MINUTES OF THE 29th MEETING OF THE
NEW YORK STATE HOUSING FINANCE AGENCY'S
FINANCE AND PROGRAM COMMITTEE
HELD ON OCTOBER 10, 2013 AT 8:42 A.M
AT ITS OFFICES AT 641 LEXINGTON AVENUE

MEMBERS AND DESIGNEES

PRESENT

William J. Mulrow	Chairman
Darryl C. Towns	Member (via telephone)
Elakine McCann	Division of the Budget, representing Robert Megna, Member ((via telephone)

Chairman William J. Mulrow opened and chaired the meeting. 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. C. Jason Kim, Senior Vice President and Counsel to the Agencies, acted as Secretary.

Mr. Valella 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. Elaine McCann made a motion to call the HFA Finance and Program Committee meeting to order; Commissioner Darryl C. Towns 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, Commissioner Thomas J. Mattox, and Steven J. Weiss all HFA Members attended this as guests.

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The first item on the agenda was the adoption of the minutes of the 29th HFA Finance and Program Committee held on October 10, 2013. There being no objections or corrections from the Members, the minutes were deemed approved.

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The next item on the agenda was a resolution authorizing financing approval in an amount not-to-exceed $196,350,000 for 855 Sixth Avenue Apartments, City of New York,

New York County. Ms. Marian Zucker, President, Finance and Development, presented Mr. Leonard Gruenfeld, Project Manager. Mr. Gruenfeld reported that the project will consist of two (2) units in a four-unit condominium. He stated that the four units will consist of the following: two residential condominium units containing 375 rental 80/20 units located on the 8th through the 41st floors; the agency will finance the two (2) residential units. Vice Chairman Weiss inquired about the project description -- two residential condominiums. Ms. Zucker explained that the condominiums are not physically separated but is a separately-held structure for legal purposes.

Mr. Gruenfeld provided further background information noting that the sponsor of the project is Durst and Sidney Fetner Associates. He stated that twenty percent (20%) of the revenue generating units, or seventy-five (75) units, will be set aside for tenants within incomes at or below 50% of the Area Median Income ("AMI") for the New York HUD Metro Fair Market Rents ("NY HUD Metro FMR") Area adjusted for family size.

Mr. Gruenfeld noted that at least 15% of the affordable units, or 12 units, will be set aside for tenants with incomes at or below 40% of AMI. He stated that the residential tower being financed by the agency will have amenities for use by the residents that will include a fitness center, a children's playroom, community rooms, lounges and an outdoor terrace. Ms. Miller asked about the charge for some amenities; Mr. Gruenfeld said that any charges would mainly be for the fitness center. The presence of the developers were acknowledged; Mr. Hal Fetner of Durst Fetner LLC, stated that no prices have been set for the health club, however, the cost will be at a discounted rate.

Mr. Gruenfeld stated that there will be a condominium unit containing retail space on three (3) levels with approximately 81,000 square feet on the lower floors and right above that floor, a condominium unit containing 116,000 square feet of office space. Additionally, he reported, the retail and office condominium units, located from the sub-cellar and up and including the seventh floor, containing approximately 197,000 square feet, will be financed through a construction loan from Wells Fargo, National Association ("Wells Fargo") in the amount of $73 Million which will be funded with bond proceeds, and Wells Fargo will have a participating interest in the agency mortgage.

Mr. Gruenfeld noted that the bonds are only being issued for the residential portion of the project with an estimated maximum construction and permanent period variable rate mortgage loan of $187,000,000 consisting of $187,000,000 of variable rate tax-exempt bonds; total development costs are approximately $284 Million Dollars. Vice Chairman Weiss asked about the amount of volume cap on the tax-exempt bonds. Ms. Zucker explained that conversations have begun on various ways to fund 80/20 units and agency heads have been exploring what it can do to limit the amount of cap that is spent on projects like this. Vice Chairman Weiss asked about the interest rate risk. Mr. Gruenfeld said that there are no protections built into this project.

Mr. Gruenfeld reported that the project meets the agency's "green" requirements. Ms. Miller noted that this is "a highly reputable developer known for their green building technology" and asked if the affordable units will be comparable to the market rate units in terms of amenities and finishes. Mr. Gruenfeld stated that the rates and amenities will be comparable and there will be no separate entrances, etc.

