

**MINUTES OF THE 406<sup>th</sup> MEMBERS' MEETING OF THE  
NEW YORK STATE HOUSING FINANCE AGENCY  
HELD ON JANUARY 29, 2009 AT 1:58 P.M. AT  
ITS OFFICES AT 641 LEXINGTON AVENUE  
NEW YORK, NEW YORK 10022**

MEMBERS AND DESIGNEES:

PRESENT:

Judd S. Levy	Chairman
Paul Jones	Member
Karen A. Phillips	Member
Deborah VanAmerongen	Member
Daniel Sheppard	Division of the Budget, representing Laura L. Anglin, Member (via video conference)

ABSENT:

John L. DiMarco	Member
Robert Megna	Member

Chairman Levy chaired the meeting; Joy F. Willig, Senior Vice President and Counsel, acted as secretary. The meetings of the Affiliated Agencies opened in joint session for the consideration of various matters of shared importance. These minutes reflect only those items being considered by the Members of the New York State Housing Finance Agency. A record of items considered by other Agencies is contained in the minutes of each Agency respectively.

Chairman Levy started the meeting by noting that certain Board Members, as well as the Agencies' President, were participating in the meeting via video conferencing. Ms. Almodovar and the representatives from the Division of the Budget were required to be in Albany on the meeting date and were located at the NYS Division of Housing & Community Renewal in Albany. The Agencies' Counsel had advised that in accordance with the State's Open Meetings Law this meeting was an official meeting of the Agencies, with the Board Members participating via video conferencing eligible to vote on all items and counting towards quorums.

**The first item on the agenda was the President's Report.** Priscilla Almodovar, the Agencies' President and Chief Executive Officer, reported that she had testified that morning before the NYS Assembly and Senate on the Governor's executive budget, and that her

testimony had been well received. Board Members were provided with copies of her testimony, and she reviewed her presentation with them.

Ms. Almodovar next reported that HFA had issued an RFP for the adaptive reuse of the Howard Park Unit of Bernard Fineson Developmental Disabilities Service Office (DDSO) for the development of 100 units of affordable senior housing. She stated that DDSO was consolidating its Queens facilities, and that this state property had been identified as appropriate for the development of affordable housing. She said bids would be due on February 27<sup>th</sup>, 2009.

Ms. Almodovar next reported on the Neighborhood Stabilization Program. She stated that HUD had approved the Agency's plan for administering the funds, that responses to the Request for Proposals were due February 10th, and that management planned to bring the selection parameters to the March meeting.

Ms. Almodovar stated that an RFP for investment banks had been issued and responses were due on January 30<sup>th</sup>. She said that she anticipated recommendations for a new panel would be brought to the April meeting.

Ms. Almodovar next reported on the Agencies' results for 2008. She stated that on the multifamily side, HFA had continued with the shift in priorities started in 2007 and had focused on affordable units. She noted that the Agency had financed 5,335 units, of which 70% were affordable, and had shifted toward an emphasis on preservation rather than new construction. She said that the Agency had closed \$1.2 billion in first mortgages, of which \$231 million had been for affordable projects, and had closed \$50 million in second mortgages.

Ms. Almodovar next asked Deborah VanAmerongen to report on pending legislation in Washington and the state of the tax credit market. Ms. VanAmerongen stated that in the past, the major buyers of low income tax credits had been financial institutions, with Fannie Mae and Freddie Mac purchasing up to 40% of the credits. She also noted that those institutions were no longer in the market. She stated that other financial institutions that are still in the market do not need to offset taxes due to state of economy, and consequently the price of the credits has dropped dramatically. She noted that starting in February 2008, DHCR's projects began to experience a financing gap due to the loss of equity investments. She stated that while there was still a market in New York City that in upstate it has disappeared. She noted that DHCR and HFA were working with the state banking department to create an equity fund to encourage involvement in the tax credit market.

Ms. VanAmerongen next reported on provisions of the House version of the economic stimulus bill, which would allow states to sell up to 40% of their tax allocation to the Treasury at 85 cents on the dollar; she expressed concerns that this would weaken the market in the long term. She next reported on a Senate provision that would allow five year look-back to capture previous tax liability. Chairman Levy noted that the 80/20 projects were not as vulnerable to the loss of tax credit equity, but were being affected by the real estate market.

Marian Zucker, Executive Vice President, reported on rate trends. She noted a falloff in the project pipeline which she attributed to a loss of tax credit investors. She noted a change in

who was investing in Agency bonds, with a bond issue being sold entirely to retail investors for the first time. She added that in January municipal bonds began to trade higher than taxable, and concluded by noting that it was hard to know what to expect in the coming year.

