

**MINUTES OF THE 309TH MEETING OF THE MEMBERS OF THE
HOUSING TRUST FUND CORPORATION (“HTFC”)
HELD ON OCTOBER 16, 2014 AT 9:00 A.M.**

Locations: 641 Lexington Avenue, New York, NY 10022 and
38-40 State Street, Hampton Plaza, Albany, NY 12207
*locations connected by video-conference

MEMBERS PRESENT:

Darryl C. Towns, Chairman
Marian Zucker for William Mulrow, Member

HTFC OFFICERS PRESENT:

Gary Connor, Counsel
Sharon Devine, President, Office of Professional Services
Ted Houghton, Chief Executive Officer
Karen Hunter, Treasurer
Chris Leo, Vice President, Office of Community Renewal
Stacey Mickle, Assistant Treasurer
Eu Ting-Zambuto, Secretary

OTHERS PRESENT:

Asia Archey, Fellow, New York State Homes and Community Renewal ("HCR")
Lisa Bova-Hiatt, General Counsel, Governor’s Office of Storm Recovery ("GOSR"), HCR
Michael DeMarco, Director of Internal Audit, HCR
Connor Duffy, Fellow, HCR
Maralyne Fleischman, Assistant Director of Asset Management, HCR
Melvin Galloway, Director of Operations, GOSR, HCR
Erica Levendosky, Division of the Budget
Robert Miller, Chief Financial Officer, GOSR, HCR
Jamie Reyes, Fellow, HCR
James Rubin, Director, GOSR, HCR
Kisha Santiago, Assistant Commissioner, Budget Services/Executive, HCR
Heather Spitzberg, SEQRA Officer, HCR
Rebecca Sinclair, Director of Buyout and Acquisition Programs, GOSR, HCR

There was a quorum with two Members present. Chairman Towns made a motion to call to order the 309th Meeting of the Members of HTFC. The motion was seconded by Ms. Zucker.

The first item on the HTFC agenda was the approval of the minutes of the 308th meeting held on September 11, 2014. The minutes were deemed approved.

The second item on the HTFC agenda was an update from the Governor’s Office of Storm Recovery (“GOSR”) on storm recovery activities. Mr. Rubin began his presentation by providing an overview of the organization. He then discussed the Housing Recovery Program and reported that the State’s progress with this program is continuing to outperform the rest of the field and neighboring jurisdictions.

Ms. Zucker asked Mr. Rubin to discuss recent news coverage on GOSR.

Mr. Rubin responded that with respect to the recent coverage in Newsday, most of the complaints noted were from persons who already received money from the State, but their complaints are based on claims of bureaucracy. He stated that these claims stem from the fact that HUD has strict requirements for the use of the money, and these requirements are passed along to the recipients.

Continuing with the presentation on the Housing Recovery Program, Mr. Rubin stated that the total expended by the end of September is approximately \$334 million, which reflects the amount of money in the hands of homeowners. He indicated that about half to more than half of the money is for non-low- to moderate-income homeowners and about 40 percent is for low- to moderate-income homeowners. He reported that the Interim Mortgage Assistance Program has been performing well, and that other programs have been launched, including the multi-family rental properties program, a program for individual owners of co-ops and condos, and affordable housing programs. He stated that the Buyout and Acquisition program continues to move ahead. He stated that the State runs the City’s acquisition program and that there are about 30 referrals from the City. Overall, over \$165 million has been expended on this program as of the end of September.

Ms. Zucker asked Mr. Rubin to summarize the status of the title and insurance coverage of the properties transferred to HTFC.

Ms. Sinclair responded that insurance coverage issues have been resolved. Additionally, she stated that McKissack, among other entities, manage the operations and maintenance of the sites and ensure that the properties meet a standard of acceptability in an effort to avoid liability.

Ms. Zucker asked what the time frame is for transferring title of the properties, including those that will remain vacant.

Ms. Sinclair stated that program staff has been working with DEP to determine which properties would benefit DEP’s existing portfolio. She stated that the timeframe to transfer title could be very short, but DEP is taking time in selecting properties.

Chairman Towns asked if there is any volume of properties outside of Oakwood Beach or if the remainder are on scattered sites.

Ms. Sinclair stated that Ocean Breeze and Graham Beach are the two other main buyout areas. The scattered sites acquisitions are coming from the City's programs. Other sites include Tottenville and Midland.

