

**MINUTES OF THE 441ST MEMBERS MEETING OF THE
NEW YORK STATE HOUSING FINANCE AGENCY
HELD ON OCTOBER 11, 2012 AT 8:31 A.M.
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

MEMBERS AND DESIGNEES

PRESENT:

William J. Mulrow	Chairman
Aida Brewer	New York State Department of Taxation and Finance, representing Thomas H. Mattox, Commissioner, Member
Elaine McCann	Division of the Budget, representing Robert Megna, Member (via video conference)
Darryl C. Towns	Member

ABSENT:

Steven J. Weiss	Vice Chairman
-----------------	---------------

Chairman William J. Mulrow, opened and chaired the meetings. He noted that Elaine McCann was participating in the meetings 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 stated that Joseph R. Palozzola, an attorney in the Legal Department of the Agencies and the Agencies' Intergovernmental Representative, would assist him at today's meetings.

Mr. Palozzola asked for motions and seconds to call to order the Members and Directors meetings of the New York State Housing Finance Agency (HFA), New York State Affordable Housing Corporation (AHC) and State of New York Mortgage Agency (SONYMA). Aida Brewer moved to call the HFA meeting to order; Darryl C. Towns seconded the motion. Ms. Brewer moved to call the AHC meeting to order; Mr. Towns seconded the motion. Anthony Bergamo moved to call the SONYMA meeting to order; Marge Rogatz seconded the motion.

Mr. Palozzola 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. The meetings of the affiliated Agencies were opened in joint session for the President's report, the recital of the Committee report, 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 Agency respectively.

The first item on the agenda was the President's Report. Chairman Mulrow requested that Darryl C. Towns, President and CEO of the Agencies, present his report. Mr. Towns reported that business continued to be strong at the Agencies, and that HFA planned to mail an open resolution bond offering in the next few days which contained three deals that totaled approximately \$50 million. He reported that the Agencies had eight closings since August 1st which totaled approximately \$716 million in bonds issued. He stated that a project discussed earlier today at the Mortgage Insurance Committee (MIC) meeting would bring Roosevelt Island closer to its transformation into a world-class academic center; and that the MIC Directors heard a report on how the Agencies' supportive housing projects fit into the overall portfolio of the Mortgage Insurance Fund. He reported that SONYMA presented a special event in Rochester entitled "Welcome Home New York" which reintroduced New Yorkers to SONYMA's programs. He reported that SONYMA had 207 loan applications in August, its best month since April 2011, and that September's decrease in loans was typical of the season for the Single Family Program. Mr. Towns was pleased to report that the SONYMA Conventional Plus program, which was previously presented to the Board, was launched on October 2. He reported that MBBA's two refunding deals with New York City and with Buffalo recently closed, which equaled a combined amount of approximately \$400 million in bonds. Mr. Towns reported that the Governor continued to tour regions of the State, highlighting the affordable housing portfolio of the Agencies. He reported that the Agencies continued to provide leadership within the housing industry and would continue the Governor's important message of job creation.

Chairman Mulrow, noting the eight closings since August, asked Marion Zucker, President, Office of Finance and Development, if the Agencies were the largest issuer of housing bonds in terms of affordability; Ms. Zucker responded that for the past five years, the Agencies have been.

Chairman Mulrow next requested that Mr. Palozzola recite the report of the Mortgage Insurance Committee.

The next item on the agenda was the adoption of the minutes of the 440th HFA Members meeting held on September 13, 2012. Absent comments or corrections from the Members, Mr. Palozzola reported that the minutes were deemed approved.

The next item on the agenda was a verbal report concerning the refunding of New York City Housing Development Corporation (HDC) Bonds. Marian Zucker, President, Office of Finance and Development, stated that HFA and HDC have decided to

collaborate to extend the HFA volume cap resources allocated from the State. She explained that a large pay-down of bonds often occurred between the construction loans phase and the permanent loans phase in affordable housing transactions, and that those prepayments were previously used to redeem bonds, until the 2008 Housing and Economic Recovery Act gave the Agency the ability to recycle those prepayments by layering them into HFA 80/20 projects; however, the recycled cap does not come with tax credit allocations. She stated that because HDC issued a significant amount of bonds that were intended to be outstanding only during the construction phase of projects, which phases were coming to an end, HDC was holding a large amount of prepayments which would now be used by HFA through a refunding of HDC bonds. She added that this mechanism was analogous to the Agency refunding its own bonds, and that HDC's recycled proceeds would be layered into Agency projects to extend its limited resources and fund the remaining 80/20 projects in its pipeline.

Chairman Mulrow agreed that the collaboration with HDC was an enormous benefit and a great way to extend HFA's ability on cap, particularly when the Agency was so busy.

The next item on the agenda were resolutions authorizing financing 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.

