

**MINUTES OF THE
448TH MEMBERS MEETING OF THE
NEW YORK STATE HOUSING FINANCE AGENCY
HELD ON JULY 11, 2013 AT 8:30 A.M.
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

MEMBERS AND DESIGNEES

PRESENT:

William J. Mulrow	Chairman
Nester M. Davidson	Member
Thomas H. Mattox	Member
Joyce L. Miller	Member
Darryl C. Towns	Member
Elaine McCann	New York State Division of the Budget, representing Robert Megna, Member (via video conference)

ABSENT:

Steven J. Weiss	Vice Chairman
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Chairman William J. Mulrow presided over the meeting.

Chairman Mulrow announced two (2) new Board Members for the Housing Finance Agency, Nestor Davidson and Joyce Miller. He extended a warm welcome to these "talented and experienced housing specialists" who will lend their expertise to the agency.

Alejandro J. Valella, Vice President and Deputy Counsel of the Agencies, acted as Secretary. He noted that Elaine McCann, from the New York State Division of the Budget, representing Robert Megna, Budget Director and Aida Brewer from the New York State Department of Taxation and Finance were participating in the meetings by video conference from the New York State Division of Budget conference center at the Capitol Building, Room 131, in Albany; and that Marge Rogatz, SONYMA Director was participating in the meetings by video conference from the Office of Expedia at 325 Duffy Avenue in Hicksville, New York. A public notice was given of the time and location of both venues in accordance with the New York State Open Meetings Law.

Mr. Anthony Bergamo, Don Lebowitz, and Marge Rogatz, Directors of SONYMA attended this meeting as guests.

Mr. Valella asked for separate motions to call to order the Members and Directors meetings of the New York State Housing Finance Agency ("HFA") and the State of New York Mortgage Agency ("SONYMA"). Ms. McCann moved to call the HFA meeting to order; Ms. Miller seconded the motion. Mr. Bergamo moved to call the SONYMA meeting to order, Ms. McCann seconded the motion.

Mr. Valella 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 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 Agency respectively.

The first item on the Agenda was the President's Report. Chairman Mulrow requested that Darryl C. Towns, President/CEO of the Agencies, present his report. Commissioner Towns joined Chairman Mulrow in welcoming the new members of the Board noting the agency staff can be utilized as a resource. Commissioner Towns reported that the Board will be asked to consider, for approval, four (4) projects which consist of 311 total units and 285 units specifically set aside for low-income housing. He reported that the agency continues to work on matters related to Superstorm Sandy ("Sandy") and is working to secure work sites in both Nassau and Suffolk counties. Additionally, Commissioner Towns said that he is working in conjunction with Washington, DC staff on a tax bill related to Sandy that would allow for additional credit of tax exempt bonds and tax credits. He reported that staff continues to support the important goal of bringing economic revitalization to New York State and collectively, "we will continue to work hard to help build affordable housing in all regions throughout the State of New York."

The next item on the Agenda was the adoption of the minutes of the 447th HFA Members meeting held on June 13, 2013. Absent comments or corrections from the Members, Mr. Valella reported that the minutes were deemed approved.

Next before the board was a resolution adopting the Discretionary Funds Policy. Ms. Robinson, Senior Vice President and Chief Financial Officer reported that the Authorities Budget Office ("ABO") recommended that all public authorities adopt written policies that specifically

delineate the proper use of an authority's discretionary funds. She said that the ABO's recommendations are included in the document entitled "ABO Recommendations Practice." She said that as a result, a written policy that more directly corresponds with the mission and purpose of the agency has been developed. Ms. Robinson explained that this policy basically clarifies and formalizes many of the existing policies, i.e. travel expenses.

Ms. Miller referred to the two conditions as it relates to discretionary funds. First, that expenditures are in furtherance of the Agencies' core purposes and objectives and secondly, that the use be reasonable and necessary. She asked for clarification whether the requirements are for both conditions to be present. Ms. Robinson responded affirmatively.