Mr. Rubin added that he shared Ms. Zucker's concern about holding on to the properties for too long. He added that the properties would not be held for very long and that if DEP does not want them, then program staff will work out a way to put them on the market.

Ms. Sinclair added that there are other entities that are inquiring about properties for conservation and land banking, and these entities are being entertained.

Mr. Rubin continued with his presentation and reported that the Small Business Recovery Program is continuing to move ahead. He stated that over \$12 million has been awarded since the end of September and the applications of remaining potential awardees are being processed. He stated that over \$620 million is being made available for projects through the NY Rising Community Reconstruction Program and the State is almost through the process of entering into subrecipient agreements with the groups that will implement the first round of projects. He reported that communities have been invited to enter into the FEMA Public Assistance Local Match Program. He summarized the progress with the HMGP program and Rebuild by Design Program.

Mr. Houghton asked about the other Rebuild by Design projects.

Mr. Rubin responded that they were projects by New York City, New Jersey, and Connecticut.

Mr. Galloway continued the presentation and stated that HUD visits twice a year to perform monitoring and twice a year for technical assistance. He stated that the last monitoring visit was concluded in August. He stated that HUD made several findings related to the Irene/Lee allocation, including findings with respect to maintenance of files, record keeping, monitoring of subrecipients, environmental findings, and procurements. He stated, however, that based on program staff's meetings with HUD, program staff is optimistic that the findings can be cleared. He stated that GOSR is working with HUD on a policy level and record keeping concern, which are top priorities.

Ms. Zucker asked Mr. Galloway to explain the finding with respect to record keeping.

Mr. Galloway responded that the nature of the programs requires the program office to pull the files apart. However, the program office is working on tailoring their process to make it easier for HUD to monitor a complete file. Mr. Galloway continued that the HUD Inspector General is concluding review of the Buyout/Acquisition Program and that the program office has been in constant communication with the HUD Inspector General to address questions. The HUD Inspector General is also reviewing the Reimbursement and Repair Program.

Ms. Sinclair added that program staff spends a lot of time explaining bridging the gap between the HUD Inspector General's knowledge of statutes and regulations and the State's programs and practices.

Mr. Rubin stated that we can expect that with the volume of homeowners that are served, there will be issues.

Mr. Galloway continued that the State is very responsive to the HUD Inspector General and every correspondence is documented to ensure consistency.

Mr. Houghton asked about the nature of the anticipated findings or issues.

Mr. Rubin stated that with respect to programs including single family housing, a main issue is going to be with the calculation of the benefits and duplication of benefits, specifically with respect to being able to reconcile a later award that the homeowner receives from insurance or another grant.

Mr. Miller added that HUD's feedback could vary. He stated that to the extent that mistakes are identified, they will be corrected and are already being corrected.

Mr. Rubin indicated that they have tried their best to maintain communication and a relationship with HUD.

Mr. Houghton commented that the metric on the State's success is going to be how New York State compares with New York City and New Jersey.

Mr. Rubin concurred stating that the State is meeting and exceeding its goals.

Mr. Houghton commented that the risk of moving fast is that there may be more issues.

Mr. Rubin compared the State's progress and last monitoring visit with HUD with the City's progress and last monitoring visit.

Mr. Galloway stated that basic duplications will occur. He stated that each agreement with the homeowner has subrogation language requiring additional funds to be disclosed and returned.

Mr. Houghton asked about the mechanism to ensure the return of money.

Ms. Bova-Hiatt stated that homeowners receive 50% up front and 50% on the back end, and during the time their homes are under construction, money received gets taken off the back end. GOSR reaches out to FEMA and insurance again to make sure nothing else was paid out.

Mr. Galloway added that GOSR gets data feeds from FEMA and the insurance companies.

Mr. Houghton asked about the sufficiency of the information from private insurance.

Mr. Galloway responded that it is more difficult to get this information, but that most of the information is from the National Insurance Fund, which DFS assists in accessing. He also stated that the State has started the recapture process. Continuing with the presentation, Mr. Galloway highlighted that the State has more than 70 MWBEs engaged as prime or subcontractors. He stated that the program office has hired a lead for MWBE initiatives and is focusing on outreach and MWBE and Section 3 participation. He reported that additional compliance firms have been hired to work along with program staff to ensure further monitoring and compliance. He stated that there are currently several external audit requests. Additionally, he reported that there has been a successful transfer to primary vendors, including IEM, Moss Cape, and Capital Access, and HGA.

