

**MINUTES OF THE REGULAR MEETING OF THE
THE 434TH MEMBERS' MEETING OF THE
NEW YORK STATE HOUSING FINANCE AGENCY
HELD ON DECEMBER 8, 2011, AT 2:40 P.M.
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

MEMBERS AND DESIGNEES

PRESENT:

Karen A. Phillips	Vice Chairperson
Darryl C. Towns	Member (via video conference)
Royce A. Mulholland	Member
Steven J. Weiss	Member
Elaine McCann	Division of the Budget, representing Robert Megna, Member (via video conference)
Aida Brewer	Division of Taxation and Finance, representing Thomas H. Mattox, Member (via video conference)

Vice Chairperson Phillips chaired the meeting; Alejandro J. Valella, Vice President and Deputy Counsel, acted as secretary.

The first item on the agenda was the President's Report. Commissioner Towns apologized for not being able to attend the meeting in person. He explained that today was the announcement of awards through the Regional Economic Development Councils. He noted that this was a competitive funding process. He then recapped the competition results. He stated that it is likely that there will be another funding competition through the Regional Economic Development Councils process. He ended by emphasizing the Agencies' role in this funding and by describing how the different Councils emphasized affordable housing in their proposals.

The next item on the agenda was a resolution authorizing financing approval on a \$78,000,000 unrated, private placement financing for Archstone Meadowbrook, Westbury, Nassau County. Marian Zucker, President of the Office of Finance and Development, presented on this item by summarizing the project. She outlined that this is an existing project in which the bonds are currently secured by an expiring letter of credit issued by Bank of America. She then described that the borrower

has a commitment from Citibank to refinance into an unrated private placement financing pursuant to recently enacted legislation discussed at the last HFA meeting. She emphasized that this arrangement would result in better execution for the borrower. She then stated that this financing request follows the policy guidelines discussed at the last HFA meeting for financing 80/20 projects with unrated private placement bonds. Vice Chairperson Phillips then suggested that the Members review the resolution approving an 80/20 Private Placement Term Sheet before considering the current resolution authorizing financing.

The next item was a resolution adopting an 80/20 Private Placement Term Sheet. Ms. Zucker presented on this item. She stated that the draft of the 80/20 Private Placement Term Sheet had not changed since her presentation to the Members on December 1, 2011. She started by providing background. She stated that the Term Sheet reflects HFA's policy proposed in response to recently enacted legislation empowering HFA to issue unrated bonds on a private placement basis. She explained that some financial institutions deem it more advantageous to hold these affordable housing bonds on their books, opposed to providing letters of credit. Ms. Zucker then emphasized that HFA was first developing the policy for 80/20 projects because financial institutions find that the borrowers in 80/20 projects have certain qualities that make them more creditworthy in a private placement financing. Ms. Zucker then detailed some of the nuances of private placement financing.

Royce Mulholland asked why HFA's policy was limiting bond denominations to \$100,000. He stated that bond denominations are typically limited to \$250,000 if the goal is to ensure that only institutional investors are bond holders. Ms. Zucker responded that the staff's research had indicated that \$100,000 denominations were the industry standard for limiting bond holdings to institutional investors. Royce Mulholland and Ms. Zucker then discussed the provisions in the Term Sheet that were aimed at ensuring that secondary market transactions conformed to the legislation by limiting bond holders to large financial institutions.

Elaine McCann moved to adopt the resolution; Steven Weiss seconded the motion; and the following resolution was adopted unanimously:

**A RESOLUTION OF THE NEW YORK STATE HOUSING
FINANCE AGENCY ADOPTING A TERM SHEET FOR THE 80/20
PRIVATE PLACEMENT BOND PROGRAM.**

The Members then resumed the discussion on the resolution authorizing financing approval on a \$78,000,000 unrated, private placement financing for Archstone Meadowbrook, Westbury, Nassau County. Marian Zucker resumed her presentation on this item by explaining that the private placement financing would involve tax-exempt and taxable bonds. She stated that the interest rates on these bonds would likely be under 4%. She also noted that the borrower would likely be coming back to HFA in March 2012 for additional financing on this project.

Elaine McCann moved to adopt the resolution; Steven Weiss 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 ARCHSTONE MEADOWBROOK.

