

**MINUTES OF THE 21ST MEETING OF THE
NEW YORK STATE HOUSING FINANCE AGENCY'S
FINANCE AND PROGRAM COMMITTEE
HELD ON OCTOBER 11, 2012, AT 8:45 A.M
AT ITS OFFICES AT 641 LEXINGTON AVENUE**

MEMBERS AND DESIGNEES

PRESENT

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

Chairman William J. Mulrow, opened and chaired the meetings. 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 143, in Albany. A public notice was given of the time and location of that venue.

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

The first item on the agenda was the approval of the minutes of the 20th HFA Finance and Program Committee, held on September 13th, 2012, which minutes were deemed approved, absent corrections from Members.

The next item on the agenda was a resolution recommending financing approval for 175 West 60th Street Apartments, Manhattan, New York County. Richard Brown, a project underwriter in the Multi-Family Finance Unit, highlighted certain information contained in the meeting materials provided to the Members in connection with this item, which are incorporated herein by reference. He stated that this new 80/20 multifamily construction project consisted of a 48-floor tower of 257 units of mixed-income rental housing, of which 52 units would be affordable to households earning at or below 50% of the New York County area median income (AMI), and that 8 units would be affordable to households earning at or below 40% of the AMI. He stated that the project sponsor, manager and developer was Glenwood Management Corporation which has had several other Agency projects, and that the credit enhancer was M&T Bank. He stated construction costs for this expensive project approximated \$124.6

million, or \$484,728 per unit. He stated that the project would create about 750 union construction services jobs and 28 permanent jobs. He stated that the project site was formerly a part of Fordham University campus and was purchased by the borrower in 2011, wherein the University transferred its land rights which had been obtained from the New York City Department of City Planning.

Elaine McCann moved to adopt the resolution; Commissioner Towns seconded the motion, 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 financing approval for 529 West 29th Street (a/k/a 29th Street and Tenth Avenue, Manhattan, New York County. Ms. Zucker stated that this project was unique in that the borrower planned to transfer “excess capacity” from the Section 8 contract of an existing project to this project after completion of the construction period, when it was expected that this 80/20 project would then enter into a 20-year contract with the U.S. Department of Housing and Urban Development (HUD) for 100% of its housing units. David Simmons, a project underwriter in the Multi-Family Finance Unit, highlighted certain information contained in the meeting materials provided in connection with this item, which are incorporated herein by reference. He stated that this new 80/20 multifamily construction project consisted of a 14-story building of 139 units, of which 29 units (20%) would be affordable to households earning at or below 50% of the New York County area median income (AMI), and that 6 units (15%) would be affordable to households earning at or below 40% of the AMI, adding that there would be approximately 10,000 square feet of retail space. Mr. Simmons stated that, after conversion to an all-affordable project with the anticipated Section 8 Housing Assistance Payment (HAP) contract, the variable-rate bonds would be refunded and fixed-rate tax-exempt bonds would be issued. He stated that the total development cost approximated \$86 million. He stated that the borrower planned to combine this project and an adjacent parcel into a condominium form of ownership that would continue to secure the HFA mortgage lien. He stated that the borrower entity would be controlled by The Related Companies and the Kalimian family. He stated that the project would create about 300 union construction services jobs and 30 permanent jobs.

Ms. Aida Brewer, from the New York State Department of Taxation and Finance, representing Thomas H. Mattox, Commissioner on the HFA Board asked how difficult it was to transfer the Section 8 HAP contract. Ms. Zucker clarified that this entailed the HUD-approved transfer of excess capacity of unused units from another building under a current Section 8 HAP contract, due to certain tenants who did not qualify for Section 8 vouchers there. Ms. McCann requested and received confirmation from Mr. Simmons and Ms. Zucker that HUD had authorized the bifurcation and transfer of underutilized

Section 8 HAP subsidy to a new 20-year project-based Section 8 HAP contract after construction completion and prior to permanent mortgage conversion.

Ms. McCann asked what would be required from the Board after this project was approved, in the event that the Section 8 HAP contract was not secured and the project was developed as an 80/20. Ms. Zucker responded that, if the project remained as an 80/20, which no one was expecting, it would return before the Board for its credit substitution when it converted from construction phase to permanent phase. She added that the project would also return before the Board for refinancing when it changed from an 80/20 to an all-affordable deal.

Mr. Valella requested confirmation that the project was before the Board today for approval as an 80/20.

Chairman Mulrow and Ms. McCann agreed that this deal was creative from both the Agency's input and working with the developers. Commissioner Towns suggested that the Board tour the project area in the future to see the various Agency investments in that neighborhood.

Elaine McCann moved to adopt the resolution; Commissioner Towns seconded the motion, 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 financing approval for Pinnacle Place Apartments, 919 South Clinton Avenue, City of Rochester, Monroe County. Ms. Zucker stated that it was a notable feature of this project that it was the Agency's first project to utilize HUD's new Rental Assistance Demonstration (RAD) program which would enable the Agency to maximize the number of project-based Section 236 vouchers for those projects with HUD Section 236 contracts, and would also enable the Agency to maximize the first mortgage debt that a project could carry. Richard Brown, a project underwriter in the Multi-Family Finance Unit, highlighted certain information contained in the meeting materials provided in connection with this item, which are incorporated herein by reference. He stated that this acquisition and rehabilitation project consisted of an 18-story tower and 6-story wing of 407 rental units, of which 395 (97%) would be affordable to households earning at or below 60% of the Monroe County AMI. He stated that the project would be decoupled and acquired by PathStone Development Corporation, and that the credit enhancer was First Niagara Bank, N.A. He stated that the project would receive a 20-year HAP contract which covered all rental units, as part of the Section 236 decoupling and in conjunction with the RAD program. He stated that, in addition to other financing sources, a Payment in Lieu of Taxes (PILOT) Agreement was expected from the City of

Rochester. Mr. Brown stated that the project would create about 180 construction services jobs and preserve 12 jobs.

Chairman Mulrow said that he was impressed that various entities, including The Empire State Development Corporation, Federal Home Loan Bank Affordable Housing Program, New York State Housing Trust Fund Corporation and SONYMA were cooperatively involved in the project.

Elaine McCann moved to adopt the resolution; Commissioner Towns seconded the motion, 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 unfinished business, Elaine McCann moved to adjourn the meeting; Commissioner Towns seconded the motion; and the meeting was adjourned at 9:10 a.m.



Alejandro J. Valella, Acting Secretary