

**MINUTES OF THE  
REGULAR MEETING OF THE  
MORTGAGE INSURANCE COMMITTEE OF THE  
STATE OF NEW YORK MORTGAGE AGENCY  
HELD JULY 7, 2015 AT 8:00 AM  
AT ITS OFFICES AT 641 LEXINGTON AVENUE  
NEW YORK, NEW YORK 10022**

DIRECTORS AND DESIGNEES

PRESENT:

William C. Thompson            Chairman

Marge Rogatz                    Director

James S. Rubin                  Director

Chairman William Thompson chaired the meeting of the Mortgage Insurance Committee of the State of New York Mortgage Agency (SONYMA). He introduced James S. Rubin, Commissioner/President and Chief Executive Officer of the New York State Division of Homes & Community Renewal.

M. Lauren McGill, Vice President and Counsel to the Mortgage Insurance Fund (MIF) acted as Secretary and asked for a motion and second to call the meeting to order. Chairman Thompson moved to call the meeting to order; Marge Rogatz seconded the motion.

A public notice was given of the time and location of the venue in accordance with the New York State Open Meetings Law.

Mr. Christopher Curtis, Deputy State Treasurer, in his role as designee to the Commissioner of Taxation and Finance from the New York State Department of Taxation and Finance, HFA/AHC Member, attended the meeting as a guest.

Ms. McGill stated that as items were presented before the Committee throughout the meeting, the previous motion and second would be used unless specific items called for a different vote or unless any Director wished to record his or her vote differently.

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**The first item on the agenda was the adoption of the minutes of the meeting of the MIC held on June 11, 2015.** There being no objections or corrections from the Directors, Ms. McGill reported that the minutes were deemed approved.

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The next item on the agenda was a resolution recommending approval of 100% mortgage insurance on a \$15,000,000 CPC permanent first mortgage loan for 312-344 South Warren Street, Syracuse, Onondaga County. Michael Friedman, Senior Vice President/Director of the MIF, highlighted certain information contained in the materials provided to the Directors in connection with this item, which materials are incorporated herein by reference. Mr. Friedman stated that the project represents the re-adaptation of a vacant, former office building into a mixed-use development including seventy-nine workforce units, fifty-nine parking spaces and approximately 36,000 square feet of commercial space. He stated that, although there are no income restrictions, the units will be affordable to households with incomes between 124% and 132% of the Syracuse area median income.

Mr. Friedman stated that, in addition to the insured first mortgage, the project will benefit from a New York State Empire Development grant in the amount of \$2,315,000 and will have \$3.5 million in developer equity.

Mr. Friedman noted the developer is Graziano Zazzara, an experienced developer in the Syracuse area. He added that this will be the developer's first loan with the Community Preservation Corporation ("CPC") and SONYMA.

Mr. Friedman stated that the insured loan amount is \$189,873 per unit and equals 71% of the project's total development cost of \$268,035 per unit. He stated that the project will break even with a 38% residential vacancy or a 60% increase in operating expenses. He added that the project breaks even with 75% of the commercial space vacant and added further that, as a condition precedent to insurance effectiveness, the project will be required to evidence 1.15:1 income to expense coverage rather than the standard 1.05:1 coverage.

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

**A RESOLUTION OF THE MORTGAGE INSURANCE COMMITTEE OF THE STATE OF NEW YORK MORTGAGE AGENCY RECOMMENDING APPROVAL OF MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR 312-344 SOUTH WARREN STREET, SYRACUSE, ONONDAGA COUNTY**

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The next item on the agenda was a resolution approving 75% mortgage insurance on a \$3,200,000 CPC permanent first mortgage loan for Indian Trails Apartments, 166 Falling Leaf Drive, Malone, Franklin County. Mr. Friedman highlighted certain information contained in the materials provided to the Directors in connection with this item, which materials are incorporated herein by reference. He stated that the project is comprised of the moderate rehabilitation of twenty-four buildings containing 128 Mitchell Lama units. He stated that a project-based contract under the U.S. Department of Housing and Urban Development's Rental Assistance Demonstration Program will cover all units.

Mr. Friedman stated that the project will be heavily subsidized and, in addition to the insured loan and HUD contract, will benefit from a \$10 million HFA Mitchell Lama subsidy loan, a \$1 million Bank of

America, N.A. DOJ subsidy loan, \$5.5 million in federal low-income housing tax credits (“LIHTCs”) and a shelter rent PILOT from the Town of Malone. He added that the units will be reserved for households at 60% of AMI under an HFA Regulatory Agreement and further restricted to households at 50% of AMI under the HUD contract.

Mr. Friedman stated that the development entity is WinnCompanies, an experienced, nationwide developer; the project will be managed by Winn Managed Properties, LLC which manages 95,000 units nationwide.

