

**MINUTES OF THE
REGULAR MEETING OF THE
MORTGAGE INSURANCE COMMITTEE OF THE
STATE OF NEW YORK MORTGAGE AGENCY
HELD ON OCTOBER 11, 2012 AT 8:01 A.M.
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

DIRECTORS AND DESIGNEES

PRESENT:

William J. Mulrow	Chairman
Marge Rogatz	Director
Darryl C. Towns	Director

ABSENT:

Naomi Bayer	Vice Chairperson
Don Lebowitz	Director

William J. Mulrow, Chairman of the State of New York Mortgage Agency (SONYMA), opened and chaired the meeting of the Mortgage Insurance Committee of SONYMA. M. Lauren McGill, Vice President and Counsel to the Mortgage Insurance Fund (MIF), acted as Secretary and asked for a motion and a second to call the meeting to order. Commissioner Towns moved to call the meeting to order; Ms. Rogatz seconded the motion. Ms. McGill stated that as items were presented before the Committee throughout the meeting, this motion and second would be used unless specific items called for a different vote or unless any Committee director wished to record his or her vote differently.

Anthony Bergamo, SONYMA Director, attended the meeting as a guest.

*** The first item on the agenda was the adoption of the minutes of the meeting of the Mortgage Insurance Committee (MIC) held on September 13, 2012.** There being no objections or corrections from the the Directors, Ms. McGill reported that the minutes were deemed approved.

* **The next item on the agenda was a resolution recommending the approval of 100% mortgage insurance on a \$12,500,000 permanent first mortgage loan for Pinnacle Place Apartments, 919 South Clinton Avenue, Rochester, Monroe County. Certificate No. 2-126.** Mr. Michael A. Friedman, Senior Vice President and Director of the MIF, highlighted certain information contained in the materials provided to the Directors in connection with this item, which are incorporated herein by reference. He stated that this highly-subsidized project comprised the acquisition and rehabilitation of 407 all low-income housing units, and would have a 20-year project-based Section 8 HUD Housing Assistance Payment (HAP) contract which assured rental income. He stated that the developer, Pathstone Housing Action Corporation, is a well-known and well-regarded not-for-profit in the Rochester area, and that this would be their fourth insured HFA loan, adding that two current HFA-financed, MIF-insured loans were performing satisfactorily with the third still a commitment. He stated that the insured loan amount was \$25,600 per unit, which equaled one-third of the project's approximate total development cost of \$79,600 per unit. He stated that the project would break even with a 9% increase in proforma vacancy and collection loss, or 6% increase in operating expenses.

Chairman Mulrow asked if the 6% increase in operating expenses was the usual margin. Mr. Friedman responded that it was usually closer to 10%.

Commissioner Towns moved to adopt the resolution; Ms. Rogatz seconded the motion, and the resolution was unanimously adopted.

* **The next item on the agenda was a resolution recommending the approval of 100% mortgage insurance on a \$13,950,000 permanent first mortgage loan for Metro East 99th Street Apartments, Manhattan, New York County. Certificate No. 10-1808.** Mr. Friedman highlighted certain information contained in the materials provided to the Directors in connection with this item, which are incorporated herein by reference. He stated that this heavily-subsidized project comprised 176 all low-income housing units and will have a 20-year project-based Section 8 HAP contract. He stated that Sydelle Knepper was an experienced developer of low-income senior housing, and that this project would house residents discharged from an extended care-facility, Coler-Goldwater Specialty Hospital and Nursing Facility, located on Roosevelt Island. He stated that relocation of residents to Manhattan would enable more space for the Cornell engineering campus on Roosevelt Island. He stated that the insured loan amount was \$79,000 per unit which equaled 27% of the project's approximate total development cost of \$293,000 per unit. He stated that the project would break even with an 11% vacancy rate, or 12% increase in proforma operating expenses.

In response to Chairman Mulrow's question of when the transfer of residents to Manhattan would occur, Mr. Friedman responded that it would occur in approximately two years.