**The next item on the agenda was the report of the Audit Committee.** Chairman Levy reported that the Committee adopted the minutes of its December 3, 2008 meeting and adopted resolutions approving the Fiscal 2008 Financial Statements the Follow-Up Audit of 2007 Audit Reports and the Housing Portfolio Management Audit.

**The next item on the agenda was the adoption of the minutes of the 405<sup>th</sup> HFA Members' meeting, held on December 3, 2008.**

Mr. Jones moved to adopt the minutes, Ms. Phillips seconded the motion and the minutes were adopted unanimously.

**The next item on the agenda was a resolution approving Annual Investment Reports and a presentation of the AHC Quarterly Investment Report for informational purposes.** Gary Weinstock, Vice President and Comptroller, highlighted certain information contained in the materials provided to the Members in connection with this item. Mr. Weinstock noted that earlier in the day, at the Audit Committee meetings, the Agencies' external auditor, Mr. Glenn Friedrich from Deloitte & Touche, had made a presentation in connection with the Agencies' financial statements. Chairman Levy noted the improvement in content and presentation of the Agencies' MD & A sections of the reports, and highlighted the stability the Agencies had been able to achieve despite the fallout from the issues affecting the financial markets.

Mr. Jones moved to adopt the resolution; Ms. Phillips seconded the motion and the following resolution was adopted unanimously:

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, THE STATE OF NEW YORK MORTGAGE AGENCY, THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND THE TOBACCO SETTLEMENT FINANCING CORPORATION REVIEWING AND APPROVING AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2008.**

**The next item on the agenda was a resolution approving the Agencies' Annual Procurement Report for Fiscal Year 2008 and review of the 4<sup>th</sup> Quarter Procurement Report for the period 8/1/08-10/31/08.** Information with respect to this item was provided to the Members in advance of the meeting, which information is incorporated herein by reference. There were no questions raised or discussion about this item.

Mr. Jones moved to adopt the resolution; Ms. Phillips seconded the motion and the following resolution was adopted unanimously.

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, STATE OF NEW YORK MORTGAGE AGENCY, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF**

**NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO  
SETTLEMENT FINANCING CORPORATION APPROVING THE  
ANNUAL PROCUREMENT REPORT**

**The next item on the agenda was a resolution accepting Public Authorities Reporting Information Systems (PARIS) Annual Report filing.** Information with respect to this item was provided to the Members in advance of the meeting, which information is incorporated herein by reference. There were no questions raised or discussion about this item.

Mr. Jones moved to adopt the resolution; Ms. Phillips seconded the motion and the following resolution was adopted unanimously:

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE  
AGENCY, STATE OF NEW YORK MORTGAGE AGENCY, STATE OF  
NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO  
SETTLEMENT FINANCING CORPORATION ACCEPTING A FILING  
UNDER THE PUBLIC AUTHORITIES REPORTING INFORMATION  
SYSTEM**

**The next item on the agenda was a resolution approving Annual Investment Reports and the presentation of the AHC Quarterly Investment Report for informational purposes.** Charles Rosenwald CFO/COO, highlighted certain information contained in the materials provided to the Members in connection with this item, which materials are incorporated herein by reference. Mr. SanFilippo inquired about the Agencies' criteria for investment, evaluation of price levels and adherence to financial guidelines. Mr. Rosenwald offered to arrange a subsequent meeting to answer Mr. SanFilippo's questions in more depth.

Mr. Jones moved to adopt the resolution; Ms. Phillips seconded the motion and the following resolution was adopted unanimously:

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE  
AGENCY, STATE OF NEW YORK MORTGAGE AGENCY, STATE OF  
NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO  
SETTLEMENT FINANCING CORPORATION APPROVING ANNUAL  
REPORTS OF INVESTMENTS**

**The next item on the agenda was the 2008 Fiscal Analysis (Administrative Budget and Financial Plans).** Information with respect to this item was provided to the Members in advance of the meeting, which information is incorporated herein by reference. There were no questions raised or discussion about this information item.

**The next item on the agenda were resolutions authorizing the issuance of Affordable Housing Revenue Bonds to finance an Affordable Housing Project.** Mr. David Walsh, Senior Vice President of Multifamily Housing, highlighted certain information contained in the materials provided to the Members in connection with this item, which materials are incorporated herein by reference. He said that the Cedar Avenue Apartments would be a supportive housing development for individuals with psychiatric disabilities, with

the New York State Office of Mental Health (OMH) providing debt service payments, rental subsidies and funding for mental health services.