Mr. Friedman noted that the loan amount is \$25,000 per unit which equals 16% of the project’s total development cost of \$160,116 per unit. He added that the project will break even with an 11% increase in operating expenses or a 13% vacancy rate.

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

**A RESOLUTION OF THE MORTGAGE INSURANCE COMMITTEE OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR INDIAN TRAILS APARTMENTS, 166 FALLING LEAF DRIVE, MALONE, FRANKLIN COUNTY**

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**The next item on the agenda was a resolution approving 75% mortgage insurance on a \$9,286,613 CPC permanent first mortgage loan for Concern for Independent Living Community Residence, 260 West Main Street, Riverhead, Suffolk County.** Mr. Friedman highlighted certain information contained in the materials provided to the Directors in connection with this item, which materials are incorporated herein by reference and stated that the project, and the next two projects to be presented to the MIC, consist of the refinancing of existing CPC-originated and SONYMA-insured mortgages on supportive housing projects in Suffolk County which are owned by Concern for Independent Living, Inc. (“Concern”). He stated that all three projects are supported by the New York State Office of Mental Health (“OMH”) which pays 100% of the debt service on all of the projects. He noted that the refinancings are being undertaken at the behest of OMH and that CPC will originate new mortgages taking advantage of a lower interest rate environment. He stated that the existing 7% interest rate loan on the project will be refinanced at 5.35% resulting in a savings to OMH of \$80,000 per annum of debt service. He noted that there was a modest increase in outstanding balances to cover transaction costs and prepayment penalties.

Commissioner Rubin asked if there were any concentration issues around the borrowing entity. Mr. Friedman responded that the MIF’s exposure to Concern is approaching \$100 million of the MIF’s total risk in force of approximately \$2.8 billion, a level at which it was being watched. Chairman Thompson noted that there was also exposure to OMH as the guarantor. Chairman Thompson asked if the debt service saving was similar for all three projects. Mr. Friedman stated that the aggregate debt service saving over the three projects is approximately \$175,000 per annum.

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

**A RESOLUTION OF THE MORTGAGE INSURANCE COMMITTEE OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR CONCERN FOR INDEPENDENT LIVING COMMUNITY RESIDENCE, 260 WEST MAIN STREET, RIVERHEAD, SUFFOLK COUNTY**

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The next item on the agenda was a resolution approving 75% mortgage insurance on a \$6,539,144 CPC permanent first mortgage loan for Concern for Independent Living Community Residence, 270 Patchogue-Yaphank Road, East Patchogue, Suffolk County. Mr. Friedman referred the members to the discussion of the refinancing of three Concern projects in connection with the approval of mortgage insurance and a commitment for the provision thereof for the immediately preceding project, 260 West Main Street, Riverhead, Suffolk County.

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

**A RESOLUTION OF THE MORTGAGE INSURANCE COMMITTEE OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR CONCERN FOR INDEPENDENT LIVING COMMUNITY RESIDENCE, 270 PATCHOGUE-YAPHANK ROAD, EAST PATCHOGUE, SUFFOLK COUNTY**

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The next item on the agenda was a resolution approving 75% mortgage insurance on a \$6,539,144 CPC permanent first mortgage loan for Concern for Independent Living Community Residence, 191 Main Street, West Sayville, Suffolk County. Mr. Friedman referred the Members to the discussion of the refinancing of three Concern projects in connection with the approval of mortgage insurance and a commitment for the provision thereof for the two immediately preceding projects, 260 West Main Street, Riverhead, Suffolk County and 270 Patchogue-Yaphank Road, East Patchogue, Suffolk County.

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

**A RESOLUTION OF THE MORTGAGE INSURANCE COMMITTEE OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR INDEPENDENT LIVING COMMUNITY RESIDENCE, 191 MAIN STREET, WEST SAYVILLE, SUFFOLK COUNTY**

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The next item on the agenda was a resolution approving 100% mortgage insurance on a \$2,170,000 Citibank, N.A. permanent first mortgage loan for The Meekerman Apartments, 410 Manhattan Avenue, Brooklyn, Kings County. Mr. Friedman highlighted certain information contained in the materials provided to the Directors in connection with this item, which materials are incorporated herein by reference. Mr. Friedman noted that this project comprises the construction of a seven-story building with 50 low and moderate income units including eight supportive housing units. He added that the New York State Office for People with Developmental Disabilities ("OPWDD") will subsidize the supportive housing units. Mr. Friedman stated that 38 units are restricted to households with incomes between 40% and 60% of AMI, including the eight OPWDD units, and eleven units will be unrestricted but affordable at 80% of AMI. He noted that OPWDD rent subsidies will bring rents on the OPWDD units up to the level of tax credit rents.

