

**MINUTES OF THE 313TH MEETING OF THE MEMBERS OF THE
HOUSING TRUST FUND CORPORATION (“HTFC”)
HELD ON MARCH 12, 2015 AT 8:30 A.M.**

Locations: 641 Lexington Avenue, New York, NY 10022 and
State Capitol Building, Room 131, 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
Bret Garwood, Senior Vice President, Office of Finance and Development
Ted Houghton, Chief Executive Officer
Daniel E. Murphy, Vice President, Office of Housing and Preservation
Karen Hunter, Treasurer
Stacey Mickle, Assistant Treasurer
Eu Ting-Zambuto, Secretary
Dawn Ivy Schindelman, Assistant Secretary

OTHERS PRESENT:

Melvin Galloway, Director of Operations, Governor’s Office of Storm Recovery (“GOSR”)
Lisa Pagnozzi, Procurement Officer
Heather Spitzberg, SEQRA Officer, Director of Environmental Analysis Unit
Michael DeMarco, Director of Internal Audit DHCR/HTFC
Erica Levendosky, Division of the Budget
Alan Smith, Assistant Commissioner
Charni Sochet, Press Secretary, Communications and Public Information, HCR
Latoya Murphy, Deputy Executive Director, GOSR
Lisa Bova-Hiatt, General Counsel, GOSR
Betsy Mallow, Deputy Executive Director, GOSR

There was a quorum with two Members present. Chairman Towns made a motion to call to order the 313th 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 312th meeting held on January 29, 2015. The minutes were deemed approved.

The next item on the HTFC agenda was a resolution authorizing an award of New York State Homes for Working Families Funds for Maple Court Apartments. Mr. Garwood presented this item and stated that the Office of Finance and Development is seeking

an award of up to \$2,350,000 for this project, which had been approved for HFA bond financing at a previous Board meeting. The project contains 92 units, located in Watertown. All 92 units are subject to HAP contracts. Mr. Garwood indicated that it is notable that this project is part of an effort for HWF to provide some exceptions to the \$2,000,000 cap for which they can move projects forward that would otherwise not be able to move forward in their 9% round and therefore, get more projects done. Mr. Garwood noted that this is an example of one of the projects that has benefitted from the program. Mr. Garwood further indicated that he plans to present a few similar projects next month.

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

Section 1. The Members hereby authorize an award of up to \$2,350,000 under the HWF Program for the Maple Court Apartments and the entering into of regulatory agreements for the project, upon such other terms and conditions as set forth under program guidelines.

Section 2. The Members hereby provide that this authorization will lapse 180 days after the effective date of this resolution if a closing on all sources of construction financing sufficient to complete the project has not occurred.

Section 3. The Members hereby authorize the President of the Office of Finance and Development or another 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 4. This resolution shall take effect immediately.

The next item on the HTFC agenda was a resolution authorizing awards under the Medicaid Redesign Team ("MRT") Program for 4 projects, a) 2264 Morris Avenue Apartments; b) DePaul Trolley Station Apartments; c) Evergreen Lofts Apartments and d) St. Augustine's Apartments. Mr. Garwood presented this item and noted that these four MRT awards before the Board would fully obligate the MRT funds available this fiscal year. He indicated that a situation has been set up whereby we are already awarding next fiscal year's marquee funds, as part of the 9% that he expects to be awarded in FY 15-16. He indicated that the 9% are being announced in FY 15-16. Mr. Garwood noted that these four projects are distributed throughout the State, with two being located in New York City and two in upstate New York. He further indicated that they anticipate that all of these projects will come back before the HFA board for financing and that he was solely seeking MRT funds at this time.

The first project presented by Mr. Garwood was 2264 Morris Avenue Apartments, located in the Bronx, an 88 unit project with 87 revenue generating units. Of these units, 29 are MRT units, set aside for individuals with severe and persistent mental illness. The owner is Bronx Pro Real Estate and Services for the Underserved and the supportive services will be provided by Services for the Underserved. He indicated that there is an OMH award for social services and that they are seeking an award of up to \$5,800,000 in MRT funding.

The next project presented by Mr. Garwood was de Paul Trolley Station Apartments,

located in Canandaigua. He indicated that they are seeking an award in the specific amount of up to \$3,569,909 in MRT funding. He indicated that the project contains 48 units, 26 of which will be set aside for individuals with severe and persistent mental illness. The Owner is DePaul Properties Inc. and the supportive services will also be provided by DePaul. This project has an OMH award, which will also provide construction capital funding and mortgage debt payments.