Ms. Miller inquired about the exclusion of dues, etc. for membership organizations in light of the fact that there may be travel expenditures through affiliations with professional organizations. Ms. Robinson said she believes that professional membership dues to organizations that are beneficial to the agency will be taken into consideration, i.e. Certified Public Accountants ("CPAs"). SONYMA Director Mr. Bergamo asked if this policy changes the agency's existing policy. Ms. Robinson noted that the agency had allowed for CPA fees and New York State Bar Association fees in the past, but said that this policy formalizes the agency's existing policy. Mr. Valella reiterated that this new policy is simply an overlay of policies which ties into the agency's mission.

SONYMA Director Mr. Bergamo referred to the 10% allotted for discretionary funds and asked how much that percentage amounted to. Ms. Miller reported that it amounted to approximately \$35 Million Dollars which includes part of the appropriations and program funds that are targeted to certain projects. Mr. Bergamo asked for a breakdown of the \$35 Million Dollars since it was established that the other 90% goes to programmatic costs; Ms. Robinson said that she will provide the details of the breakdown of costs.

Ms. Robinson then asked the Members to adopt the resolution approving the discretionary funds policy.

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

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE
AGENCY AND THE STATE OF NEW YORK MORTGAGE AGENCY
ADOPTING DISCRETIONARY FUNDS POLICY**

The next item on the agenda were resolutions authorizing financing approval in an amount not to exceed \$34,000,000 for 44th Drive Rental Apartments located at 10-44th Drive, Long Island City, ("LIC") Queens County. Ms. Zucker noted the temporary absence of David Simmons, key project manager, who is most familiar with the project and presented the background information on his behalf noting the overall transformation occurring in Long Island City. Specifically, Ms. Zucker explained that the request is anticipated to be funded from a total

loan estimated at \$34 Million Dollars with tax credit proceeds in the estimated amount of \$1.7 Million Dollars.

She reported that the subject site is located in the LIC section of Queens. She noted that this is the third project that the agency has funded in LIC (Queens County). She also noted that the Agency expects that bonds issued for 44th Drive Rentals will be tax-exempt and/or taxable bonds issued under the Agency's 80/20 Private Placement Program. She said that twenty percent (20%) of the revenue-generating units are expected to be set aside for tenants with incomes at or below 50% of the Area Median Income ("AMI") for the New York area, adjusted for family size. Ms. Zucker said that in addition, at least fifteen percent (15%) of the low income units will be rented to households whose incomes are at or below 40% of the AMI. She further noted that this project is sponsored by 44th Drive Rentals LLC and is the second project with Erik Ekstein, President of Ekstein Development LLC. She said that the project will include a one-bedroom, non-revenue unit set aside for the building superintendent and that the project construction costs are reportedly \$351,000 per unit.

Ms. Miller inquired about the distribution of the different unit sizes and how the sizes are arrived at. Ms. Zucker explained that a proportionate amount of the unit size is required and in terms of unit distribution allocation, it is required that low income units be distributed evenly (e.g., not all without a view) but some variance is allowed – top 60% of the building. Ms. Miller further inquired as to the period of affordability. Ms. Zucker explained that the period of affordability coincides with the life expectancy of the bonds (outstanding for 30–40 years) in compliance with the §421-a (exemption of new multiple dwellings from local taxation) tax regulations. She said that without the §421-a provision, units would need to be affordable for at least fifteen (15) years, at the time of occupancy, at a minimum; when the apartments turnover, they still need to be affordable and meet the same medium income requirements. She said that the project is expected to create forty-five (45) construction period jobs and four permanent jobs.

Ms. Miller asked about the private placement and the pricing of bonds. Ms. Zucker explained that the first affordable, private placement was done last month and the permanent phase municipal bond index has a 10-year/MMD-term, plus spread.

Commissioner Mattox asked if staff was happy with the performance of private placements. Ms. Zucker responded affirmatively noting that staff has worked at putting a lot of protections in place.