Ms. Brewer moved to adopt the resolutions; Mr. Towns seconded the motion, 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 175 WEST 60TH STREET WEST APARTMENTS;

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF 175 WEST 60TH STREET APARTMENTS HOUSING REVENUE BONDS;

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF 175 WEST 60TH STREET APARTMENTS HOUSING REVENUE BONDS 2012 SERIES A-1, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$165,000,000;

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF 175 WEST 60TH STREET APARTMENTS HOUSING REVENUE BONDS 2012 SERIES A-2, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$165,000,000;

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF 175 WEST 60TH STREET APARTMENTS HOUSING REVENUE BONDS 2012 SERIES B, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$165,000,000;

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF 175 WEST 60TH STREET APARTMENTS HOUSING REVENUE BONDS 2013 SERIES A-1, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$165,000,000;

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF 175 WEST 60TH STREET APARTMENTS HOUSING REVENUE BONDS 2013 SERIES A-2, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$165,000,000;

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF 175 WEST 60TH STREET APARTMENTS HOUSING REVENUE BONDS 2013 SERIES B, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$165,000,000;

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF 175 WEST 60TH STREET APARTMENTS HOUSING REVENUE BONDS 2014 SERIES A-1, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$165,000,000;

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF 175 WEST 60TH STREET APARTMENTS HOUSING REVENUE BONDS 2014 SERIES A-2, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$165,000,000;

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF 175 WEST 60TH STREET APARTMENTS HOUSING REVENUE BONDS 2014 SERIES B, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$165,000,000.

The next item on the agenda were resolutions authorizing the financing 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. Brewer 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; Ms. Zucker so confirmed.

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

Ms. Brewer moved to adopt the resolutions; Mr. Towns seconded the motion, 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 RELATED-WEST 29TH STREET APARTMENTS;

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF RELATED-WEST 29TH STREET APARTMENTS HOUSING REVENUE BONDS;

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF RELATED-WEST 29TH STREET APARTMENTS HOUSING REVENUE BONDS, 2012 SERIES A, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$54,000,000;

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF RELATED-WEST 29TH STREET APARTMENTS HOUSING REVENUE BONDS, 2012 SERIES B, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$54,000,000.

The next item on the agenda were resolutions authorizing financing 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 expressed 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.

Ms. Brewer moved to adopt the resolutions; Mr. Towns seconded the motion, 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 PINNACLE PLACE APARTMENTS;

A SUPPLEMENTAL RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF AFFORDABLE HOUSING REVENUE BONDS, 2012 SERIES _ IN A PRINCIPAL AMOUNT NOT EXCEEDING \$23,000,000.

The next item on the agenda were resolutions authorizing the adoption of certain Bond Resolutions in connection with substitution of the credit enhancement facility of the tax-exempt Related-42nd and 10th Housing Revenue Bonds, 2007 Series A, 2008 Series A and 2010 Series A Bonds for the 42nd and Tenth Avenue project in Manhattan, New York County. Ms. Zucker highlighted certain information contained in the meeting materials provided in connection with this item, which are incorporated herein by reference. She stated that Landesbank Baden Wurttemberg (Landesbank) was the current letter of credit provider; however, the Agency was requesting a credit enhancement facility from Freddie Mac, which was the only long-term credit enhancement facility provider currently available to 80/20 financings. She stated that Freddie Mac was offering a 30-year credit enhancement with a 5-year commitment for liquidity. She stated that, following the commitment from Freddie Mac, a paydown from \$350,000,000 to \$325,000,000 was expected for a tax-exempt bond redemption of \$25,000,000 which would be recycled into another 80/20 project.

Ms. Brewer moved to adopt the resolutions; Mr. Towns seconded the motion, and the following resolutions were adopted unanimously:

AMENDED AND RESTATED RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF 42ND STREET AND 10TH AVENUE APARTMENTS HOUSING REVENUE BONDS OF THE NEW YORK STATE HOUSING FINANCE AGENCY;

AMENDED AND RESTATED RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF A PRINCIPAL AMOUNT OF NOT EXCEEDING \$425,250,000 42ND STREET AND 10TH AVENUE APARTMENTS HOUSING REVENUE BONDS, 2007 SERIES A OF THE NEW YORK STATE HOUSING FINANCE AGENCY;

AMENDED AND RESTATED RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF A PRINCIPAL AMOUNT OF NOT EXCEEDING \$425,250,000 42ND STREET AND 10TH AVENUE APARTMENTS HOUSING REVENUE BONDS, 2008 SERIES A OF THE NEW YORK STATE HOUSING FINANCE AGENCY;

AMENDED AND RESTATED RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF A PRINCIPAL AMOUNT OF NOT EXCEEDING \$425,250,000 42ND STREET AND 10TH AVENUE APARTMENTS HOUSING REVENUE BONDS, 2010 SERIES A OF THE NEW YORK STATE HOUSING FINANCE AGENCY;

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 RELATED 42ND STREET AND 10TH AVENUE APARTMENTS.

Chairman Mulrow asked for a motion and a second to adjourn the HFA meeting. There being no unfinished business, Ms. Brewer moved to adjourn; Mr. Towns seconded the motion, and the meeting was adjourned at 9:22 A.M.



Alejandro J. Valella, Acting Secretary