The next project presented by Mr. Garwood was Evergreen Lofts, located in Buffalo. He indicated that this project contains 56 units, 28 of which will be set aside for formerly homeless individuals with HIV/AIDS. He indicated that this is an adaptive re-use project of an historic building. Mr. Garwood further indicated that the project has received a subsidy award from HHAC and that the social services awards are to be provided by HUD. He indicated that this continuum of care is not usually provided by HUD, especially for HIV/AIDS. He indicated that they are seeking an MRT approval amount of up to \$3,500,000.

Ms. Zucker commented that she had not seen a project like this before, where the continuum of care is provided by HUD.

Chairman Towns asked for clarification regarding the number of units.

Mr. Garwood responded that there are 56 units, 28 of which are MRT supported.

The next project presented by Mr. Garwood was St. Augustine's apartments, located in the Bronx, consisting of a 12 story building with 112 units, all of which are available to individuals earning less than 60% of the AMI. He indicated that 35 of the units would be set aside for individuals with severe and persistent mental illness. The owner will be the Association of New York Catholic Homes and supportive services will be provided by them as well. OMH will provide funding for social services and mortgage debt payment. Mr. Garwood indicated that they are seeking an award for this project of up to \$6,930,000 in MRT funding. He noted that these projects are pretty good examples of what the Board can expect to see regarding MRT projects going forward. He noted that all of the projects are integrated, half and half or even less than half, with half being supportive units compared to the number of affordable units.

Ms. Zucker commended Mr. Garwood for the good work effectuated by him and his staff.

Chairman Towns agreed with Ms. Zucker's comment.

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

Section 1. The Members hereby approve the award of up to \$5,800,000 in MRT funds for 2264 Morris Avenue Apartments and the entering into of regulatory agreements with the applicant, upon its satisfactory compliance with any pre-contract conditions as required by statute or regulation, and upon such other governing terms and conditions.

Section 2. The Members hereby approve the award of up to \$3,569,909 in MRT funds for DePaul Trolley Station Apartments and the entering into of regulatory agreements with the applicant, upon its satisfactory compliance with any pre-contract conditions as required by statute or regulation, and upon such other governing terms and conditions.

Section 3. The Members hereby approve the award of up to \$3,500,000 in MRT funds for Evergreen Lofts Apartments and the entering into of regulatory agreements with the applicant, upon its satisfactory compliance with any pre-contract conditions as required by statute or regulation, and upon such other governing terms and conditions.

Section 4. The Members hereby approve the award of up to \$6,930,000 in MRT funds for St. Augustine's Apartments and the entering into of regulatory agreements with the applicant, upon its satisfactory compliance with any pre-contract conditions as required by statute or regulation, and upon such other governing terms and conditions.

Section 5. The Members hereby provide that this authorization will lapse 360 days after the effective date of this resolution if a closing on all sources of construction financing sufficient to complete the project has not occurred.

Section 6. The Members hereby authorize the President of the Office of Finance and Development or another authorized officer of HTFC, 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 7. This resolution shall take effect immediately.

The next item on the HTFC agenda was a resolution approving the transfer and assignment of the Housing Choice Voucher ("HCV") Program for the Ogdensburg Housing Authority ("OHA"). Mr. Smith presented this item. He indicated that this is a routine transfer of the administration of a HCV program and that in his many years he has seen many of these types of requests. He indicated that smaller PHA's often find it untenable to run a program such as this, trying to operate within the federal resources provided. Mr. Smith indicated that this is a 50 unit program. He noted that for the last 8 – 10 years, HTFC has assumed at least one of these assignments every year and that the assignment is very straightforward and he does not see how they can economically afford to run such a program. He noted that HTFC has the capacity to administer this and to assume this additional program responsibility by and through its St. Lawrence County Local Administrator. Mr. Smith indicated that they are pursuing this with a target date of July 1, 2015 for the proposed transfer.

Chairman Towns inquired as to whether the assignment of this program raised any concerns.

Mr. Smith responded that he had no concerns, as this is a straightforward, well run, clean program and noted that HTFC would inherit OHA's budget authority and any reserves that they have. Mr. Smith added that it was a very well run program and that they always check both their programmatic and financials to make sure that HTFC is not taking on any baggage. Mr. Smith

added that they have refused three assumption requests in the past, based on programmatic and financials, but that this was a clean program.

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

Section 1. The Members hereby approve the transfer and assignment of the Housing Choice Voucher Program with contract and budget authority from OHA to HTFC, effective July 1, 2015 or at such subsequent time as HUD may establish.

Section 2. The Members hereby authorize Alan L. Smith, Assistant Commissioner, to execute any documents which may be necessary and appropriate to effectuate the transfer and assignment.

Section 3. This resolution shall take effect immediately.