Ms. Zucker asked if program staff had any concerns moving forward.

Mr. Rubin responded that regulatory compliance is always a major concern. Other concerns include catching up and fixing various holes and control issues. Aside from these concerns, there are not many concerns. He also stated that there is still money in dispute with ProSource Technologies.

Ms. Bova-Hiatt reported that there has been activity with the new fraud hotline. She stated that HTFC has developed a good relationship with the HUD Criminal Inspector General, and has referred cases to the HUD Criminal Inspector General. The program office is building up a team under its chief of investigations to perform investigations internally as well.

Chairman Towns asked if there is any signage on our buyout properties.

Ms. Sinclair responded that many of the municipalities have requested for buildings not be identified as buyout properties because it sends a message to the community that they are vacant, and the properties become a target. She stated a direct line of communication has been opened with each town and municipality for anything that needs to be addressed. She added, however, that most properties in Oakwood Beach have been tagged.

The next item on the HTFC agenda was the resolution appointing Mr. Houghton as HTFC's Chief Executive Officer. Mr. Connor presented the appointment.

Ms. Zucker moved to adopt the resolution; Chairman Towns seconded the motion, and the following resolution was adopted:

Section 1. The Members hereby appoint Mr. Houghton as Chief Executive Officer for a term consistent with Article V of the By-Laws of HTFC.

Section 2. This resolution shall take effect immediately.

The next item on the HTFC agenda was the resolution amending the By-Laws to add an internal auditor for GOSR. Mr. Galloway presented this item and indicated that the request is a result of HUD's feedback regarding the need for a heightened level of internal audit activity to ensure that proper controls and procedures exist to safeguard the assets of HTFC.

Mr. Connor did not recommend the resolution, as proposed, over concerns of independence and, instead, recommended that the position be created to report to the Chair or Board in the absence of an audit committee.

Mr. Rubin, Mr. Galloway, Ms. Bova-Hiatt, and Mr. Miller requested adoption of the resolution, as proposed, with the dual reporting structure.

Chairman Towns commented on the importance of independence. Mr. Rubin, Mr. Galloway, Ms. Bova-Hiatt, and Mr. Miller responded that they believed that independence would not be compromised with their proposed structure.

Chairman Towns and Ms. Zucker asked to table the item for further discussion. The item was tabled.

The next item on the HTFC agenda was a resolution designating agents for the Buyout and Acquisition Program. Ms. Sinclair stated that GOSR is requesting additional signatories for closings. She stated that the attorneys identified will perform all standard aspects of closings and represent HTFC at the closings. Additional agents are being requested based on the geography and volume of the closings.

Ms. Zucker asked if the firms identified were competitively procured.

Ms. Sinclair stated that the law firms are from the HFA panel. One is a MBE, and one is an WBE. The other firm, American Land Services, is a firm that was subcontracted through Capital Access, which was competitively procured. American Land Services is a title and closing company and can specialize in the closings of New York City properties because there are complexities in these closings with the title transfer.

Ms. Zucker moved to adopt the resolution; Chairman Towns seconded the motion, and the following resolution was adopted:

Section 1. The Members hereby expressly designate Vivian Rivera-Drohan, Esq. from Drohan Lee, LLP, James R. Colombo, Esq. from Drohan Lee, LLP, Jae W. Lee, Esq. from Drohan Lee, LLP, Andrea Alonso, Esq. from Morris Duffy Alonso & Faley, Jack Stern, Esq. from Morris Duffy Alonso & Faley, James Birch, Esq. from Morris Duffy Alonso & Faley, Marissa Stern, Esq. from Morris Duffy Alonso & Faley, and Jeremy S. Berlin, Esq. from EAM Land Services, Inc., d/b/a American Land Services, as agents of HTFC with the authority

to enter and execute contracts, as well as any other related closing documents, in connection with the New York Rising Buyout and Acquisition Programs, including contracts for the buyout of residential real estate, on behalf of HTFC without further action by the Members; provided, that all such contracts are within the parameters and amounts approved under the New York State Disaster Recovery Action Plan as approved by HUD, State and local laws, rules and regulations, and consistent with HTFC policies, CDBG-DR policies and guidelines, and relevant HTFC resolutions.

