

**MINUTES OF THE 35th MEETING OF THE
NEW YORK STATE HOUSING FINANCE AGENCY'S
FINANCE AND PROGRAM COMMITTEE
HELD ON JUNE 12, 2014 AT 8:47 A.M
AT ITS OFFICES AT 641 LEXINGTON AVENUE**

MEMBERS AND DESIGNEES

PRESENT

Darryl C. Towns	Acting Chairman
Renee Nowicki	Division of the Budget, representing Robert Megna, Member ((via video conference))

ABSENT:

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

In the absence of the Agencies' Chairman, William J. Mulrow, Commissioner Darryl C. Towns presided over the meeting and welcomed everyone.

Acting Chairman Towns opened and chaired the meeting. He noted that Renee Nowicki 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. C. Jason Kim 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. Commissioner Towns made a motion to call the HFA Finance and Program Committee meeting to order; Renee Nowicki 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.

Mr. Nestor M. Davidson, Commissioner Thomas J. Mattox, and Ms. Joyce Miller all HFA Members attended this meeting as guests.

The first item on the agenda was the adoption of the minutes of the 34th HFA Finance and Program Committee held on May 8, 2014. There being no objections or corrections from the Members, the minutes were deemed approved.

The next item on the agenda was a resolution authorizing financing approval in an amount not to exceed \$27,500,000 for Linwood-Allentown Preservation, LLC, City of Buffalo, Erie County. Mr. Gruenfeld provided the relevant background information with regard to this request. He reported that the project will fund the acquisition and rehabilitation of ten (10) multifamily buildings containing a total of 296 units located on scattered sites in the City of Buffalo, Erie County on the edge of Allentown's Historic District in the City of Buffalo; the project is part of the City of Buffalo's Buffalo Niagara Medical Campus and Grant Ferry commercial corridor revitalization plan. He noted that the buildings range in age from 70-100 plus years old and many have had numerous moderate rehabilitation work done over the years. He also reported that it is anticipated that 60% of the revenue generating units will be set aside for households with incomes at or below 50% of the AMI for the Buffalo, NY MSA. Mr. Gruenfeld elaborated by stating that the buildings currently have a 20-year HAP contract that commenced in 2005, and the Linwood building has a 20-year HAP contract that began in 2011. It is expected that HUD will not only assign the contracts to the new owners, but that the Braco and Linwood sites will have new 20-year contracts executed.

Mr. Gruenfeld stated that the rehabilitation work includes but is not limited to:

- exterior façade renovations/restorations; masonry pointing and brick, sill and stone replacement
- roof replacement and cornice repairs
- kitchen and bathroom upgrades and/or full replacements
- patching, replacement and painting of plaster walls and ceilings throughout apartment and public spaces
- repair/restoration/replacement of wood flooring; new vinyl and tile flooring in apartments and public areas
- ADA upgrades where feasible
- Mechanical/Electrical/Plumbing upgrades and replacements as needed

Mr. Gruenfeld also stated that the project's total development cost of approximately \$42.2 Million is anticipated to be funded from a permanent First Mortgage Loan estimated at \$17.9 Million; income from operation is the estimated amount of \$1.6 Million; Seller's Note of \$2.5 Million excluding accrued interest of \$262,500; LIHTC equity proceeds estimated at \$9,972,138; Federal Historic Tax Credits equity proceeds estimated at \$2.7 Million; State Historic Tax Credits equity proceeds estimated at \$1.3 Million; HFA Subsidy Loan in the anticipated amount of \$3 Million excluding accrued interest of

\$270,000; and Borrower's Equity in the form of deferred developer fee in the estimated amount of \$2.4 Million.

Mr. Gruenfeld noted that the general contractor will be R&P Oakhill Development LLC ("R&P"). He also noted that the principals of the firm are Melissa Baumgart, Gary Bichler and Christopher Hogan. Additionally, since 2006, R&P has provided specialized general contracting and construction management services for commercial, private and institutional clients throughout New York State and has specific experience working on tax credit funded projects in the Buffalo area.

Finally, Mr. Gruenfeld reported that during the construction period, Citibank, N.A. will provide the letter of credit; the SONYMA MIF will provide insurance during the permanent loan period. He explained that the principals of the development team are Aaron Siegel, its President, Brett Fitzpatrick and Robert Morgan.