The next item on the HTFC agenda was a review of SEQRA determinations for Community Development Block Grant Disaster Recovery Program projects.

There was no request for a presentation on this item.

The next item on the HTFC agenda was a summary of SEQRA Type II actions and coordinated reviews.

There was no request for a presentation on this item.

The next item on the HTFC agenda was a review of authorized contracts under the Community Development Block Grant Disaster Recovery Program.

There was no request for a presentation on this item.

The next item on the HTFC agenda was a review of the Board self evaluation criteria.

Mr. Connor stated that this is an annual self evaluation and can be done at any time. He noted that this should be submitted to him and is confidential. Mr. Connor further noted that he would forward these submissions to the Authorities Budget Office.

The next item on the HTFC agenda was a review of the mission statement.

Mr. Connor stated that the Mission Statement is currently up before the Board for review and that a resolution would be presented at the next board meeting. Mr. Connor further noted that if any changes are requested, the Board should let him know and the changes will be made.

The next item on the HTFC agenda was a resolution engaging SaxBST to perform the annual audit for the 2014 - 2015 fiscal year. Ms. Hunter presented this item. She indicated that she is seeking Board approval for SaxBST to conduct the annual audit for FY 15–16. She noted that this is the 6th year of engagement of SaxBST. She further noted that HTFC originally procured SaxBST in 2010 for a 5 year period and last year the idea was that HTFC would try to match up the timing with the RFP for HTFC financial services with HFA and SONYMA. The procurement group prepared the RFP, but as they moved forward they realized that there was a disconnect between the fiscal year ends of HTFC and the 641 agencies. Due to timing issues, the RFP is being held until later this summer. Ms. Hunter indicated that the engagement letter is included in the Board Packet and that the fee for the regular preparation of our HTFC financial statements and review of the corporation is remaining at \$25,000. The incremental fees to perform additional activities related to CDBG Disaster Recovery is estimated at \$23,750, for a total of \$48,750. Ms. Hunter concluded by recommending that the Board approve this engagement, so that the process can be initiated for this year.

Ms. Pagnozzi added that because the contract exceeds 5 years, without a new solicitation process in place, an affirmative concurrence of the Board members is necessary with the understanding that we are going beyond 5 years without a new solicitation process.

Ms. Zucker commented that it seemed like there was a good reason for this request.

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

Section 1. The Members hereby approve the engagement of SaxBST to conduct HTFC's annual independent audit for fiscal year ended March 31, 2015 for a fee up to \$48,750.

Section 2. The Members hereby provide affirmative concurrence in relation to the services provided by SaxBST, with the understanding that the engagement with SaxBST has been continuing for more than five years without a new competitive process being conducted.

Section 3. The Treasurer or another authorized officer is hereby authorized to execute any documents which may be necessary and appropriate to effectuate the purpose of this resolution.

Section 4. This resolution shall take effect immediately.

The next item on the HTFC agenda was a resolution approving the program and administrative budget. Ms. Hunter presented this item and indicated that copies of the revised budget were being handed out at the meeting. Ms. Hunter noted that as promised in December, when they presented the ABO budget before the Board, she is now coming before the Board with a detailed administrative and program budget for FY 15-16. She presented the administrative section of the budget first. She noted that the format has changed and walked the Board through the general sections, explaining how the budget was prepared. Ms. Hunter noted that this is an inaugural year for this kind of presentation. She further indicated that she hoped that as we move forward with the new accounting system, she will be able to provide the details that the Board and managers need to manage their budgets. She indicated that this year she is starting out with estimates and that when she can produce reports on the accounting system, she envisions coming

back to the Board with periodic reports. She added that she may even present an amendment to the budget, to line the costs up in the appropriate category, so that on the administrative side, the Board can see what is happening and have a better understanding of where the funds are flowing.

Ms. Hunter continued her presentation with the program section of the budget. She reiterated that this was an inaugural year for this type of presentation. She noted that because of the way that the corporation occurred over time and within their initial charge to administer the State's capital programs, prior to this year, HTFC's budget was really a program budget document. She indicated that she is trying to tie all the pieces together in an integrative entity so that the program corporation section really brings us back to the presentation and the funding that is available to HTFC. She further noted that the executive budget at this point, is just the executive budget, therefore, whenever legislative actions occur, they will impact this section.

Ms. Hunter indicated that the next component tracked to the SHARS reporting system, where all of the program projects are tracked and information is provided about funding and commitment. She noted that the commitment in SHARS versus what is available to use on 2015/2616 expenditures is an estimated commitment of what is available over time. She further indicated that she is looking to provide HTFC with information on what is available in SHARS commitments versus what is available in the moment. Ms. Hunter noted that she wants to provide HTFC with what is available in the State budget for FY 15-16 and indicate what funds the program areas have available to commit during FY 15-16.