Mr. Gruenfeld also reported that tax credit proceeds are expected in the amount of $11,846,250 with Wells Fargo providing a letter of credit. Additionally, he noted, there is expected to be $82.2 Million Dollars of borrower equity, a portion of which will include a subordinated mezzanine loan to the borrower through the EB-5 visa program (United Sates Citizenship and Immigration Services' EB-5 Immigrant Investor Pilot Program); projected interim income is $3.3 Million Dollars. He stated that the project will benefit from a New York City 421-a partial real estate tax abatement, which will exempt the property from real estate taxes on the value of its improvements for twenty (20) years.

In response to questions in terms of affordability, Mr. Gruenfeld reported that affordable units will be affordable for the life of the project in accordance with HUD's inclusionary housing program.

Ms. Zucker then proceeded to provide background information on the EB-5 Immigrant Investor Pilot Program. She noted that although the agency has financed many projects with mezzanine debt, this is the first time the agency is utilizing this federal program. She reported that the program provides U.S. Visas to foreign investors who finance projects in the United States. She noted the difference in an EB-5 investment pool versus a normal mezzanine lender; it is usually a group of specialized investors rather than a sole investor.

When asked about the overall State or public purpose, Ms. Zucker noted the creation of 75 units of affordable housing plus whatever jobs are created and the cost to the State is considered .

Ms. Miller noted that a Public Hearing was held and asked if there was anyone in attendance. It was confirmed that no one attended the Public Hearing.

Commissioner Mattox expressed the need to garner potential interest in other areas of the State noting that the next cycle of Regional Economic Development Council meetings was about to commence in Western New York.

It was also noted that the owner of the property is an affiliate of the borrower. Vice Chairman Weiss asked what the process was for evaluating the land costs. It was explained that the land costs are representative of actual costs for the residential portion of the land; the purchase price was substantial and the appraisal is probably higher.

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

Considering the first and second motions previously entered for HFA Finance and Program Committee, 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

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The next item on the agenda were resolutions authorizing financing approval in an amount not-to-exceed $88,000,000 for the financing for 149 Kent Avenue, Williamsburg, Kings County. Prior to presenting Gail Bressler, Vice President, MultiFamily Finance, Ms. Zucker noted that the financing for 149 Kent Avenue represents another 80/20 unit project located in Williamsburg in Brooklyn, NY. Regarding prior questions of environmental issues in connection with the site, she reported that there was an environmental assessment of the whole area.

Ms. Bressler reported that this investment funds the new construction of 164 multifamily rental units in a mixed-use building. She reported that the agency expects that the bonds issued will be tax-exempt; the taxable bonds issued under the agency's 80/20 unit Private Placement Program are sponsored by Ronald Moelis, Sandford Lowentheil and Alan Kenick and Jeffrey Henick.

Ms. Bressler reported twenty percent (20%) of the revenue-generating units, or thirty-three (33) units, are expected to be set aside for households whose incomes are at or below 50% of the AMI for the NY HUD Metro FMR Area adjusted for family size. In addition, she reported, at least five (5) of the units will be set aside for households whose incomes are at or below 40% of the AMI. She further reported that amenities include 130 parking spaces, storage and retail space. Also, a fitness center and recreational room. She said that additionally, there will be an outdoor roof deck. Ms. Bressler also reported that the project will incorporate "green" elements including high efficiency exterior cavity wall insulation and a modulating boiler to reduce gas usage.

Ms. Bressler noted that this is an inclusionary project wherein affordable units will be affordable in perpetuity. She also noted that the project is expected to cost about $90 Million. Additionally, she noted, this project will be a private placement with Bank of America, N.A. ("BOA") purchasing the bonds for an eighteen-year term; BOA anticipates that the project will receive a credit facility from Freddie Mac at conversion.

Ms. Miller inquired about the use of taxable and non-taxable bonds. Ms. Zucker explained that the agency looks at the amount of real estate exposure the bank is willing to take on; sometimes banks are willing to lend an additional amount but that amount may not be able to be supported for permanent conversion. She said that rather than lend all of the money on a tax-exempt basis, if the project could not support the debt, the funds can be paid down on the bonds.

Vice Chairman Weiss noted that in this case, there is $73 Million Dollars out of $98 Million in total project costs. He asked how the agency arrives at the amount of tax-exempt bonds. Ms. Zucker explained it goes back to the rationale of how 80/20 units are being funded utilizing recycling bonds as a tool. After a lengthy discussion on the funding process and its complexities, it was agreed that a tutorial on "recycling of bonds" would be made available to the Board at a future date along with an update on the location of projects, strategy, allocations of bond cap, etc.