The next item on the agenda was resolutions authorizing financing approval in an amount not to exceed \$226,000,000 for The Related, West 30th Street, New York County. Ms. Zucker presented on this item by summarizing the project. She described the project's location at 30th Street and 10th Avenue, near the north end of the High Line. She outlined that this financing would fund the new construction of 389 rental units in which 78 units would be set aside for tenants with incomes at or below 50% of the Area Medium Income. She noted that the financing would include tax-exempt and taxable bonds, and that Wells Fargo would provide a letter of credit during the construction period. The Members were then provided with a chart that compared the attributes of this project to other similar projects. Ms. Zucker then stated that the borrowing entity is a partnership between The Related Companies and the Kalimian family. She also noted the managing agent, general contractor, and architect.

Steven Weiss and Elaine McCann then asked about the project's environmental remediation issue. Andrew Archilli from The Related Companies helped answer the environmental questions. Mr. Archilli stated that the environmental issue relates to certain metals found in the soil. He stated that they have prepared a remedial investigation report and work plan. Mr. Archilli stated that they believe this issue stems from another site and that the New York City Office of Environmental Remediation has accepted their submissions. He stressed that their project site has received a Notice to Proceed. He also stressed that the environmental issue will not require any additional work outside of excavation and foundation work, which is always done anyway. Marian Zucker then assured the Members that HFA would need full environmental approval before proceeding with the financing. Royce Mulholland then clarified the environmental process to help assure the Members that this issue was not out of the ordinary.

Elaine McCann moved to adopt the resolutions; Steven Weiss seconded the motion; and the following resolutions were 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 RELATED - WEST 30TH STREET APARTMENTS.

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF RELATED – WEST 30TH STREET APARTMENTS HOUSING REVENUE BONDS.

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF RELATED – WEST 30TH STREET APARTMENTS HOUSING REVENUE BONDS, 2011 SERIES A, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$226,000,000.

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF RELATED – WEST 30TH STREET APARTMENTS HOUSING REVENUE BONDS, 2011 SERIES B, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$226,000,000.

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF RELATED – WEST 30TH STREET APARTMENTS HOUSING REVENUE BONDS, 2012 SERIES A, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$226,000,000.

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF RELATED – WEST 30TH STREET APARTMENTS HOUSING REVENUE BONDS, 2012 SERIES B, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$226,000,000.

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF RELATED – WEST 30TH STREET APARTMENTS HOUSING REVENUE BONDS, 2013 SERIES A, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$226,000,000.

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF RELATED – WEST 30TH STREET APARTMENTS HOUSING REVENUE BONDS, 2013 SERIES B, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$226,000,000.

The next item on the agenda was the re-adoption of series resolutions authorizing the financing for the 111 Nassau Street Project, New York, New York. Ms. Zucker presented on this item. She outlined that the Members had adopted resolutions authorizing financing for this project at the meeting held on October 6, 2011. She then outlined that the adopted resolutions had contemplated that the bonds would be

issued as variable rate demand bonds with interest rates reset on a weekly basis and secured by a letter of credit issued by Helaba. She described that after the Members' approval, Moody's had reduced Helaba's credit rating, which is expected to result in a substantial increase in the price of Heleba-backed weekly adjustable rate bonds. Consequently, Ms. Zucker explained that she was before the Members to request that the resolutions be amended to permit the variable rate demands bonds to be issued in a daily reset mode, opposed to the weekly reset mode. Ms. Zucker outlined that a daily mode provides investors with greater liquidity, which makes the bonds more attractive to investors. Under these circumstances, she explained that a daily mode would result in a better execution.

Alejandro Valella explained that the Finance Committee did not need to approve the resolutions because the resolutions were only amending the bond issuance from a weekly mode to a daily mode.

Elaine McCann moved to adopt the resolutions; Steven Weiss seconded the motion; and the following resolutions were adopted unanimously:

A SUPPLEMENTAL RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF 111 NASSAU STREET HOUSING REVENUE BONDS, 2011 SERIES A IN A PRINCIPAL AMOUNT NOT EXCEEDING \$78,500,000 (TAX-EXEMPT).

