

**MINUTES OF THE
REGULAR MEETING OF THE
MORTGAGE INSURANCE COMMITTEE OF THE
STATE OF NEW YORK MORTGAGE AGENCY
HELD JANUARY 28, 2016 AT 8:08 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").

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. Ms. Marge Rogatz moved to call the meeting to order; Chairman Thompson 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.

Steven J. Weiss, HFA/AHC Vice Chairman and Linda Baldwin, in her role as designee to the Secretary of State, MBBA/TSFC Member/Director, attended the meeting as guests. Christopher Curtis, designee for Commissioner Jerry Boone, New York State Department of Taxation and Finance, and Todd Scheuermann, representing Budget Director, Mary Beth Labate, each participating via video conference from the NYS Division of the Budget conference center at the Capitol Building, Room 131 in Albany, also attended the meeting as guests.

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.

The first item on the agenda was the adoption of the minutes of the meeting of the MIC held on December 10, 2015. There being no objections or corrections from the Directors, Ms. McGill reported that the minutes were deemed approved.

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$5,150,000 HFA permanent first mortgage loan for Highland Meadows Senior Residence, 11 Hastings Drive, Beacon, Dutchess 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 first three items on the agenda are New York State Housing Finance Agency ("HFA") loans for senior housing projects. Mr. Friedman stated that this first HFA loan was for the adaptive redevelopment of the former St. Francis Hospital into 58 low-income units for seniors and 10 moderate-income units. He stated that the project is heavily subsidized and will benefit from \$5.6 million in federal low income housing tax credits ("LIHTCs"), \$3.4 million in state low-income housing tax credits ("SLIHTCs"), a \$6.3 million Community Development Block Grant ("CDBG") low-interest, second mortgage, and a 30-year Payment in Lieu of Taxes ("PILOT") agreement with the City of Beacon.

Mr. Friedman stated that the development entity, Hudson Valley Housing Development Fund Company, Inc. ("HVHDFC"), is an experienced developer of affordable housing in Dutchess, Orange and Ulster counties and this is the MIF's second loan insured for entities controlled by HVHDFC.

Mr. Friedman stated that the insured loan amount is approximately \$76,000 per unit which equals 23% of the project's total development cost of approximately \$331,000 per unit. He noted that the project will break even with a pro forma 11% vacancy and collection loss or a 13% increase in operating expenses.

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 HIGHLAND MEADOWS
SENIOR RESIDENCE, 11 HASTINGS DRIVE, BEACON,
DUTCHESS COUNTY**

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$3,200,000 HFA permanent first mortgage loan for Golden Park Apartments, 56 Golden Park Lane, Liberty, Sullivan 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 this project comprises the moderate rehabilitation of 126 low-income units for seniors. He also stated that, in addition to the insured first mortgage, the project will benefit from a \$9.9 million HFA Mitchell Lama Subsidy Loan, \$7.7 million in LIHTCs, a project-based Section 8 Housing Assistance Payment ("HAP") contract covering 110 units and a 30-year PILOT agreement with the Village of Liberty.

Mr. Friedman stated that the development entity is controlled by David A. Carlen, the principal of Norwich Corporation, an experienced developer in the northeast; and that the loan will be the first mortgage insured for projects controlled by Mr. Carlen.

Mr. Friedman noted that the insured loan amount is \$25,397 per unit and equals 14% of the project's total development cost of \$180,811 per unit. He added that the project will break even with a pro forma 12% vacancy and collection loss or a 9% increase in operating expenses.

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 GOLDEN PARK
APARTMENTS, 56 GOLDEN PARK LANE, LIBERTY, SULLIVAN
COUNTY**

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$2,680,000 HFA permanent first mortgage loan for Cayuga Meadows, Town of Ithaca, Tompkins 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 this project comprises the new development of a 68-unit apartment building for seniors. He further stated that, in addition to the insured first mortgage, the project will benefit from a \$6.4 million CDBG subsidy loan and \$3.9 million in LIHTCs. He noted that the land for the project is being sold to the developer by Cornell University at less than its appraised value in order to promote development close to the campus.