Commissioner Towns moved to adopt the resolution; Ms. Rogatz seconded the motion, and the resolution was unanimously adopted.

* **The next item was a report concerning MIF Insured Mortgages on Supportive Housing Projects with Debt Service Paid by the New York State Office of Mental Health (OMH) or the New York State Office for People With Developmental Disabilities (OPWDD).** In response to questions previously raised by the MIC Members about the MIF's exposure to OMH and OPWDD supportive housing projects for which debt service was paid by OMH or OPWDD, Mr. Friedman highlighted information presented in a report provided to the MIC Members and SONYMA Directors prior to the meeting. Mr. Friedman stated that, as of September 30, 2012, out of an overall insured portfolio of \$2.43 billion, there were policies in force on OMH and OPWDD supported projects of \$161 million, which represented only 6.6% of the total MIF exposure. He further stated that out of total outstanding commitments to insure of \$1.0 billion, there were \$54 million in total commitments to insure on OMH and OPWDD projects, which represented 5.4% of the total MIF exposure. He stated that the MIF had issued 187 new commitments to insure during the twenty four months from October 1, 2010 through September 30, 2012, aggregating \$831 million, of which 16 projects were OMH or OPWDD-financed projects for a total of \$42 million, or 5% of the total MIF exposure. He noted that the average insured loan amount for OMH or OPWDD projects was \$128,000 per unit, compared with \$50,000 per unit for all other MIF-insured projects (exclusive of Parkchester). He stated that there was some risk that, if OMH or OPWDD withdrew its support of the projects in the future, which he considered unlikely, the projects would not be able to support the elevated debt service operating as a standard low-income housing tax credit project.

Ms. Rogatz stated that she considered it to be an obligation of the MIF to facilitate the projects noting that there were fewer OMH/OPWDD projects coming to SONYMA because OMH/OPWDD funding had been cut back. Chairman Mulrow concurred with Ms. Rogatz and thanked Mr. Friedman for the report.

* **The next item on the agenda was a resolution recommending 100% mortgage insurance on a \$9,284,506 permanent first mortgage loan for 431-443 Herkimer Street, Brooklyn, Kings County. Certificate No. 10-1809.** Mr. Friedman highlighted certain information contained in the materials provided to the Directors in connection with this item, which are incorporated herein by reference. He stated that this project comprised the construction of 54 low-income housing units, of which 33 would be for OMH clients, and the remaining 20 units would be for low-income families. He stated that the project would receive \$10.5 million from federal low-income tax credits, and that the Bank of America loan would be sold to NYCERS. He stated that the developer and OMH contract vendee, The Bridge, Inc., was an experienced and well-regarded New York City-based provider of supportive housing services. He stated that the insured loan amount was \$172,000 per unit which equaled 47% of the project's total development cost; however, debt service on the entire mortgage would be paid by OMH as part of the per diem reimbursement rate. He stated that the MIF has had one other project with The Bridge, which has been in business for a long time.

Commissioner Towns noted that this project would be located across the street from a hospital creating synergy between facilities in the community. Both Chairman Mulrow and Ms. Rogatz concurred that it was a good project.

Commissioner Towns moved to adopt the resolution; Ms. Rogatz seconded the motion, and the resolution was unanimously adopted.

* **The next item on the agenda was for Information only.** Chairman Mulrow asked if there were any issues to report. Mr. Friedman stated that delinquency rates remained constant, with the greater number of delinquencies being on smaller, upstate CPC loans, reflecting the economy and unemployment rates. He stated that there were few delinquencies in New York City or on large loans. He stated that mortgage recording surtax receipts were \$8 million in August and the MIF was on-track to receive about \$96 million for the year. He added that mortgage recording surtax receipts reached a low two years ago at \$68 million, and had been rising since.

There being no unfinished business, Commissioner Towns moved to adjourn; Ms. Rogatz seconded the motion; and the meeting was adjourned at 8:16 A.M.



M. Lauren McGill
Secretary