Mr. Davidson noted that it is hard to get a sense of impact at the county level in terms of locations and gentrification. He inquired about the process in terms of demographics and impact and asked for an explanation about the remediation process. Ms. Zucker explained that when it comes to neighborhood 80/20 units, the agency has had an open window funding process wherein individuals and entities come to the agency for financing and there is no competitive process. He asked if the agency ever runs out of bond cap. The response was "no," however, there is a priority at the agency to fund the 80/20 projects.

Ms. Miller asked what happens when the allocation of volume cap is not utilized. Ms. Zucker explained that there is a recapture of unused volume cap. For instance, she explained, any volume cap that remains unused in 2013 is then allocated by February of 2014 in a carry forward allocation to the various agencies that request it.

As for questions about remediation work. Ms. Zucker explained that remediation is expected to be completed largely within four (4) months within the start of construction, however, a Certificate of Completion will not be issued until 2015. She provided background information on the site by stating that the site was formerly a rail transferring station. She said that as a result, it has pockets of dry cleaning solvent in two corners of the site and a small area with heavy metals and another small area with polycyclic aromatic hydrocarbons (PAHs) which are components of fossil fuels associated with oil spills which will be treated with injections to mitigate the damage. She reported that all of the remedial work will be done by the New York State Department of Environmental Conservation Brownfield Cleanup program. She said that there are no indemnification issues as the agency does not own the site and that BOA is taking the credit risk and will satisfy the mortgage. Ms. Zucker reported that HFA, acting as lead agency, pursuant to the State Environmental Quality Review Act has determined that the proposed approval action will not have a significant adverse effect on the environment. She said that as a result, staff recommends that the Members authorize and issue a Negative Declaration and Determination of No significance.

Considering the first and second motions previously entered for HFA Finance and program Committee, 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

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The next item on the agenda were resolutions authorizing financing approval in an amount not-to-exceed $30,000,000 for CCBQ Communities located at 683 Dean Street, 800-826 Madison Street and 147 Graham Avenue, Kings County. Ms. Bressler stated that the three (3) sites are located in various Brooklyn neighborhoods and owned by Catholic Charities Brooklyn and Queens ("CCBQ") Communities, a joint venture. Ms. Bressler reported that this is the preservation of 154 units and the creation of 82 new units. She stated that one of the projects, St. Joseph's, in Prospect Heights will undergo a gut rehabilitation of fifty-four (54) Single Room Occupancy ("SRO") units into sixty (60) studio apartments. She said that the scope of work will include among other things, a new plumbing system with boiler conversion from oil to gas; that the project meets New York City Department of Housing and Preservation Development's ("HPD") Enterprise Green Communities Program. She said that the original buildings comprising Good Counsel is a four-story rehab of seventy-six (76) apartments and the new construction of twenty-two (22) studios in the abandoned auditorium building located at 800 Madison Street and a three-story building located at 825 Madison Street in Bedford Stuyvesant. Ms. Bressler said that it will receive new Low Emissivity ("Low-E") windows. She said that Trinity located at 157 Graham Avenue, East Williamsburg is a five-story elevator building which was originally built in 1887 as a convent, converted to SRO residential use in 1985, and converted again to seventy-five (75) studio apartments. She said that the scope of work will include some moderate work including a roof replacement. She said that the total cost per unit is $76,000 and will receive a host of energy-efficient items.

Ms. Bressler reported that POP Management, an affiliate to POB Development, will manage the property. She said that during the construction period, Wells Fargo, will provide a letter of credit with State of New York Mortgage Agency insuring the permanent loan. Richman Housing Resources LLC, the syndicator, is expected to acquire the property at a price of $1.04 per tax credit.

Ms. Bressler addressed questions that surfaced regarding the rehabilitation period. She said that there is a relocation plan and that most of the residents that are expected to be moved are from St. Joseph's which has fifty-four (54) units. She said that these residents, will be relocated to other properties that CCBQ owns in Brooklyn, NY; CCBQ will absorb the costs associated with the move.

Ms. Bressler reported that presently HPD holds the note on this property and that the note will be subordinate to the agency's loan. She also noted that the legal structure is much simpler than what has been outlined in the Board memorandum.

