

**MINUTES OF THE 10TH MEETING OF THE
NEW YORK STATE HOUSING FINANCE AGENCY'S
FINANCE AND PROGRAM COMMITTEE
HELD ON JUNE 14, 2011 AT 2:32 P.M
AT ITS OFFICES AT 641 LEXINGTON AVENUE**

MEMBERS AND DESIGNEES

PRESENT

Karen A. Phillips	Member
Elaine McCann	Division of the Budget, representing Robert Megna, Member (via video conference)
Royce Mulholland	Member

Karen A. Phillips, Vice Chairperson of the New York State Housing Finance Agency acted as Chairperson.

The first item on the agenda was the approval of the minutes of 9th HFA Finance and Program Committee, held on June 14, 2011, which minutes were deemed approved, absent corrections from Members

The next item on the agenda were resolutions authorizing financing in an amount not to exceed \$520,000,000 for Gotham West, located at 44th and 45th Streets between 10th and 11th Avenues in the City of New York, New York County. Ms. Marian Zucker presented on this project and modified the title of the resolution, clarifying the financing figure under consideration as \$520,000,000.

Ms. Zucker noted this project's expansive size and vital role in helping the City of New York transform the far west side of Manhattan into a vibrant neighborhood. She explained that the financing would fund the construction of 1,238 units of mixed income family housing, with twenty percent (20%) of the revenue generating units, or 250 units, set aside for tenants with incomes at or below 50% of the Area Median Income ("AMI"), and at least 15% of the affordable units set aside for tenants with incomes at or below 40% of the AMI. Placing particular emphasis on the need to improve the housing stock afforded to middle income individuals in midtown Manhattan, Ms. Zucker stated that 35% of the total units, or 432 units, would be additionally be designated as moderate and middle income units, as required by a Land Disposition Agreement with the City of New York Department of Housing Preservation and Development..

Ms. Zucker named the developer as 44th Street Development LLC, and the managing agent as Pickwest LLC, an entity controlled by Joel Picket and David L. Picket, principals of Gotham. Ms. Zucker stated that Gotham would serve as the owner, borrower, and general contractor of the project. Elaborating on Gotham's extensive experience as a developer and a general contractor, Ms. Zucker named other projects that Gotham had built and currently owned (such as Atlas NY, The New Gotham, The Nicole, and The Corner).

Ms. Zucker discussed the unique elements of this project—namely, Gotham's aggregate equity exposure—at length. She noted that in regard to 80/20 mixed-income projects, the Agency has typically required the borrower's aggregate equity exposure to equal at least 10% of the total development cost ("TDC"), and the borrower's cash equity contribution (consisting of cash and/or deferred developer fee) to equal a minimum of 4% of the TDC. Ms. Zucker requested a waiver of this equity policy in light of Wells Fargo's decision to require Gotham to contribute approximately \$196,000,000 in the form of an equity Letter of Credit, deposited in collateral held by the bank. She noted that this equity requirement, equaling approximately 38% of the TDC, is higher than the percentage required in most 80/20 mixed-income projects financed by the Agency.

Mr. Mattox inquired about this waiver and equity in general. He asked where the ideal place for equity falls in the development capital structure. Ms. Zucker responded that equity is best applied between the project and the bonds, and its function is to generally ensure that the Agency's resources are not overspent. Mr. Mattox additionally asked how frequently waivers of this type are given to gauge their unusualness. Ms. Zucker noted their rarity, stating that one such as this had never been issued in her four years with the Agency.

Mr. Weiss noted that the financing request also called for the allocation of 4% "as of right" tax credits in the approximate annual amount of \$3,500,000 for a 10-year period. He asked if the tax credits were syndicated. Ms. Zucker answered by stating that the syndication of tax credits in 80/20 development projects does not occur, if it ever occurs, until after sale.

Mr. Weiss inquired about the benefits Gotham would be obtaining through their involvement with this project. He noted that the figures in the Board's materials indicated that Gotham would be obtaining profits in the amount of approximately \$18,200,000 and contrasted this figure with the \$196,000,000 amount pledged in the equity letter of credit. Ms. Zucker cited Gotham's long-term interest in the property as owners. Ms. Melissa Epstein Pianko, Gotham's Vice President of Development, also referred to the benefits Gotham would derive through ownership of the property and referenced how the organization would count the project's cashflow within its revenue.

Vice Chairperson Phillips remarked that this project was better characterized as a 20/35/45 project than an 80/20 initiative, seeing as the 80/20 characteristics did not appear to be the plan's main focus and the lending amount dwarfed other 80/20 developments. She referred to this project's immense cost and scale and emphasized the

need to proceed carefully seeing as the expenditure of these resources would be finite. Ms. Zucker addressed Vice Chairperson Phillips' concerns by citing the trend in effect before 2007 toward comparably large transactions such as the Silverstein superblock. She explained how the economic downturn stymied large-scale projects and how Gotham serves as a unique opportunity to maximize the use of state resources and provide a sizable number of affordable housing units in midtown Manhattan.

Vice Chairperson Phillips noted that the \$520,000,000 amount would fund 250 units for lower income tenants and inquired about the relationship between income and rents. Ms. Joy Willig stated that units were set aside based on the Area Median Income for New York.