Section 2. The Members hereby authorize the Director of Storm Recovery, or any authorized officer of HTFC, to execute any documents which may be necessary and appropriate to effectuate the purposes of this resolution.

Section 3. This resolution shall take effect immediately.

The next item on the HTFC agenda was a resolution approving amended financial statements. Ms. Hunter presented that in August, staff discovered an error in its records related to the Community Development Block Grant Disaster Recovery program which caused income and expenditures to be overstated. While the error resulted in no change in net income, the financial statements for the period ending March 31, 2014 need to be restated and reissued. Ms. Hunter stated that some changes were made to prevent overstatement of income and expenses from occurring in the future. Additionally, a new, more robust accounting system is being implemented, with a more thorough and efficient procedure for the review of entries prior to posting to the General Ledger.

Ms. Zucker moved to adopt the resolution; Chairman Towns seconded the motion, and the following resolution was adopted:

Section 1. The Members hereby approve the revised audit report which includes corrections to all tables and notes that discuss federal revenue and federal expenditures.

Section 2. The Members hereby authorize the Treasurer or another officer to submit and publish the revised audit report in accordance with the Public Authorities Law, the Public Authorities Reform Act of 2009, and in accordance with any other governing regulations.

Section 3. This resolution shall take effect immediately.

The next item on the HTFC agenda was a resolution approving the SEQRA documentation and classification of the environmental impact of Homesteads on Ampersand. Ms. Spitzberg stated that this SEQRA recommendation is for an unlisted action

with a negative declaration for the new construction of 64 residential units of affordable housing in Plattsburgh, Clinton County using Low-Income Housing Trust Fund Program funds, project-based vouchers, and low-income housing tax credits.

Ms. Zucker moved to adopt the resolution; Chairman Towns seconded the motion, and the following resolution was adopted:

Section 1. The Members hereby accept the SEQRA documentation for Homesteads on Ampersand and hereby adopt the recommendation that the project be classified as an unlisted action with a negative declaration under SEQRA.

Section 2. The Members hereby authorize the SEQRA Officer or any authorized officer to execute any documents in accordance with the applicable provisions of law to effectuate the purpose of this resolution.

Section 3. This resolution shall take effect immediately.

The next item on the HTFC agenda was a resolution authorizing awards under the Community Development Block Grant (“CDBG”) Program for economic development. Mr. Leo presented three award recommendations. The first CDBG economic development award recommended was for an award to the Village of St. Johnsville in the amount of up to \$30,000 to assist in the expansion of Gehring Tricot Corporation. Mr. Leo stated that in 2013, two awards were made to assist different phases of expansion for Gehring Tricot including awards to the Village of Dolgeville and Village of St. Johnsville. The Village of Dolgeville did not move forward with that award, leading to this request for additional funds by the Village of St. Johnsville. The funds will be used for the purchase of machinery and equipment still required of the business for successful expansion. He stated that the proposed \$400,000 project will create 6 full-time equivalent jobs over two years, with 5 to benefit low- and moderate-income person. The cost per job of \$15,000.

Ms. Ting-Zambuto asked if Mr. Leo needed the resolution to revoke funds from the Village of Dolgeville.

Mr. Leo responded that the funds have not been awarded. The next award recommended was an award of CDBG Program funds for economic development to the Village of Boonville in the amount of up to \$405,000 to assist in the expansion of Delta Hardwood Flooring, Inc. Mr. Leo stated that the proposed \$8 million project will create 27 full-time jobs, with all 27 to benefit low- to moderate-income persons and stated that the funds will be used towards the purchase of flooring equipment. The cost per job is \$15,000. The last award was a small business assistance award of CDBG Program funds for economic development to the City of Olean in the amount of up to \$100,000 to assist in the start-up of Four Mile Brewing, LLC. Mr. Leo stated that the proposed \$300,000 project will create 5 full-time equivalent jobs, with all 5 to

benefit low- to moderate-income persons. The funds will be used toward the purchase of furniture, fixtures and equipment, as well as to assist with working capital needs.

Mr. Houghton asked for the cost per job for the City of Olean project.

Mr. Leo responded that the cost per job is \$20,000.