Karen Phillips asked about community outreach and Mr. Walsh replied that the project sponsor had reached out to the community and had reduced the number of supportive housing units to accommodate community concerns. Mr. Sheppard noted that the State support for this project would not get tied up in the budget process as appropriations for debt service was passed in a separate bill.

Mr. Jones moved to adopt the resolution; Ms. Phillips seconded the motion and the following resolution was adopted unanimously:

**AN OMNIBUS RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING AND APPROVING CERTAIN MATTERS IN CONNECTION WITH THE FINANCING OF THE PROJECT KNOWN AS CEDAR AVENUE APARTMENTS**

**SUPPLEMENTAL RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF AFFORDABLE HOUSING REVENUE BONDS, 2008 SERIES \_\_, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$30,250,000**

**The next item on the agenda were resolutions approving issuance of PIT Bonds.** Information with respect to this item was provided to the Members in advance of the meeting, which information is incorporated herein by reference. Ms. Zucker explained that HFA would be issuing bonds to reimburse the state for various housing programs.

Mr. Jones moved to adopt the resolutions; Ms. Phillips seconded the motion and the following resolutions were adopted unanimously:

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE AGENCY TO EXECUTE CHANGES TO CERTAIN RESOLUTIONS RELATED TO THE AGENCY'S STATE PERSONAL INCOME TAX REVENUE BONDS**

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY CONCERNING THE ISSUANCE OF PERSONAL INCOME TAX REVENUE BONDS, AUTHORIZING THE AWARD OF BONDS, THE SELECTION OF A CREDIT ENHANCEMENT PROVIDER, THE SELECTION OF A TRUSTEE AND PAYING AGENT, THE INVESTMENT OF FUNDS AND THE SELECTION OF UNDERWRITERS OR PLACEMENT AGENTS**

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE AGENCY TO ENTER INTO FINANCING AGREEMENTS WITH THE STATE OF NEW YORK TO FURTHER THE STATE'S PURPOSES OF FINANCING STATE**

**HOUSING PROGRAMS PURSUANT TO SECTION 47-e OF THE  
PRIVATE HOUSING FINANCE LAW**

The next item on the agenda was a resolution approving the continued retention for the contracts with the Agency's Pre-Qualified Panel of Firms to perform Physical Condition Assessments. These assessments were done in accordance with Housing and Urban Development Real Estate Assessment Center Protocol. Information with respect to this item was provided to the Members in advance of the meeting, which information was incorporated herein by reference. There were no questions raised or discussion about this item.

Mr. Jones moved to adopt the resolution; Ms. Phillips seconded the motion and the following resolution was adopted unanimously:

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE  
AGENCY APPROVING THE CONTINUED RETENTION OF THE  
PHYSICAL CONDITION INSPECTION CONTRACTS IN  
ACCORDANCE WITH THE UNITED STATES DEPARTMENT OF  
HOUSING AND URBAN DEVELOPMENT ("HUD") REAL ESTATE  
ASSESSMENT CENTER ("REAC") PROTOCOL**

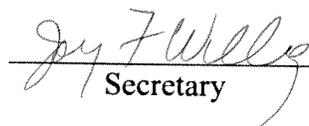
The next item on the agenda was a resolution approving termination of certain Rate Exchange Agreements related to State-supported bond issues. Marian Zucker, Executive Vice President, highlighted certain information contained in the materials provided to the Members in connection with this item. She stated that in 2005, HFA had entered into three Interest Rate Exchange Agreements at the request of the State Division of the Budget, and that the DOB had now requested that the Agency obtain approval from its board to terminate those agreements.

Mr. Jones moved to adopt the resolution; Ms. Phillips seconded the motion and the following resolution was adopted unanimously

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE  
AGENCY AUTHORIZING AMENDMENTS TO CERTAIN INTERST  
RATE EXCHANGE AGREEMENTS**

The next item on the agenda was the annual review of contracts with Technical Assistance Providers on the Agency's pre-qualified panel with respect to the Manufactured Home Cooperative Fund Program. Information with respect to this item was provided to the Members in advance of the meeting, which information was incorporated herein by reference. There were no questions raised or discussion about this information item.

There being no unfinished business, Mr. Jones moved to adjourn, Ms. Phillips seconded the motion, and the meeting was adjourned at 3:22 p.m.

  
Secretary