Mr. Mulholland inquired whether particular proceeds related to Gotham West's development, namely those accumulated during the initial sale, could be forced via a regulatory agreement to be used for bond purposes. Ms. Zucker expressed her appreciation for such an idea but stated that the proposal as it stands did not include such a provision.

Mr. Mulholland praised Ms. Zucker and the other members of the Agency team for organizing a proposal that would create over a thousand jobs in the construction industry and its related disciplines. He remarked that Gotham West would contribute vitally to the housing stock of the City of New York.

Ms. McCann inquired whether the resolution has been revised to be contingent on obtaining the volume cap. Ms. Zucker thanked her for this question and said that it would reflect this change.

Vice Chairperson Phillips moved to adopt the resolutions as revised to reflect an amount not to exceed \$520,000,000 contingent upon obtaining sufficient volume cap; Mr. 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 GOTHAM WEST APARTMENTS

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF GOTHAM WEST APARTMENTS HOUSING REVENUE BONDS

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF GOTHAM WEST HOUSING REVENUE BONDS, 2011 SERIES A-1, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$520,000,000

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF GOTHAM WEST HOUSING REVENUE BONDS, 2011 SERIES A-2, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$520,000,000

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF GOTHAM WEST HOUSING REVENUE BONDS, 2011 SERIES B, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$520,000,000

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF GOTHAM WEST HOUSING REVENUE BONDS, 2012 SERIES A-1, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$520,000,000

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF GOTHAM WEST HOUSING REVENUE BONDS, 2012 SERIES A-2, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$520,000,000

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF GOTHAM WEST HOUSING REVENUE BONDS, 2012 SERIES B, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$520,000,000

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF GOTHAM WEST HOUSING REVENUE BONDS, 2013 SERIES A-1, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$520,000,000

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF GOTHAM WEST HOUSING REVENUE BONDS, 2013 SERIES A-2, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$520,000,000

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF GOTHAM WEST HOUSING REVENUE BONDS, 2013 SERIES B, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$520,000,000

The next item on the agenda were resolutions authorizing financing in an amount not to exceed \$37,500,000 for CAMBA Gardens Apartments, located at 690 and 732 Albany Avenue, Brooklyn, Kings County. Ms. Zucker presented on this project, stating that it would fund the construction of two buildings on surplus land currently owned by Kings County Hospital. She noted that this project would provide a number of affordable and supportive housing units: 61 units for low-income residents,

117 units for individuals with psychiatric disabilities, and 15 units for individuals with a substance abuse disorder or other specified illnesses.

Ms. Zucker explained that HFA's \$37,500,000 funding would leverage outside funding totaling over \$35,000,000 to finance the project's \$66,900,000 TDC. She also explained that the outside funding amount included contributions from sources such as the New York City Department of Housing, Preservation, and Development, the New York State Homeless Housing Assistance Program, and the Brooklyn Borough President. Ms. Zucker remarked that the managing agent of the property would be WinnResidential LLC, with Church Avenue Merchants Block Association (CAMBA) as the sponsor and TD Bank as the provider of Letter of Credit.

Mr. Mattox inquired about WinnResidential's track record as a housing manager. Ms. Zucker cited WinnResidential's experience managing 70,000 units throughout the country.

Vice Chairperson Phillips asked if this project was WinnResidential's first endeavor as a housing manager in New York City. Mr. Mulholland confirmed that WinnResidential had managed a site in Harlem as well as property he himself owned.

Mr. Mulholland recused himself from the Board's deliberations on this issue.

Vice Chairperson Phillips moved to adopt the resolutions; Mr. Weiss seconded the motion with the recusal of Mr. Mulholland, and the following resolutions were adopted:

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 CAMBA GARDENS APARTMENTS

A SUPPLEMENTAL RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF AFFORDABLE HOUSING REVENUE BONDS, 2011 SERIES, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$37,500,000

A SUPPLEMENTAL RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF AFFORDABLE HOUSING REVENUE BONDS (FEDERAL NEW ISSUANCE BOND PROGRAM) ADDITION SERIES 1 PARITY BOND RESOLUTION, 2011 SERIES, IN A PRINCIPLE AMOUNT NOT EXCEEDING \$37,500,000

The next item on the agenda were resolutions authorizing financing in an amount not to exceed \$21,615,000 for Pine Town Apartments located at 151 East Pine Street, City of Long Beach, Nassau County. Ms. Zucker presented on this

project, stating that it would fund the acquisition and rehabilitation of 129 units of affordable housing for families. Ms. Zucker noted that this project would preserve this critical resource in one of New York's highest cost suburban counties and contribute to the revitalization of the neighborhood.

Ms. Zucker explained that the property would be acquired by Pine Town Homes, L.P. and managed by Metropolitan Realty Group, LLC. Ms. Zucker stated that the cost of rehabilitation would be approximately \$7,000,000 or \$53,846 per unit, and the scope of the work would include the replacement of heating systems, electrical systems, roofs, windows, bathrooms, kitchens, flooring, lighting, insulation, landscaping, and the repaving of parking lots and sidewalks. She noted that the \$32,000,000 TDC would be paid from a number of sources: \$1,500,000 income during the rehabilitation, \$10,000,000 tax credit proceeds, the borrower's equity, and the requested permanent loan.