Ms. Zucker moved to adopt the resolution; Chairman Towns seconded the motion, and the following resolution was adopted:

Section 1. The Members hereby approve an award of CDBG Program funds for economic development to the Village of St. Johnsville in the amount of up to \$30,000 to assist in the expansion of Gehring Tricot Corporation, upon its satisfactory compliance with any pre-contract conditions as required by statute or regulations, and upon such other terms and conditions as agreed upon.

Section 2. The Members hereby approve an award of CDBG Program funds for economic development to the Village of Boonville in the amount of up to \$405,000 to assist in the expansion of Delta Hardwood Flooring, Inc., upon its satisfactory compliance with any pre-contract conditions as required by statute or regulations, and upon such other terms and conditions as agreed upon.

Section 3. The Members hereby approve a small business assistance award of CDBG Program funds for economic development to the City of Olean in the amount of up to \$100,000 to assist in the start-up of Four Mile Brewing, LLC, upon its satisfactory compliance with any pre-contract conditions as required by statute or regulations, and upon such other terms and conditions as agreed upon.

Section 4. The Members hereby approve the entering into of regulatory agreements with the applicants, upon their satisfactory compliance with any pre-contract conditions as required by statute or regulation, and upon such terms and conditions as set forth in the program guidelines.

Section 5. The Members hereby authorize the Vice President of the Office of Community Renewal or another authorized officer, subject to the provisions of this resolution, to execute any documents which may be necessary and appropriate to effectuate the purposes of this resolution.

Section 6. This resolution shall take effect immediately.

The next item on the agenda was a resolution authorizing awards under the New York State HOME Local Program. Mr. Leo stated that he was proud to bring forward almost \$9.5 million in Home Local Program awards for their recommendation. He stated that all applications were evaluated, scored, ranked and advanced in accordance with the New York State Consolidated Plan, the New York State Annual Action Plan, the Notice of Funding Availability and Request for Proposals. He reported that the source of funds is the 2013 HOME Investment Partnerships Program and of the program funds, 15 percent of the allocation is to be set aside for activities undertaken by qualified Community Housing Development Organizations. He indicated that approximately 60% of the remaining funds are reserved for the HOME Local Program and the remaining 40% is allocated to the State’s capital projects through the Office of Finance and Development. He reported that a Notice of Funding Availability provided for the availability of at least \$8 million and since that announcement of funds, an additional \$1,489,000 in program income and/or de-obligated funds have been identified. In response to the Notice of Funding Availability and a Request for Proposals, a total of 79 eligible applications were submitted from all ten Regional Economic Development Council areas of the State, requesting a combined total of \$27,235,200. He summarized the award recommendations advancing 28 of the applications, and stated that 412 households are projected to benefit from the proposed activities with NYS HOME Local Program assistance.

Ms. Zucker asked if HTFC coordinates these awards with the Affordable Housing Corporation.

Mr. Leo responded that the two entities are in constant communication and coordinate the awards.

Ms. Zucker moved to adopt the resolution; Chairman Towns seconded the motion, and the following resolution was adopted:

Section 1. The Members hereby authorize awards under the HOME Local Program up to the amounts specified to the following eligible applicants:

Local Program Administrator	SHARS ID	Award Amount
METRO INTERFAITH HOUSING MANAGEMENT CORP.	20133113	\$200,000
CITY OF AMSTERDAM	20133114	\$400,000
PUTNAM COUNTY HOUSING CORP.	20133115	\$250,000
VILLAGE OF CORINTH	20133118	\$400,000
VILLAGE OF BALLSTON SPA	20133120	\$400,000
TOWN OF FORT EDWARD	20133124	\$400,000
ALBANY COUNTY RURAL HOUSING ALLIANCE, INC.	20133126	\$300,000
TOWN OF QUEENSBURY	20133127	\$300,000
WYOMING COUNTY COMMUNITY ACTION, INC.	20133133	\$400,000
CITY OF LITTLE FALLS	20133134	\$400,000
OTSEGO RURAL HOUSING ASSISTANCE, INC.	20133140	\$264,000