Ms. Hunter continued her presentation with the last section of the program and administrative budget, which covered estimated revenue and expenditures. Ms. Hunter noted that in the past she has shown all available re-appropriation under each program area, which was not realistic because this is tied to disbursements from the state, based on a capital plan. Ms. Hunter noted that page 13 of the report tracks the capital plan, regarding what they plan on disbursing in the fiscal year. She further noted that we have to see how legislative action affects the executive budget. Ms. Hunter indicated that page 14 of the report speaks to restrictive funds that the HTFC holds and the money that is reserved for administrative or technical assistance awards. Ms. Hunter added that in the program section, the federal program shows funding under the federal boards, including the disaster program. Ms. Hunter further added that the only section that is not broken down in the administrative section, other than FTE's, is for the GOSR program, as they manage their own budget. The costs of the GOSR program are all included within those lines of federal awards. Ms. Hunter indicated that she was not sure if she will ever get to point where she can explain this information in more detail. She further noted that currently the administrative costs and program delivery costs are included within lines of the presentation, located on page 15 of the report.

Ms. Hunter next presented the final section of the report. She noted that the Board had already been presented with the ABO required budget financial plan projections back in December. Ms. Hunter further noted that this is a transition year, because in past the ABO section was handled separately from regular the HTFC budget. She indicated that she envisions that this is last year that these pieces will be separated. She stated that she will come to Board in December with an overall budget, like we are seeing here now, including the ABO presentation. Ms. Hunter indicated that going forward, she anticipates that her ABO presentation this

December will contain much greater detail and track more closely to the program's administrative budget, instead of being rolled up into the rounded numbers that she now presented to the Board.

Ms. Zucker thanked Ms. Hunter and her staff for all the work they did to put the budget in a format that is easily understandable.

Ms. Zucker asked a question and referred to page 17 of the report, regarding salary and wages. She noted that there was a \$5,700,000 jump between last year and this year and that it continues to trend upward. She inquired if this was GOSR.

Ms. Hunter responded that this was correct, it was GOSR. Ms. Hunter added that because of this she included the FTE section in administrative part of presentation. She noted that GOSR salaries are not included in our administrative budget detail, but that FTE are included on the FTE page just for informational purposes. Ms. Hunter further noted that the report addressed this on page 6 of the budget. Ms. Hunter stated that the ABO requires us to report all salaries of corporation and GOSR staff and trust fund employees, so they are reported there in great detail, as required by ABO. Ms. Hunter further stated that an explanation is due in December and that she is required to show those salaries.

Ms. Zucker thanked Ms. Hunter for the explanation.

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

Section 1. The Members hereby adopt the annual budget.

Section 2. The Treasurer or other authorized officer is hereby authorized to publish, file, or report the budget in accordance with the requirements of the Public Authorities Law or other governing regulations, as applicable.

Section 3. This resolution shall take effect immediately.

The next item on the HTFC agenda was a resolution authorizing a contract with Enhanced Business Systems, Inc. ("EBS"), for accounting system automation services. Ms. Hunter presented this item. She indicated that last year she came to the Board for approval to enter into a contract with EBS. She explained that we are expanding upon the relationship that EBS had for about 10 or more years with OCR, as we have a need for more robust accounting system for HTFC. Ms. Hunter noted that as can be seen from the administrative and GOSR programs, including additional staff in the HTFC requires us to report in greater detail and that the prior accounting system was not sufficient. Therefore, Ms. Hunter explained the need for an arrangement to expand our services from EBS, which was based on their small business standing. Ms. Hunter further explained that as they moved forward with that engagement, they realized that we needed to add some additional customization. Ms. Hunter indicated that conversations with procurement about reporting requirements under ABO took place, including the need for capturing contracts in the system. Therefore, Ms. Hunter noted that she was coming

to the Board with a contract to increase the scope of their original engagement, to include the contracts module, to reflect the ongoing support that is necessary for the program. Ms. Hunter added that she was moving rapidly to completion of the general metric portion.

Ms. Hunter noted that she would be able to give managers and the Board more of the sought after detail. Ms. Hunter stated that she realized that with integration of procurement teams and the procurement unit taking on the HTFC contracts, that there was no central place to capture those contracts and easily marry the information with the financial information. Therefore, Ms. Hunter explained that this is one of the key components of the amendment, along with the annual support. Ms. Hunter added that if at some point during the next 5 years HTFC opts to discontinue using this accounting system, the annual support fees would not be required to be paid, as that would end when the services ended. Ms. Hunter further added that she is confident that this system can provide what we need, good information to both managers and the Board. Ms. Hunter concluded by stating that she respectfully requests Board approval to enter into this contract.