Discussion ensued about similar projects in the boroughs outside of Manhattan. Ms. Zucker mentioned a project in the Prospect/Lefferts part of Brooklyn which represents the first project outside of downtown Brooklyn and commented that the New York real estate market is healthy due to gentrification, an increase in land prices in Manhattan, and the considerable rise in labor costs. She noted that there are many projects in Manhattan that are likely to convert to condominiums more so than in the outer boroughs. Commissioner Towns noted that more mixed-use projects will be directed to the agency from atypical locations. Chairman Mulrow added that the 80/20 projects were a Manhattan phenomena, noting that the market is changing.

Ms. Miller asked about the developer and project ownership noting that there are two (2) other entities, however, no information was provided. Ms. Zucker explained that this is due to the controlling interests in terms of equity. Ms. Miller asked for further definition of the deferral period as it relates to these projects. Ms. Zucker said that she will provide the information at a later date.

Considering the first and second motions previously entered, the motions were 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 44TH DRIVE RENTALS APARTMENTS

A RESOLUTION AUTHORIZING THE ISSUANCE OF 44TH DRIVE RENTALS HOUSING REVENUE BONDS

A SERIES RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF 44TH DRIVE RENTALS HOUSING REVENUE BONDS, 2013 SERIES A, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$34,000,000

A SERIES RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF 44TH DRIVE RENTALS HOUSING REVENUE BONDS, 2013 SERIES B, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$34,000,000

A SERIES RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF 44TH DRIVE RENTALS HOUSING REVENUE BONDS, 2014 SERIES A, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$34,000,000

A SERIES RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF 44TH DRIVE RENTALS HOUSING REVENUE BONDS, 2014 SERIES B, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$34,000,000

A SERIES RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF 44TH DRIVE RENTALS HOUSING REVENUE BONDS, 2015 SERIES A, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$34,000,000

A SERIES RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF 44TH DRIVE RENTALS HOUSING REVENUE BONDS, 2015 SERIES B, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$34,000,000

The next item on the agenda were resolutions authorizing financing approval in an amount not to exceeded \$16,170,000 for Gardens at Town Center Apartments, located at 100 Greece Center Drive, Monroe County. Mr. Leonard Gruenfeld, Project Manager said that that this project will consist of 200,734 square feet with 175 units of senior housing and one employee unit. He said that the project will consist of 121 one-bedroom and 55 two-bedroom apartments and will have three (3) elevators, central air conditioning, tenant and visitor parking, laundry facilities, a community room, tenant storage, a management office and a computer room. He said that the project site consists of 11.80 acres of vacant partially wooded property and adjacent land uses include the local branch of the YMCA, etc.

Mr. Gruenfeld provided further background information noting that the Managing Member of the Borrower (GC Town Center Associates LLC) will be Home; the principals of Home (formerly a subsidiary of Home Properties, manages over 829 units of affordable housing in New York State), he added, are also principals of Home Properties, a real estate investment trust which owns and manages approximately 50,000 units of multifamily properties. He also reported that Mr. Nelson Leenhouts, the principal of Home, is the founder of Home Properties and currently serves on its Board of Directors. He said that several of these projects are located near the proposed project and were financed by the agency. Mr. Gruenfeld noted that Home staff includes an architect, Glasow Simmons Architecture. He stated that the anticipated cost of construction of the 176 units will be approximately \$17,767,600, highlighting the fact that all improvements have been designed to meet or exceed the Agency's green building guidelines and all of the required municipal approvals for the development of the project are in place.

Mr. Gruenfeld noted that John Oster of Edgemere Development, Inc. has significant housing development experience and is serving as the development consultant for the project. He said that the real estate taxes for the project will be subject to a Payment in Lieu of Taxes ("PILOT") Agreement with the County of Monroe.

Mr. Gruenfeld also stated that the project is expected to create fifty (50) construction period jobs and five (5) permanent jobs. He said that Rochester Housing Authority and First Niagara Bank are providing the letter of credit. The presence of representatives from Rochester Housing Authority was acknowledged. Chairman Mulrow thanked them for attending the meeting.

