

**MINUTES OF THE  
458TH MEMBERS MEETING OF  
THE NEW YORK STATE HOUSING FINANCE AGENCY  
HELD ON JUNE 12, 2014 AT 8:32 A.M.  
AT ITS OFFICES AT 641 LEXINGTON AVENUE  
NEW YORK, NY 10022**

MEMBERS AND DESIGNEES

PRESENT:

Darryl C. Towns	Acting Chairman
Nestor M. Davidson	Member
Thomas H. Mattox	Member (via video conference)
Renee Nowicki	New York State Division of the Budget, representing Robert Megna, Member (via video conference)
Joyce L. Miller	Member

ABSENT:

William J. Mulrow	Chairman
Steven J. Weiss	Vice Chairman

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

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Mr. C. Jason Kim, Senior Vice President and Counsel to the Agencies, acted as Secretary. He noted that Commissioner Thomas H. Mattox and Ms. Aida Brewer from the New York State Department of Taxation and Finance; Ms. Renee Nowicki from the New York State Division of the Budget, representing Robert Megna, Budget Director was participating in the meeting via 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 the venue in accordance with the New York State Open Meetings Law.

Mr. Kim asked for motions and seconds to call to order the Members and Directors meetings of the New York State Housing Finance Agency (“HFA”), the Affordable Housing Corporation (“AHC”) and the State of New York Mortgage Agency (“SONYMA”); Ms. Miller moved to call the HFA and AHC meetings to order; Mr. Davidson seconded the motion. Ms. Rogatz moved to call the SONYMA meeting to order; Commissioner Towns seconded the motion.

Mr. Kim stated that as items were presented to each Board throughout the meetings, these motions and seconds would be used, unless specific items called for a different vote, or unless any Board member wished to record his or her vote differently. He noted that in the absence of Chairman, William Mulrow, Commissioner Towns will serve as Acting Chairman.

The meetings of the affiliated Agencies were opened in joint session for the President’s report, the recital of the Committee reports, the adoption of the minutes of previous meetings and consideration of various matters of shared importance. These minutes reflect only those items being considered by the Members of the New York State Housing Finance Agency. A record of items considered by the other Agencies is contained in the minutes of each of the Agencies.

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**The first item on the agenda was the President’s Report.** Commissioner Towns began his report by noting that housing initiatives continue to dominate the conversation in the political and business communities in both New York State as well as New York City: from New York City’s ambitious housing plan (outlined last month) to possible new housing initiatives addressing supportive, homeless and middle income housing.

Commissioner Towns noted that at the Agencies, historically, the second half of the year sees a significant increase of activity and this year is notably “no exception.” He referred to the “very large amount of deals in the pipeline” and noted that it is expected that a significant amount of these deals will close by year-end. He added that the Board will be kept abreast of updates on the New York City housing front.

Commissioner Towns next reported that, earlier in the day, the Mortgage Insurance Committee (“MIC”) approved insurance for four (4) projects representing 978 affordable units located in eight counties including Erie, Saratoga, Clinton, Oswego, Washington, Delaware, Kings and Bronx. He added that at the upcoming Affordable Housing Corporation meeting, the Board will be asked to approve over \$6 Million in funding for 261 units; of these, 57 are projects located inside New York City and the remaining 204 are units located in the 15 counties outside of New York City including Nassau, Suffolk, Cattaraugus, Wyoming, Portland, Jefferson and Westchester. He spoke favorably about the grants associated with these projects as they include money to be invested in projects in counties that the business community does business with. He reported that on the multifamily side, today, HFA will be seeking your approval for three (3) projects including nearly \$12 Million in financing for a scattered site project upstate, a nearly \$28 Million project in Buffalo and a \$5 Million financing in Elmira; these projects represent 579 units of affordable housing across the state.

Commissioner Towns reported that staff continues to monitor HCR's extended bills pending in the legislature in the regular session which ends next week (June 19). He said that the Agencies continue to work with Governor Andrew M. Cuomo's District of Columbia staff on federal issues including the Government-Sponsored Enterprises ("GSE") Reform bill and changes with regard to the U.S. Department of Housing and Urban Development's ("HUD") fair housing rules.

Finally, Commissioner Towns reported that HCR staff has participated in a number of recent industry conferences. He reported that the Board tour of HCR-financed projects took place last month and "was a success." He said that he is hopeful that another tour will be scheduled in the near future as the first one was a "really valuable experience." Additionally, the Board is looking forward to its offsite retreat scheduled for Thursday, July 10, 2014, where there will be an opportunity to have some informal conversations; staff and Mr. Nester Davidson will be hosting the event at Fordham Law School.