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 initial contract with EBS for accounting system automation services and approve an amendment to the contract to provide additional services including an additional module for contract/procurement reporting needs, additional reporting capabilities across all modules, and maintenance and support services for a four year period in an amount not to exceed \$245,500 in total.

Section 2. The Members hereby authorize the HTFC Procurement Officer, Treasurer, or another Officer of HTFC, 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 3. This resolution shall take effect immediately.

The next item on the HTFC agenda was a resolution authorizing the GOSR Chief Financial Officer as authorized signatory for the corporation. Ms. Bova-Hiatt presented this item. She indicated that GOSR is seeking authorization from the board members to assign GOSR's Chief Financial Officer Robert P. Miller, to execute warrants for GOSR disbursements. Ms. Bova-Hiatt explained that the justification for this request is premised upon 3 reasons – 1) the departures of Seth Diamond and Sharon Devine have reduced number of individuals available to execute warrants for GOSR disbursements; 2) after Mr. Diamond's departure GOSR did not add an additional signatory, which has created a shortage of such signatories, given GOSR's high volume of activity and 3) GOSR's finance department staff is now large enough to effectuate a sufficient separation of duties, within the department regarding the authority of disbursements and other financial activity.

Ms. Bova-Hiatt added that in addition, GOSR seeks authorization for the Chief Financial Officer to designate an additional designee to sign on his behalf to execute warrants and that Mr. Miller recommends the designation of Donna Lampone, GOSR's Comptroller, as his designee. In conclusion, Ms. Bova-Hiatt stated that GOSR is seeking a resolution that the Chief Financial

Officer and in his absence, the Comptroller, be designated as agent of the corporation, with signature authority for the limited purpose of signing and executing warrants for disbursements pursuant to contracts under GOSR. Said request was attached and submitted for the Board's consideration.

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

Section 1. The Members hereby designate the Chief Financial Officer of the Governor's Office of Storm Recovery as an agent of HTFC for the limited purpose of being an authorized signatory to sign and execute warrants for disbursements pursuant to contracts and/or instruments under the Governor's Office of Storm Recovery.

Section 2. The Members hereby authorize the Chief Financial Officer of the Governor's Office of Storm Recovery to designate one additional designee as an authorized signatory to sign on his behalf for the limited purpose of signing and executing warrants for disbursements pursuant to contracts and/or instruments under the Governor's Office of Storm Recovery.

Section 3. The Chair of HTFC may revoke and rescind this resolution upon notice to the Members.

Section 4. This resolution shall take effect immediately.

The next item on the HTFC agenda was a report on the status from GOSR. Ms. Murphy, Ms. Bova-Hiatt and Ms. Mallow presented this item. Ms. Mallow distributed copies of the report and indicated that she would forward copies to the Albany staff.

Ms. Zucker inquired as to whether this report was a draft, as indicated on the cover.

Ms. Mallow responded that that the report should not say "draft", as the report is a final report. Ms. Mallow added that she could update the cover and submit it.

Ms. Murphy began the presentation by walking the Board through the first portion of the report, starting with a chart of the GOSR Team, located on slide two. Ms. Murphy noted that the chart is primarily the same, in terms of staff, except for a few highlighted changes and she discussed the new hires. Ms. Murphy announced that as the Board is aware, GOSR's Chief Operating Officer, Melvin Galloway is moving on. She noted that Mr. Galloway has been with GOSR for almost two years, that he will be sorely missed and that they wish him well.

Ms. Murphy noted that GOSR is aggressively recruiting for the COO position. She further noted that they have a strong slate of candidates and hope to have the position filled within a couple of weeks. Ms. Murphy reported that GOSR has selected a candidate for the position of internal auditor and that she believed that he is meeting with the Commissioner next week. She added that provided that the meeting goes well, GOSR will submit his paperwork to the Board.

Ms. Murphy continued the presentation with slide three, regarding GOSR's programs. Ms. Murphy stated that GOSR's housing program is progressing nicely. She indicated that they have expended approximately \$373,000,000, which is up 12% from last quarter. She added that they serviced 11% more homeowners since last quarter, which is roughly over 10,000 applicants, as indicated at the bottom of that slide.