Mr. Friedman stated that, in addition to the insured loan, the project will benefit from a \$1.5 million Citibank DOJ loan, approximately \$14 million in LIHTCs, and a 420-c NYC real estate tax exemption.

Mr. Friedman stated that the project is being developed by Martin Dunn, an experienced developer of affordable housing utilizing both OMH and OPWDD.

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

**A RESOLUTION OF THE MORTGAGE INSURANCE COMMITTEE OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR THE MEEKERMAN APARTMENTS, 410 MANHATTAN AVENUE, BROOKLYN, KINGS COUNTY**

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The next item on the agenda was a resolution recommending approval of authorization of an amendment to the Credit Support Agreement by and between the State of New York Mortgage Agency and the New York Convention Center Development Corporation. Mr. Friedman highlighted certain information contained in the materials provided to the Directors in connection with this item, which materials are incorporated herein by reference. Mr. Friedman reported that, in 2005, the New York Convention Center Development Corporation issued its Revenue Bonds (Hotel Unit Fee Secured) Series 2005 (the "2005 Bonds") to finance the expansion and renovation of the Javits Convention Center. At that time, SONYMA entered into a Credit Support Agreement ("CSA") with CCDC pursuant to which SONYMA agreed to make payments of credit support in an amount of up to one-third of the annual debt service on the 2005 Bonds after hotel unit fee receipts and depletion of the Revenue, Debt Service and Debt Service Reserve Accounts maintained by CCDC. He stated that CCDC was preparing to issue its Revenue Refunding Bonds (Hotel Unit Fee Secured) Series 2015 (the "2015 Refunding Bonds") to lower its interest expenses and had requested that SONYMA enter into an amendment to the CSA in order to extend its credit support for the 2015 Refunding Bonds. He noted that the 2015 Refunding Bonds will

have the same 2045 final maturity as the 2005 Bonds and will be issued in the same, or a somewhat lower, principal amount.

Mr. Friedman stated that under the existing structure debt service on the 2005 Bonds ascends to a maximum of \$60 million per annum in later years. He stated that a level debt service structure would be used for the 2015 Refunding Bonds and debt service would be \$42 million per annum to maturity with the result that SONYMA's potential liability in any year will not exceed \$14 million; potential liability for the 2005 Bonds increased to \$20 million in outer years.

Mr. Friedman stated that in connection with the 2015 refunding transaction, SONYMA intends to release up to \$19 million from the Credit Support Account maintained by SONYMA as a source of credit support payments to the MIF's Special Account where it will be available for other purposes. He stated that SONYMA is obliged to maintain \$25 million in the account pursuant to the CSA and the balance is currently \$44.1 million. Mr. Friedman stated the MIF was confident that the release is prudent because Citibank, the lead underwriter for the 2015 Refunding Bonds, had run sensitivity analyses which demonstrate that it would take a 67% reduction in the 2014 hotel unit fee collection, with a trailing five-year recovery to 2014 levels, before the capitalized Revenue Account and Debt Service Reserve Account were depleted and the MIF's Credit Support Account would be utilized to pay debt service. He noted that after 9/11 and the fiscal crisis, the reduction in hotel unit fees did not exceed 20% in any year. Mr. Friedman noted that CCDC planned to reduce the capitalized balance in its Revenue Account to 80% or 100% of debt service on the 2015 Refunding Bonds rather than 120% of debt service maintained for the 2005 Bonds. He stated that the Revenue Account reductions had been part of the sensitivity analyses run by Citibank.

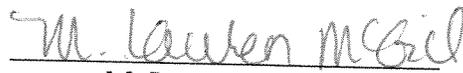
Considering the first and second motions previously entered, the motions were carried, and the following resolution was unanimously adopted:

**A RESOLUTION OF THE MORTGAGE INSURANCE COMMITTEE OF THE  
STATE OF NEW YORK MORTGAGE AGENCY RECOMMENDING APPROVAL  
OF AN AMENDMENT TO A CONTRACT WITH THE NEW YORK CONVENTION  
CENTER DEVELOPMENT CORPORATION AND AUTHORIZING ITS  
EXECUTION**

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**The last item on the agenda was an information item.** Mr. Friedman reported that mortgage recording tax collections remained at \$14 million to \$15 million per month and on track for mortgage recording tax receipts for the year in the amount of \$180 million. He noted that mortgage recording tax receipts were \$167 million last year and \$139 million in the prior year.

There being no unfinished business, Chairman Thompson moved to adjourn the meeting which was duly seconded by Ms. Rogatz; the meeting was adjourned at 8:20 a.m.



M. Lauren McGill  
Secretary