Considering the first and second motions previously entered for HFA Finance and Program Committee, 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 were resolutions authorizing financing approval in an amount not-to-exceed $17,000,000 for Burnside Walton Apartments, located at 2247 Walton Avenue and 280 East Burnside Avenue, Bronx County. Ms. Bressler reported that this investment funds the site acquisition and new construction of one thirteen-story and one eleven-story building with a combined total of ninety (90) units. She said that all of the project's eighty-eight (88) revenue generating units will be set aside for households whose incomes are at or below 60% of the AMI for NY HUD Metro FMR Area, adjusted for family size. Ms. Bressler stated that thirty-three (33) units will be set aside for chronically homeless, single adults, suffering from a serious and persistent mental illness with incomes at or below 60% of the AMI for New York. She said that the New York State Office of Mental Health ("OMH") will provide funding for social services for the tenants with psychiatric disabilities. Ms. Bressler said that it is the fifth project to use the New York State Medicaid Redesign Team ("MRT") cap funding to employ housing as a strategy for reducing health care costs (the MRT was established by Governor Andrew M. Cuomo to create efficiencies in the state's Medicaid program) and helping to fill the gap with financing. She said that this project also received significant funding from HPD.

Ms. Bressler said that during the construction period, Chase will provide a letter of credit. Raymond James Tax Credit Funds, Inc., is the syndicator, and low income housing tax credits is expected to be acquired at a price of $1.09 per tax credit. She said that Wavecrest Management Team Ltd. will manage the property. Vice Chairman Weiss asked about Communilife, a joint venture formed with Walison Corp. It was reported that Communilife is a very large, not-for-profit organization that provides supportive services to many of these types of projects and gets significant service awards from OMH in acknowledgement of these services.

Considering the first and second motions previously entered for HFA Finance and Program Committee, 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 were resolutions authorizing financing for Oak Creek Town Homes, Town of Auburn, Cayuga County not to exceed $10 Million Dollars. Ms. Patrice Havelka, Assistant Vice President, Multi-Family Finance, reported that the project is part of Governor Cuomo's Housing New York Initiative. She reported that the investment will fund the acquisition and substantial rehabilitation of 150 units of Mitchell-Lama multifamily affordable housing located at 101 Quill Avenue, Auburn, New York, originally built in 1972, and contained in 27 buildings spread out over 14.5 acres. She said this is the first project that the agency has financed in Cayuga County and the fourth Mitchell-Lama portfolio that's been brought to the Board. She said that the buildings are all walk-ups; no elevators exist on the site. She also reported that there is an estimated $3.6 Million Dollars in HFA subsidies.

Ms. Havelka said that the general contractor will be Home Leasing Services LLC, a long-term client of HFA. She stated that the investor member will be RBC Capital Markets, syndicator, who will be acquiring low income housing tax credits at a price of $0.94.

Ms. Havelka said that the agency has financed $10 Million Dollars with an estimated loan term of 32 years with 30-year amortization. She said there is an estimated $3.6 Million Dollar HFA Subsidy Loan. It is expected that Chase will provide the letter of credit. She said that the SONYMA Mortgage Insurance Fund will provide insurance during the permanent loan period. Ms. Havelka said that currently, as part of HUD's Rental Assistance Demonstration PILOT Program, the project expects to receive project-based Section 8 vouchers for all 150 tenants with incomes at or below 60% of the AMI which include one, two and three-bedroom units. She said other elements of the proposed rehabilitation scope are new fixtures, HVAC, and the exteriors will receive all new vinyl siding with upgrade insulation, etc. She said that the windows are currently single-pane, double-hung, aluminum frame and will be replaced with energy-efficient, double-pane windows. She further stated that all appliances will be Energy Star or equivalent and additionally, there will be handicapped accessible retrofits for a number of the designated units.

The presence of Edgemere Development, Inc., the development arm of Home Leasing Services LLC, representatives were acknowledged.

Considering the first and second motions previously entered for HFA Finance and Program Committee, 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, Chairman Mulrow asked for a motion and a second to adjourn the New York State Housing Finance Agency's Finance and Program Committee meeting. Ms. McCann moved to adjourn; Commissioner Towns seconded the motion, and the meeting was adjourned at 9:35 a.m.

C. Jason Kim, Secretary