Commissioner Mattox inquired about attracting lender participation for projects outside of traditional downstate projects, noting that M&T, for example, an upstate bank seemed like an ideal candidate for this type of project. Ms. Zucker stated that sometimes lenders are selected based on long-term relationships. However, for this project particularly, there was "a push" for Community Reinvestment Act investments from the City of New York

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 next item on the agenda was a resolution authorizing financing approval in an amount not-to-exceed \$11,900,000 for New York Rural Preservation (R2D2) consisting of seven scattered projects in Upstate New York. Mr. Gruenfeld provided the relevant background information with regard to this request. He reported that the project consists of the acquisition and rehabilitation of seven properties located in Clinton, Delaware, Oswego, Saratoga and Washington counties. Mr. Gruenfeld stated that the total rehabilitation hard cost is estimated at \$10,233,869 (\$46,944 per unit). He said that the rehabilitation will include replacement of windows; replacement of roofs, new energy efficient light fixtures and site work repairs, i.e. sidewalk. He also said that all of the sites are located in close proximity to schools, parks, shopping and healthcare facilities. Additionally, the project will be supported by rental assistance from three (3) federal and state programs: Section 8 Project Based Vouchers (Section 8), USDA Rental Assistance (RA), and Rural Rental Assistance (RRAP).

Mr. Gruenfeld noted that the project's total development cost is estimated to be approximately \$23,035,248. This is anticipated to be funded from a total permanent loan estimated at \$3,850,000, HFA Subsidy Loan in the anticipated amount of \$1,600,000 excluding accrued interest during construction of \$96,000, a USDA RD assumed mortgage of \$6,097,702, a Federal Home Loan Bank Subsidy Loan of \$3,200,000, income during rehabilitation anticipated to be \$57,976, existing reserves of \$218,000, tax credit equity of \$5,950,168 and deferred developer fee estimated at \$1,215,402.

Mr. Gruenfeld said that the borrower is proposed to be New York Rural Preservation Associates, L.P., a sole purpose New York limited partnership; the co-general partners of the borrower will be entities controlled by Conifer Realty, LLC and Snow Belt Housing Company Inc. who will hold 0.01% ownership interest.

Mr. Gruenfeld explained that the managing agent will be Confer Management LLC which is an affiliate of Conifer Realty LLC and has been approved by HFA's Housing Portfolio Management unit as a managing agent. He also explained that the general contractor will be Conifer-LeChase Construction, LLC.

Ms. Zucker noted that these types of projects (R2D2) are very challenging. Mr. Davidson asked how these projects coalesced into one. Both Ms. Zucker and Mr. Garwood noted that the Agency relies on the developers to coordinate these projects.

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 next action item on the agenda was a resolution authorizing financing approval in an amount not to exceed \$5,000,000 for St. Joseph's Preservation, LLC, located at 550 Church Street, City of Elmira, Chemung County. Mr. Garwood reported that this is the third project for review and consideration by the Board. He reported that this investment will fund the acquisition and rehabilitation of sixty-six (66) units of affordable housing for seniors and persons with disabilities known as St. Joseph's Preservation located at 550 Church Street, City of Elmira, Chemung County. He reported that the project consists of one nine-story building containing all one bedroom units.

Mr. Garwood noted that the total hard costs will be \$3.7 Million which is approximately \$56,000 per unit. He noted that the scope of the unit will include replacement of boilers, windows, installation of energy star appliances and light fixtures, kitchen cabinets, unit entry doors, flooring and bathroom fixtures. He stated that additional common area improvements will include new flooring and painting, upgrades to the two elevators and

new lighting fixtures. Also, other improvements include upgraded Heating Ventilation and Air Conditioning control systems, minor plumbing repairs, repaving of the parking lot, new outside lighting, minor sidewalk work and repairing the handicap entrance ramp; the roof will be replaced and the brick façade will be repointed.

Mr. Garwood reported that the project's total development cost is estimated to be \$8.4 Million. As a result, Management is seeking approval for \$5 Million of tax-exempt bonds for rehabilitation as well as \$287,492 of estimated annual allocation of 4% low income housing tax credits.

Mr. Garwood noted that the Housing Trust Fund Corporation Board will be authorizing the \$2.8 Million subsidy loan later this month on June 26, 2014. He also noted that there is a \$1.7 Million existing Housing Trust Fund Subsidy Loan.

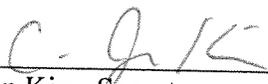
Mr. Garwood stated that JPMorgan Chase is providing the construction Letter of Credit and SONYMA MIF will provide insurance during the permanent loan period. He also stated that the borrower will be St. Joseph's Preservation LLC which will be controlled by Conifer Realty.

Mr. Davidson inquired whether the low income housing tax credits which are expected to be acquired at \$0.88 per credit and received confirmation that this price is low at this current market. Mr. Garwood explained that the acquisition amount is typical for this area. Mr. Davidson also inquired about the year 2027 when the debt ratio is expected to go below one. Mr. Garwood confirmed that this is not a current concern of the Agency.

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, Acting Chairman Towns asked for a motion and a second to adjourn the New York State Housing Finance Agency's Finance and Program Committee meeting. Ms. Nowicki moved to adjourn; Commissioner Towns seconded the motion, and the meeting was adjourned at 9:10 a.m.



C. Jason Kim, Secretary