Ms. Murphy next presented slide four, which highlighted additional programs that fall under GOSR's housing recovery efforts. She stated that the IMA program for mortgage assistance has assisted approximately 600 displaced homeowners and has expended approximately \$10,000,000. She further stated that the multifamily program operates similar to the single family program and has three components – 1) the Rental Program, which disbursed \$2,000,000 last quarter to support 64 properties; 2) the Affordable Housing Trust, which issued two conditional awards for a total of \$13,000,000 last quarter and 3) the Condo/Coop Program, which issued one small award last quarter. Ms. Murphy added that GOSR is looking to make more substantial awards under the Condo/Coop program at the end of March.

Ms. Zucker asked Ms. Murphy to go back to slide number three and explain the difference between the 6,005 figure and the 4,123 figure.

Ms. Murphy responded that the 6,005 figure represents non – LMI homeowners, whereas the 4,123 figure represents LMI homeowners.

Ms. Zucker inquired as to whether these figures are representative of the applications that were received.

Ms. Murphy responded in the affirmative.

Ms. Zucker inquired as to whether GOSR is conducting outreach to low and moderate income applicants.

Ms. Murphy responded in the affirmative.

Ms. Zucker further inquired as to whether GOSR was making sure they captured these applicants.

Ms. Murphy responded in the affirmative and added that GOSR was, in fact, very actively working on a program supplemented by other sources of federal funds to do precisely that.

Ms. Murphy continued the presentation with slide number five, the Buyout and Acquisition Program. She indicated that the Build it Back program has received 145 referrals from the City of New York, 17 of which have been approved for offers in last quarter. Ms. Murphy added that the State's Buyout and Acquisition program has expended approximately \$203,000,000, which is a 22% increase since the third quarter. This totals 137 acquisition closings and 374 buyout closings. Ms. Murphy indicated that this is illustrated on the bottom of the chart, on the right, and that this slide also has a breakdown for LMI v. non-LMI.

Ms. Zucker inquired as to whether the buyout is open space, green land or open space in perpetuity.

Ms. Murphy responded that the acquisitions are the ones that are sold at auction.

Ms. Zucker asked for an update on where that stands in terms of transferring properties to parks and how the acquisitions can move forward.

Ms. Murphy responded that GOSR has their first auction scheduled for mid May, May 19th and May 20th. Ms. Murphy noted that there are approximately 160 parcels to be auctioned via competitive open bid for the buyout process. Ms. Murphy added that GOSR is currently working with different state agencies in identifying organizations that will take that on.

Ms. Zucker asked if governments could participate in the auction and if GOSR was expecting investors or actual homeowners.

Ms. Murphy responded that it was primarily the latter. She indicated that GOSR is looking for both small and large developers to come in and purchase these properties at auction, at market rate.

Ms. Zucker inquired if there would be any restriction on these auctioned properties on a going forward basis.

Ms. Murphy deferred to her General Counsel, Ms. Bova-Hiatt for a response.

Ms. Bova-Hiatt responded that there are restrictions, as properties have to be re-built within three years. She indicated that if these properties are not rebuilt, they revert back to GOSR. Ms. Bova-Hiatt added that these properties need to be rebuilt in a resilient matter, consistent with local building regulations and HUD regulations. Ms. Bova-Hiatt further added that since all of the properties that were acquired were substantially damaged, all of them would need to be elevated. Ms. Bova-Hiatt stated that there are these restrictions, along with the necessity to maintain flood insurance on these properties in perpetuity.

Ms. Zucker inquired if there were any purchase price restrictions.

Ms. Bova-Hiatt responded that GOSR has set the fair market value at 65% of the value of the land, taking into account the fact that a lot of the properties will have to be demolished and that all of the properties will need to be elevated.

Ms. Zucker inquired as to once a developer rebuilds a property, if there were any restrictions as to who they could sell to.

Ms. Bova-Hiatt responded that in this situation a developer would not be subject to any restrictions regarding who they could sell to or the price that they could demand.

Chairman Towns inquired if there was any way to make any determination with the zoning and specifically if there was multi-family potential.

Ms. Bova-Hiatt responded that the developers would have to build consistent with the zoning in place at the time of GOSR's acquisition and that GOSR's acquisition only involves one and two family homes.

Ms. Zucker noted that this is potentially a profit area for GOSR.

Ms. Bova-Hiatt agreed and added that any profit would all be programming compensation, which would come back into GOSR's coffers; to be used for other HUD approved activities.

Ms. Zucker inquired if GOSR had considered selling these properties at a price that would make them be affordable, after the homes are renovated, elevated, etc.

Ms. Bova-Hiatt responded that because all of these properties need to be elevated and demolished, it wasn't a real consideration. She added that she was uncertain if the financing would work in that manner. She further added that if there were properties that were not auctioned off, GOSR had discussed ideas of selling them to municipalities. Ms. Bova-Hiatt noted that there are certain areas of Long Island where GOSR could possibly cluster these properties and build affordable housing sites, but indicated that would be done on a case by case basis.

