with partnership, Winn Companies. The project consists of five (5) towers with approximately 450 units of public housing on a 9.6 acre site. The complex is reportedly obsolete and in need of redevelopment. The plan put forth by the WPHA is to de-stigmatize public housing by restoring the original street grid, demolishing the existing towers and integrating mixed-income rental and ownership housing along with commercial space into the redevelopment with their partners, The Jonathan Rose Companies, etc. He noted that 100% or 103 of the revenue generating units will house households earning 60% or less of the AMI. One unit will be reserved as an employee unit. The ground floor will contain a lobby and community facility of approximately 13,500 square feet. The site is within a short walk to retail, educational facilities, etc. The project's total development cost is approximately \$41.4 Million Dollars. The financing structure will consist of a \$27.5 Million Dollar permanent loan. The project will benefit from numerous subsidies, i.e. Westchester County Housing Infrastructure Fund Grant, \$1.9 Million Dollars from the City of White Plains subsidy fund. The project will also benefit from PILOT with the City of White Plains. Also receipt of both federal and state tax credit equity proceeds is expected. The investor member will be Bank of America. The general contractor will be New York City based Lettire Construction Corporation.

Vice Chairman Weiss asked about the timing for the second phase. Mr. Gruenfeld explained that this first phase would need to be completed including tenancy before the second phase of new construction commences. Eventually all five towers will be demolished.

Ms. Miller inquired why the project is considered a "demolition and construction" rather than a "gut rehab." Mr. Gruenfeld explained that the decision was based on the fact that the buildings were built and designed in the 1940s and is fundamentally obsolete. He explained that the drive was really to make it more of a neighborhood by completely restoring the buildings and redeveloping the entire complex.

Ms. Miller inquired whether all of the existing tenants will qualify for the new development. Mr. Gruenfeld explained that the WPHA conducted a survey and the vast majority, if not all, will relocate back into the new building tower.

Vice Chairman Weiss stated that the confirmation that the project is deemed obsolete is something that needed to be approved by HUD, is a timely process and consequently, if that approval is granted, the agency can be assured that the complex is truly obsolete.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was adopted unanimously:

A RESOLUTION OF THE FINANCE COMMITTEE OF THE NEW YORK STATE HOUSING FINANCE AGENCY RECOMMENDING THE ISSUANCE OF CERTAIN BONDS

There being no further business, HFA Vice Chairman Weiss asked for a motion and a second to adjourn the New York State Housing Finance Agency's Finance and Program committee meeting. Mr. Connor moved to adjourn; Ms. McCann seconded the motion, and the meeting was adjourned at 9:45 a.m.



Alejandro J. Valella, Acting Secretary