Ms. Miller inquired about the reference to a first mortgage. Ms. Zucker confirmed that this is a first mortgage from HFA and the financing is related to the size of the bond (with 10% cushion). Ms. Miller also inquired about the HFA subsidy loan rate. Mr. Gruenfeld stated that it is a set rate of 6% during the construction period and 1% during the permanency period.

Mr. Valella stated that in consideration of the first and second motions previously entered, the motions were 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 GARDENS AT TOWN CENTER APARTMENTS.

A SUPPLEMENTAL RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF AFFORDABLE HOUSING REVENUE BONDS, 2013 SERIES IN A PRINCIPAL AMOUNT NOT EXCEEDING \$16,170,000.

The next item on the agenda were resolutions authorizing financing approval in an amount not to exceed \$6,090,000 for The Enclave on Fifth Apartments, located at 15 South 5th Avenue, City of Mt. Vernon, Westchester County. Mr. Gruenfeld provided the relevant background information with regards to this request. The project was described as a "little different than the typical projects. Mr. Gruenfeld said that the Enclave on Fifth Apartments is the conversion of a two-story, vacant, commercial building into 40 units of affordable senior housing units noting that the upper floors will be a satellite campus (residential component) for Westchester Community College and will be separately financed. He said that the project will consist of four studios and thirty-five one-bedroom units. He said that this project will help revitalize the area. Mr. Gruenfeld said that thirty-one percent (31%) of the units will be set aside for tenants with incomes at or below 50% of AMI and 49% of the units will be affordable to tenants with incomes at or below 40% of the AMI. He said the Project is expected to create seventy-five (75) construction period jobs and one permanent job. He said during the construction period, Signature Bank N.A. or another financial institution acceptable to the agency will provide the letter of credit. He said that in terms of PILOT, the Project will be subject to a PILOT Agreement with the City of Mount Vernon Industrial Development Agency and that the permanent mortgage will be secured by SONYMA.

Ms. Miller noted that in this project, there's an HFA construction loan and asked "what happens to that when the project converts to permanent financing?" Ms. Zucker explained that on affordable transactions, the affordable rents can't support the project debt on an annual basis, as a result, the tax credit equity will be utilized in part. Mr. Davidson inquired about the proceeds. Ms. Zucker confirmed that the proceeds will convert back and will be reused..

Ms. Zucker confirmed that the agency has a green building requirement that must be certified by an architect and other green construction components are considered, i.e. low-flush toilets, to the extent that it doesn't add excessive costs.

Discussion ensued about the value in bringing mixed-use deals to particular areas and providing community resources such as schools, supermarkets, and medical facilities, and the positive aspects of doing so in addition to affordable housing; mixed-use deals are expected to be more prevalent in the future. Ms. Zucker said that this particular project is particularly

noteworthy because the building has been vacant for a long period of time and is only two (2) blocks from City Hall.

Mr. Valella stated that in consideration of the first and second motions previously entered, the motions were 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 ENCLAVE ON 5TH APARTMENTS.

A SUPPLEMENTAL RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF AFFORDABLE HOUSING REVENUE BONDS, 2013 SERIES IN A PRINCIPAL AMOUNT NOT EXCEEDING \$6,090,000

The next item on the agenda were resolutions authorizing financing approval in an amount not to exceed \$5,000,000 for Amsterdam Senior Housing located at 35 Wall Street, City of Amsterdam, Montgomery County. Mr. Terence Tsang, Project Manager then requested financing approval for Amsterdam Senior Housing Association, Montgomery County. He reported that one hundred percent of the revenue-generating units for this project will be set aside for households whose incomes are at or below 60% of the AMI adjusted for family size. He said that sixty-eight (68) of the units have project-based, Section 8 rental assistance and one of the units is a non-revenue unit reserved for the site superintendent. He said the project is sponsored by Liberty Affordable Housing Inc.; CRM Rental Management, Inc. will manage the project after the sale. Mr. Tsang said the sponsor, the general contractor (Carkner Construction, LLC), all reportedly, have had a successful work relationship with HFA. He said this investment helps with preservation of existing, outdated senior housing and the proposed improvements and the total rehabilitation hard cost is estimated at \$3.3 Million Dollars or \$48,000 per unit. He said the building amenities were highlighted: onsite rental office, parking spaces (additional parking for guests). He further said that the proposed scope of work will include a new roof with additional insulation, air-conditioner sleeves with air conditioners, etc. He said in addition, all the units will receive new kitchens fitted with Energy Star appliances. He said a new gas powered generator will also be installed to power all emergency lighting and new Energy Star hot water heaters will be installed.