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**The next item on the agenda was the report of the Audit Committee.** Mr. Kim reported that the Audit Committee held a meeting earlier that day and adopted the minutes of the June 10, 2014 meeting. He next reported that the Audit Committee adopted the following resolutions:

- All five Committees adopted a resolution approving Internal Audit's Procurement Audit report.
- HFA adopted a resolution approving Internal Audit's Mortgage Billing System Audit Report.
- HFA and SONYMA adopted a resolution reviewing and approving Independent Auditor's Report relating to the audit of the audit of the Schedule of Expenditures of Federal Awards (Single Audit).

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**The next item on the agenda was the report of the Governance Committee.** Mr. Kim reported that the Governance Committee held a meeting earlier that day and adopted the minutes of the June 10, 2014 meeting. He next reported that the Governance Committee adopted the following resolutions:

- All three committees adopted a resolution reviewing and approving various contracts monitored by the Accounting Department relating to Payroll Processing Services, Independent Auditor Services, GASB 45 Consultant Services and Administration Services for the Agencies' Qualified Transportation Expense Benefit. Plan.
- HFA and SONYMA adopted a resolution approving expenditures with Temporary Staffing by Suzanne Ltd.
- HFA reviewed basic loan servicing agreement with Greystone Servicing Corp. Inc.

- HFA reviewed contracts with the New York State Legislative Bill Drafting Commission, Reed Elsevier, Inc., West Publishing, Seisinit Inc. and CQ Roll, Inc. ("CQ") for the provision of legal research services.
- An information session was given to HFA, AHC and SONYMA in connection with governance issues, particularly relating to the impact of Dodd Frank and other federal legislation on agency affairs.

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**The next item on the agenda was the adoption of the minutes of the 457<sup>th</sup> HFA Members meeting held on May 8, 2014.** Absent comments or corrections from the Members, Mr. Kim reported that the minutes were deemed approved.

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**The next item on the Agenda was the review of HFA and SONYMA Quarterly Investment Reports.** Commissioner Towns said that information regarding this item was contained in the meeting materials provided which are incorporated herein by reference. There was no discussion.

Mr. Desmond Gooding provided a response to a question posed by the New York State Department of Taxation and Finance. Mr. Gooding provided a clarification to the footnotes listed in the Investment Report. He stated the Department of Taxation and Finance "does not act as fiscal agent to SONYMA;" he reported that SONYMA purchases Certificates of Deposits through the linked deposit program which is a very limited involvement.

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**The next item on the agenda was a resolution reviewing and approving Independent Auditor's Report relating to the audit of the audit of the Schedule of Expenditures of Federal Awards (Single Audit).** Commissioner Towns said that information regarding this item was contained in the meeting materials provided which are incorporated herein by reference. There was no discussion on this item. There was no discussion on this item.

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

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AND STATE OF NEW YORK MORTGAGE AGENCY REVIEWING AND APPROVING AUDITED SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS – SINGLE AUDIT REPORT FOR FISCAL YEAR ENDED OCTOBER 31, 2103**

**The next action 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 resolutions were unanimously adopted:

**AN OMNIBUS RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING AND APPROVING CERTAIN MATTES IN CONNECTION WITH THE FINANCING OF LINWOOD-ALLENTOWN PRESERVATION APARTMENTS**

**A SUPPLEMENTAL RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF AFFORDABLE HOUSING REVENUE BONDS, 2014 SERIES\_\_ IN A PRINCIPAL AMOUNT NOT EXCEEDING \$11,900,000**

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 resolutions were unanimously adopted:

**AN OMNIBUS RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING AND APPROVING CERTAIN MATTERS IN CONNECTION WITH THE FINANCING OF THE PROJECT KNOWN AS NEW YORK RURAL PRESERVATION APARTMENTS**

**A SUPPLEMENTAL RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF AFFORDABLE HOUSING REVENUE BONDS, 2014 SERIES\_\_ IN A PRINCIPAL AMOUNT NOT EXCEEDING \$11,900,000**

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**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 motion was carried, and the following resolutions were adopted unanimously:

**AN OMNIBUS RESOLUTION OF THE NEW YORK STATE HOUSING  
FINANCE AGENCY AUTHORIZING AND APPROVING CERTAIN  
MATTERS IN CONNECTION WITH THE FINANCING OF THE  
PROJECT KNOWN AS ST. JOSEPH'S PRESERVATION**

**A SUPPLEMENTAL RESOLUTION OF THE NEW YORK STATE  
HOUSING FUNANCE AGENCY AUTHORIZING THE ISSUANC OF  
AFFORDABLE HOUSING REVENUE BONDS, 2014 SERIES\_\_ IN A  
PRINCIPAL AMOUNT NOT EXCEEDING \$5,000,000**

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There being no unfinished business, Commissioner Towns asked for a motion to adjourn the meeting. Ms. Miller moved to adjourn; Mr. Davidson seconded the motion, and the meeting was adjourned at 9:10 a.m.

The next Board meeting is scheduled for Thursday, July 10, 2014 at 8:30 a.m.

  
C. Jason Kim, Secretary