Mr. Friedman stated that the insured loan amount is \$39,412 per unit which equals 18% of the project's total development cost of \$213,404 per unit. He added that the project will break even with a 13% increase in operating expenses or a 13% vacancy rate.

Mr. Friedman stated that the development entity, Conifer Realty, LLC, is an experienced developer of affordable housing and this loan will be the twenty-second loan insured by the MIF for projects controlled by Conifer. He noted that the total exposure to Conifer, inclusive of the loan, is \$93 million.

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 CAYUGA MEADOWS, TOWN OF
ITHACA, TOMPKINS COUNTY**

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$3,456,540 Citibank, N.A. permanent first mortgage loan for Webster Green Apartments, 3100 Webster Avenue, Bronx, Bronx 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 stated that the project will be the new development of 81 low income units of which 41 will be supportive housing units financed by the New York City HIV/AIDS Services Administration ("HASA") and 40 will be low income units. He stated that the project is heavily subsidized and, in addition to the insured mortgage, will benefit from a \$6.5 million grant from the Homeless Housing Assistance Corp. ("HHAC"), a \$4.5 million Medicaid Redesign Team subordinate loan from the Division of Housing and Community Renewal, and a \$1.2 million subordinate loan from Citibank; \$9.8 million in LIHTCs, \$2.9 million in SLIHTCs and a 420c real estate tax benefit.

Mr. Friedman stated that the project is being developed by The Doe Fund, Inc. and that this will be the third loan insured for The Doe Fund for total exposure of \$21 million.

Mr. Friedman stated that the loan amount is \$42,153 per unit which equals 12% of the project's total development cost of approximately \$361,000 per unit. He added that the project will break even with a pro forma 11% vacancy and collection loss or a 9% increase in operating expenses. He noted that if the HASA contract is discontinued, the supportive housing units will remain reserved for formerly homeless tenants as provision of the HHAC grant.

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 WEBSTER GREEN APARTMENTS, 3100
WEBSTER AVENUE, BRONX, BRONX COUNTY**

The next item on the agenda was a resolution recommending approval of an increase in a commitment to provide 100% mortgage insurance from \$9,600,000 to \$13,000,000 on a CPC permanent first mortgage loan for 300 S. Salina St., 306-312 S. Salina St., 320-324 S. Salina St. & 115 W. Fayette St., Syracuse, Onondaga 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 stated this request for approval is for an increase to a loan that was approved by the SONYMA Board in September 2011. He stated that this project comprises the historic re-adaptation of a former department store in downtown Syracuse into 68 residential units and 36,386 square feet of commercial space. He stated that the increase is being requested because of a \$6

million increase in construction costs due largely to extensive floor beam rot discovered after construction began and to upgrades to unit finishes. He noted that the \$6 million is being funded with \$1.3 million of equity, \$3.4 million in additional debt and \$1.3 million in tax credits and other grants.

Mr. Friedman stated that rents for the project have increased since the project was underwritten four and one half years ago. He noted that with the increase in rents the income to expense is 1.17:1. He further noted that the project is a very heavily subsidized project with loans and grants coming from ten different municipal, county and state agencies.

Ms. Rogatz commented that, given frequent four to five year construction time periods, it is surprising that requests for increases to cover additional costs are not more frequent. She further commented on the leverage of the project across different subsidy sources. Mr. Friedman stated that he expected that more projects would come back for increases in part as a result of increased labor costs.

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 MODIFICATIONS TO
MORTGAGE INSURANCE AND A COMMITMENT FOR THE
PROVISION THEREOF FOR 300 S. SALINA STREET, 306-312 S.
SALINA STREET, 320-324 S. SALINA STREET & 115 W. FAYETTE
STREET, SYRACUSE, ONONDAGA COUNTY**

The last item on the agenda was an information item. Mr. Friedman reported that mortgage recording surtax receipts for January 2016 is \$16,825,000. He added that in December 2015, receipts declined to \$12.9 million but that receipts have been averaging \$15 million a month throughout the year and January receipts appear to be back on that track.

There being no unfinished business, Ms. Rogatz moved to adjourn the meeting which was duly seconded by Chairman Thompson; the meeting was adjourned at 8:21 a.m.



M. Lauren McGill
Secretary