Mr. Tsang said the request for authorization is for \$229,142 in tax credits. He said the project will receive a PILOT Agreement from the City of Amsterdam for real estate tax abatement.

Chairman Mulrow inquired about the reported sixty (60) non-union construction jobs and whether it is typical in this area of New York. Ms. Zucker said that non-union construction jobs are more typical in the Buffalo area. Ms. Zucker said she will explore with Gail Bressler, Vice President of Multifamily Finance (HFA) on the poor market conditions in terms of proceeds.

Mr. Varella stated that in consideration of the first and second motions previously entered, the motions were 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 AMSTERDAM SENIOR HOUSING.

A SUPPLEMENTAL RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF AFFORDABLE HOUSING REVENUE BONDS, 2013 SERIES IN A PRINCIPAL AMOUNT NOT EXCEEDING \$5,000,000.

The last two recommendations for considerations were for the Members to adopt resolutions authorizing both the remarketing of bonds for the 455 West 37th Street Bonds and the 55 West 37th Street Bonds to permit the inclusion of a daily mode option. Ms. Zucker reported that these two items relate to two projects that the agency financed back in 2007/2008. She noted that since the financial meltdown, rating downgrades have substantially increased the price of weekly adjustable rate bonds. To mitigate this effect, the agency is asked by the borrower to amend the revenue bond resolutions to permit the inclusion of an option for daily interest rate resets which offer substantial interest rate savings over the current rates.

Mr. Varella acknowledged the presence of bond counsel and stated that in consideration of the first and second motions previously entered, the motions were carried, and the following resolutions were adopted unanimously:

55 WEST 37TH STREET

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 455 WEST 37TH STREET

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY ADOPTING AN AMENDED AND RESTATED 455 WEST 37TH STREET HOUSING REVENUE BOND 2007 SERIES A RESOLUTION (TAX-EXEMPT)

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY ADOPTING AN AMENDED AND RESTATED 455 WEST 37TH STREET HOUSING REVENUE BOND 2007 SERIES B RESOLUTION (TAXABLE)

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING AND APPROVING CERTAIN MATTERS IN CONNECTION WITH THE FINANCING OF THE 455 WEST 37TH STREET PROJECT

55 WEST 37TH STREET

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 505 WEST 37TH STREET

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY ADOPTING AN AMENDED AND RESTATED 505 WEST 37TH STREET HOUSING REVENUE BOND 2008 SERIES A RESOLUTION (TAX-EXEMPT)

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY ADOPTING AN AMENDED AND RESTATED 505 WEST 37TH STREET HOUSING REVENUE BOND 2008 SERIES B RESOLUTION (TAXABLE)

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY ADOPTING AN AMENDED AND RESTATED 505 WEST 37TH STREET HOUSING REVENUE BOND 2009 SERIES B RESOLUTION

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING AND APPROVING CERTAIN MATTERS IN CONNECTION WITH THE FINANCING OF THE 505 WEST 37TH STREET PROJECT

There being no unfinished business Chairman Mulrow asked for a motion and a second to adjourn the HFA meeting. Ms. McCann moved to adjourn; Ms. Miller seconded the motion, and the meeting was adjourned at 8:51 a.m.

Mr. Valella noted that the next Board meeting was scheduled for Wednesday, August 14, 2013 at 9:00 a.m.


Alejandro J. Valella, Acting Secretary