A SUPPLEMENTAL RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF 111 NASSAU STREET HOUSING REVENUE BONDS, 2011 SERIES B IN A PRINCIPAL AMOUNT NOT EXCEEDING \$78,500,000 (TAXABLE).

The next item on the agenda was the resolution authorizing certain changes to the 2009 Series 1 NIBP Resolution. Ms. Zucker presented on this item. She explained that the U.S. Treasury Department, in conjunction with Freddie Mac and Fannie Mae, had announced the extension of the New Issue Bond Program ("NIBP") from year end 2011 to year end 2012. Ms. Zucker explained that HFA has some remaining NIBP allocation and that it has identified one project in which the allocation would be useful. However, Ms. Zucker then outlined that HFA would have to modify its NIBP Resolution in order to take advantage of the NIBP extension. She emphasized that NIBP has been helpful in attaining lower rates for its borrowers, but that NIBP has been very challenging to administer.

Vice Chairperson Phillips asked a question clarifying that NIBP would be extended. She then asked about a fee associated with using NIBP in 2012. Ms. Zucker noted that the fee to HFA would be \$3,500.

Steven Weiss wanted to be certain that HFA would be out of NIBP funds once HFA exhausts its remaining NIBP allocation. Ms. Zucker confirmed that HFA would be out of NIBP if it were able to use NIBP on the one remaining identified project. A discussion then ensued among the Members in which it was noted that some states and housing agencies were unable to use their full NIBP allocation.

Elaine McCann then asked what specific changes the Members would be authorizing to the NIBP Resolution. Ms. Zucker explained that Treasury had not yet made clear what changes would be necessary, but she explained that the changes would likely relate to definitions, dates, and the interest rate formula. She then explained that in order for HFA to access NIBP funds in 2012, these changes would need to be authorized prior to HFA's next meeting. Ms. Zucker stated that if the changes were too onerous, then HFA would not implement the changes because it would not be worth the effort. Ms. Zucker then stated that she could update the Members at the next meeting regarding the exact changes.

Elaine McCann moved to adopt the resolution; Steven Weiss seconded the motion; and the following resolution was adopted unanimously:

**A RESOLUTION OF THE NEW YORK STATE HOUSING
FINANCE AGENCY AUTHORIZING CERTAIN CHANGES TO
THE AMENDED AND RESTATED AFFORDABLE HOUSING
REVENUE BONDS (FEDERAL NEW ISSUE BOND PROGRAM),
NIBP SERIES 1 RESOLUTION IN CONNECTION WITH THE
EXTENSION OF THE NIBP PROGRAM.**

Elaine McCann then moved to go into Executive Session to discuss the financial status of an entity pursuant to section 105(f) of the Open Meetings Law. Steven Weiss seconded the motion and the Members entered into Executive Session at 3:19 P.M.

Vice Chairperson Phillips reconvened the meeting from Executive Session at 4:35 P.M. She announced that no votes were taken in Executive Session. Alejandro Valella then read aloud provisions in HFA's bylaws. These provisions permit HFA to consider resolutions that have not been provided to the Members in writing and in advance of the meeting, if the Members present at the meeting vote unanimously to consider the resolutions. The Members were then provided with the resolution that they would consider if they voted unanimously to consider the resolution. Marian Zucker then made a presentation. Ms. Zucker outlined that at HFA's meeting held on November 9, 2011, the Members had approved financing for the St. Philip's Senior Apartments. She outlined that the staff has been working to close on this financing by year end, but that it has become evident that this was not possible. As a result, the resolution is needed to provide staff with greater flexibility to help protect the project's existing tenants while also protecting HFA's legal and financial interests.

The Members voted unanimously to consider the resolution. Steven Weiss then moved to adopt the resolution; Royce Mulholland seconded the motion; and the following resolution was adopted unanimously:

**A RESOLUTION OF THE NEW YORK STATE HOUSING
FINANCE AGENCY AUTHORIZING THE PRESIDENT AND
CHIEF EXECUTIVE OFFICER TO TAKE CERTAIN ACTIONS IN
CONNECTION WITH THE ST. PHILIP'S SENIOR
APARTMENTS.**

There being no unfinished business, Royce Mulholland moved to adjourn the meeting; Steven Weiss seconded the motion; and the meeting was adjourned at 4:40 P.M.



Secretary