Ms. Murphy continued the presentation with slide number six, the Small Business Program. She indicated that the Small Business Program has been very busy, with total awards increasing 44% since last quarter, for a total of \$27,000,000. Ms. Murphy noted that the chart found on this page outlines industries that GOSR funded. She explained the breakdown, that out of 706 awards, 492 applicants were LMI and 214 were non - LMI. Ms. Murphy concluded her presentation by stating that as a result of GOSR's efforts, over 4,000 jobs have been retained.

Ms. Mallow continued with GOSR's presentation. She presented that the Community Reconstruction Program is moving from planning to implementation, with about 80 projects in the first stages of implementation.

Chairman Towns asked if any of the 80 projects are ones that came through community committee discussions.

Ms. Mallow responded that there were 61 committees on which the community members sat, which all submitted plans for projects with proposed budgets, including priority projects. The 80 projects were generated from the committees.

Ms. Mallow continued with the Infrastructure & Local Government Program. She highlighted the Match Program, including the FEMA PA Match Program and the Sandy FEMA HMGP. Further, she highlighted the larger Infrastructure & Local Government Program which

included projects for the Suffolk Sewer Program, Rebuild by Design Projects, LIPA, and Bay Park Wastewater Treatment Plant.

Ms. Zucker asked whether on these projects such as the Suffolk Sewer Program, if GOSR is putting the contracts out or if the contracts are being put out by a local entity.

Ms. Mallow responded that contracts are primarily put out by local entities, such as Suffolk County, and accordingly, GOSR has a sub recipient agreement with Suffolk County. She indicated, however, that in some areas such as environmental review, GOSR puts the contracts out.

Ms. Bova-Hiatt continued the update. She stated that in Mr. Galloway's absence, she would be serving as the interim Chief Operating Officer for GOSR. First, she reported that HUD monitors GOSR's activities twice a year and that it has postponed its February visit until April. She reported that GOSR received HUD's monitoring report from HUD's August 2014 monitoring visit and is currently preparing a response to be submitted to HUD.

Next, Ms. Bova-Hiatt reported on GOSR's monitoring and compliance activities and indicated that GOSR has hired various monitoring and compliance staff. She stated that among GOSR's monitoring and compliance accomplishments, GOSR has commenced a monitoring plan of its programs, administrative and financial systems and onsite monitoring of sub recipients; it has commenced technical assistance for sub recipients, contractors and developers; it has completed 217 desk audits across all program areas and departments to date; and it has established a process for managing, tracking, and responding to all external audit requests. She reported that GOSR has completed the financial statement and New York State single audit and is currently engaged in audits by the OIG of its Buyouts and Single Family Housing Programs.

Ms. Zucker asked if GOSR is satisfied with the feedback from its monitoring and compliance measures.

Ms. Bova-Hiatt responded affirmatively. Ms. Bova-Hiatt continued with the presentation and highlighted GOSR's MWBE efforts. She highlighted its MWBE accomplishments, including the engagement of approximately 120 MWBEs as prime or subcontractors. She stated that GOSR has set processes and policies in place mandating that all GOSR contractors follow the State's new MWBE 30% goals, and reported that GOSR has actively engaged in MWBE outreach through its website, leveraging strategic partnerships with other agencies to capitalize on existing MWBE contracts, and participation on MWBE panels and forums.

Next, she presented GOSR's procurement accomplishments. She stated that GOSR has 56 active contracts, 76 active sub recipient agreements and memoranda of understanding and has released 13 RFP's, RFQ's, and IFB's. Further, she stated that the HTFC Board approved GOSR's revised Procurement Policy in January and reported that among GOSR's procurement accomplishments, the procurement office is updating and increasing the visibility of procurement opportunities.

Chairman Towns requested clarification regarding the meaning of the acronym "IFB".

Ms. Bova-Hiatt clarified that IFB stood for “Invitation for Bids”.

Lastly, Ms. Bova-Hiatt discussed GOSR’s investigations. She reported on the staffing update and stated that the investigations team is actively working on over 40 cases, including several high priority cases assigned to integrity monitors. She reported that GOSR is working with various government entities to discuss various issues of fraud detection and security. Additionally, she stated that the investigation team is also managing discovery and document production for litigation, responding to subpoenas and managing vendors and vendor screening protocols. Further, she stated that the investigation team is building its recapture unit and developing policy and procedures for the recapture process.

Ms. Zucker asked if GOSR has identified the inappropriate use of funds under the recapture program.