REBUILDING TOGETHER SARATOGA COUNTY, INC.	20133141	\$300,000
ITHACA NEIGHBORHOOD HOUSING SERVICES, INC.	20133148	\$500,000
VILLAGE OF SARANAC LAKE	20133150	\$400,000
CITY OF KINGSTON	20133151	\$350,000
OPPORTUNITIES FOR CHENANGO, INC.	20133156	\$400,000
FRIENDS OF THE NORTH COUNTRY, INC.	20133157	\$200,000
CITY OF FULTON COMMUNITY DEVELOPMENT AGENCY	20133158	\$275,000
CATSKILL MOUNTAIN HOUSING DEVELOPMENT CORP. INC.	20133162	\$400,000
CENTER CITY NEIGHBORHOOD DEVELOPMENT CORPORATION	20133163	\$400,000
NEAR WESTSIDE NEIGHBORHOOD ASSOCIATION, INC.	20133165	\$250,000
BISHOP SHEEN ECUMENICAL HOUSING FOUNDATION, INC.	20133169	\$400,000
RURAL HOUSING OPPORTUNITIES CORPORATION	20133170	\$200,000
WEST SIDE NEIGHBORHOOD HOUSING SERVICES, INC.	20133171	\$400,000
COMMUNITY PROGRESS INC.	20133172	\$300,000
RURAL HOUSING OPPORTUNITIES CORPORATION	20133177	\$200,000
CAPITAL DISTRICT HABITAT FOR HUMANITY, INC.	20133183	\$500,000
COMMISSION ON ECONOMIC OPPORTUNITY FOR THE GREATER CAPITAL REGION, INC.	20133187	\$300,000
Grand Total		\$9,489,000

Section 2. The Members hereby authorize the entering into of regulatory agreements with the applicants, upon their satisfactory compliance with any pre-contract conditions as required by statute or regulations, and upon such terms and conditions as set forth by HOME Local Program guidelines.

Section 3. The Members hereby authorize the Vice President of the Office of Community Renewal or another authorized officer of HTFC to execute any documents which may be necessary and appropriate to effectuate the purposes of this resolution.

Section 4. This resolution shall take effect immediately.

The next item on the agenda was a resolution correcting resolutions authorizing Preservation Initiative Program ("PIP") awards. Ms. Fleischman provided an overview of the program and the projects identified under the PIP portfolio. She stated that PIP awards were authorized by the HTFC to Brookside Senior Apartments on October 10, 2013, Landmark on Main Street on May 8, 2014, St. Joseph's Preservation on June 2, 2014, and Petoff Garden Apartments on September 11, 2014. She then noted that prior board resolutions authorizing the PIP awards had erroneously stated that the source of the PIP funds was the Low-Income Housing

Trust Fund Program, rather than HTFC Corporate Funds, the correct source of funds for the PIP awards. She requested that the resolutions be corrected to reflect the correct funding source.

Ms. Zucker moved to adopt the resolution; Chairman Towns seconded the motion, and the following resolution was adopted:

Section 1. The Members hereby agree that the resolutions authorizing awards under PIP for the Petoff Garden Apartments on September 11, 2014, St. Joseph's Preservation on June 26, 2014, Landmark on Main Street on May 8, 2014, and Brookside Senior Apartments on October 10, 2013, shall be, by this resolution, corrected to reflect funding from Corporate Funds, not the Low-Income Housing Trust Fund Program.

Section 2. The Members hereby authorize the President of the Office of Housing Preservation or another officer of HTFC to execute any documents which may be necessary and appropriate to effectuate the purposes of this resolution.

Section 3. This resolution shall take effect immediately.

The first informational item was the review of authorized contracts under the CDBG Disaster Recovery Program. Contracts were executed with Tectonic Engineering & Surveying Consultants, Thacher Associates, Penda Aiken Inc., and the Forum Group. Additionally, a lease agreement was executed with BACM 2005-3 Office One, LLC.

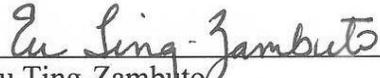
The next item was a review of contracts of over one-year from the GOSR.

The next item was a review of SEQRA Type II actions and concur summaries.

The last item was the Treasurer's Report. Ms. Hunter reported on the cash and investments in HTFC's accounts, and she stated that there were no budget certificates or vouchers pending as of September 30, 2014. She also stated that the new reporting system will enable future reports to contain more detail with respect to budgets and monthly trial balances.

There being no unfinished business, Ms. Zucker moved to adjourn the meeting; Chairman Towns seconded the motion, and the meeting was adjourned.

Dated: October 16, 2014


Eu Ting-Zambuto