Ms. Bova-Hiatt responded that the recapture program is for both people who have accepted funds who were not entitled to funds, and also for people who accepted funds in good faith and then received additional payouts from other sources, NFI, or private insurance and that because that is a duplication of benefits, GOSR would have to take back those additional funds. She added that this would not be any easy process.

Ms. Zucker asked Ms. Bova-Hiatt to comment on recent news coverage on FEMA contractors.

Ms. Bova-Hiatt stated that there has been news coverage surrounding the contractors that have been engaged by private insurance companies, but on behalf of NFIP, to assess damages on properties. She added that in certain instances the engineering reports were modified to show that the damage to homes was not storm-related resulting in a tremendous amount of litigation, both in the Southern and Eastern Districts of New York. She further stated that this news coverage has not touched GOSR’s efforts and would not hinder their future efforts.

Chairman Towns asked about the current head count.

Ms. Bova-Hiatt stated that the head count is currently at 130.

Chairman Towns commented that Mr. Galloway’s pending departure from the corporation would be a great loss to the team, as he has performed outstanding work.

Mr. Galloway stated that GOSR has grown substantially since he started and will continue its success. He noted that GOSR has grown from a staff of 30 to 130 and with the recent addition of three members, now stands at a total of 133. He added that this is great for HCR, as a whole, in terms of partnerships and collaborations.

The Members conveyed their best wishes to Mr. Galloway on his future endeavor.

The next item presented on the HTFC agenda was a resolution authorizing the acceptance and administration of funds from the Department of Commerce National Oceanic and Atmospheric Association (“NOAA”). A revised memo was distributed at the meeting. Ms. Mallow presented GOSR’s request for the Board to authorize the acceptance of \$3,899,175 in Superstorm Sandy Fisheries Disaster assistance from the NOAA.

Ms. Mallow presented a summary of what the program will offer. This includes fishery disaster relief grants to be used to develop and administer direct financial assistance to both recreational and commercial fisheries to cover losses and expenses sustained as a result of Superstorm Sandy. She stated that this was an active partnership with the DEC, through a sub recipient agreement or MOU in order to implement the program. The program will have a limited application period of about one to three months and DEC in partnership with GOSR; will procure a vendor to provide additional staff to serve as case managers to complete the application review of this program. Ms. Mallow concluded by stating that GOSR respectfully requests the Board’s support to apply for and administer NOAA disaster assistance related to Superstorm Sandy.

Ms. Zucker sought confirmation that unlike other disaster recovery programs, this program covers the five boroughs.

Ms. Mallow confirmed this.

Chairman Towns asked if there is a memorandum needed to work with the City, because this is somewhat different from our regular protocols, in that we really have not been doing this with the City, except for some Staten Island business. .

Ms. Mallow responded that GOSR has been working in the city on some of the Staten Island buyouts and acquisitions and also in the Community Reconstruction Program and in the various infrastructure programs. She stated that GOSR has a memorandum of understanding with the City and are also working extremely actively with their ORR.

Chairman Towns asked whether a memorandum with the City covers this.

Ms. Mallow responded that she did not believe that there would be a need for an addendum to the memorandum and that although this program happens to serve individuals in the city, it is not using the City to administer the program.

Mr. Galloway inquired if this would be done in partnership with the DEC.

Ms. Mallow responded in the affirmative.

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

Section 1. The Members hereby authorize HTFC to accept and administer funds from NOAA to assist in the recovery of the State's fishing industries from Superstorm Sandy and establish and facilitate programs including the Superstorm Sandy Fisheries Program.

Section 2. The Members hereby authorize HTFC to enter into program management agreements with NOAA, as applicable, and sub recipient agreements or memorandums of understanding with the New York State Department of Environmental Conservation, as applicable, to govern the relationship and responsibilities of the parties for the programs established.

Section 3. The Members hereby authorize the Executive Director of GOSR to execute any documents on behalf of HTFC which may be necessary and appropriate to effectuate the purpose of this resolution.

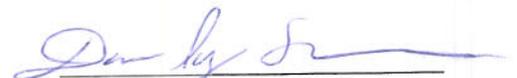
Section 4. This resolution shall take effect immediately.

The remaining item on the agenda for the review of the appointment of the Director of Internal Audit for the Governor's Office of Storm Recovery was tabled.

Chairman Towns indicated that this item was pending a conversation with the candidate, Mr. Levy.

Mr. Galloway stated that the position was created as a response to a need for this position raised by HUD, regarding the robustness of our internal audit function. Mr. Galloway recommended that the Board take action on this item before HUD returns in April.

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


Dawn Ivy Schindelman

Dated: March 12, 2015