Vice Chairperson Phillips asked how were the expenses related to this project compared to other developments to determine if the Pine Town Apartments figures were comparatively high. Ms. Zucker noted in response that it was often expensive and challenging in suburban areas to procure large housing units for families, and that Pine Town Apartments would preserve vital housing for the City of Long Beach, especially given the high costs of Nassau County.

Vice Chairperson Phillips moved to adopt the resolutions; Mr. Mulholland 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 PINE TOWN APARTMENTS

A SUPPLEMENTAL RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF AFFORDABLE HOUSING REVENUE BONDS, 2011 SERIES, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$21,615,000

A SUPPLEMENTAL RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF AFFORDABLE HOUSING REVENUE BONDS (FEDERAL NEW ISSUANCE BOND PROGRAM), 2011 SERIES, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$21,615,000

The next item on the agenda were resolutions authorizing financing in an amount not to exceed \$7,480,000 for Shiloh Senior Housing Apartments, located at 29 Kress Avenue, City of New Rochelle, Westchester County. Ms. Zucker presented on this project, stating that it would fund the new construction of very low income senior housing using HUD's 202 Mixed Finance Program. Ms. Zucker noted that this

development would consist of one five-story rental senior apartment building comprised of 39 one-bedroom apartments and one two-bedroom apartment for an employee.

Ms. Zucker explained that the financing would leverage \$6,830,000 from HUD's Section 202 Capital Advance Fund, \$400,000 from HUD's pre-development fund, and \$1,600,000 from the City of New Rochelle's HOME fund in addition to \$4,540,000 tax credit equity proceeds. She added that these figures, in conjunction with a grant by HFA of \$40,000 and an equity contribution by the developer of \$140,000, would enable the borrowers to meet the project's estimated TDC of \$13,560,000. Ms. Zucker identified Westhab Inc. and a single-purpose entity controlled by Shiloh Community Development Corporation as the borrowers. Ms. Zucker also indicated Westhab, Inc., the largest not-for-profit provider of affordable housing and supportive services in Westchester County, as the manager of the apartment complex.

Vice Chairperson Phillips inquired about the borrowers' histories. Ms. Zucker confirmed that Westhab Inc. and Shiloh had worked on other projects related to affordable housing.

Vice Chairperson Phillips moved to adopt the resolutions; Mr. Mulholland 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 SHILOH SENIOR HOUSING APARTMENTS

A SUPPLEMENTAL RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF AFFORDABLE HOUSING REVENUE BONDS, 2011 SERIES, IN A PRINCIPAL AMOUNT NOT EXCEEDING \$7,480,000

The next item on this agenda was a resolution authorizing financing in an amount not to exceed \$4,400,000 for Frederick Douglass Apartments. Ms. Zucker presented on this project, stating that it would fund the acquisition and rehabilitation of six existing buildings comprising a 28 unit rental housing apartment complex located at 442-466 West Main Street in the City of Rochester, Monroe County. Ms. Zucker noted that all 28 revenue-generating units would be set aside for households with incomes at or below 50% of the Area Median Income adjusted for family size for the Rochester Metropolitan Statistical Area. Six of the units would be designated for the homeless or formerly homeless households.

Ms. Zucker remarked that the building, at the time of the meeting, was only 50% occupied and located in a very critical area. She stated that the Agency's goal was to ensure full occupancy.

Ms. Zucker stated that this investment has considerable financial support from the City of Rochester. The financing would leverage both \$457,000 in restructured debt and an \$810,000 loan from the City of Rochester in addition to an estimated \$3,000,000 Housing Trust Fund award and \$2,800,000 in tax credit proceeds (historic tax credits and LIHTC). Ms. Zucker estimated the TDC at \$7,500,000. She stated that renovations would include roof repair and replacement, the abatement of lead-based paint, the replacement and improvement of windows, flooring, carpets, kitchens, and electrical systems, and the creation of a residential laundry room, community room and rental office. Ms. Zucker identified Home Leasing, a regional developer, as the borrower, with the Rochester Housing Authority maintaining a non-controlling interest in the project's managing member.

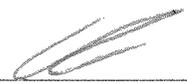
Vice Chairperson Phillips commented on this development favorably and remarked that this project had been incorporated into the budget in 2009 before the market fell away.

Vice Chairperson Phillips moved to adopt the resolutions; Mr. Mulholland seconded the motion with the recusal of Mr. Weiss, and the following resolutions were adopted:

**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 FREDERICK DOUGLASS
APARTMENTS**

**A SUPPLEMENTAL RESOLUTION OF THE NEW YORK STATE
HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF
AFFORDABLE HOUSING REVENUE BONDS, 2011 SERIES, IN A
PRINCIPAL AMOUNT NOT EXCEEDING \$4,400,000**

There being no unfinished business, Vice Chairperson Phillips moved to adjourn the meeting; Mr. Weiss seconded the motion; and the meeting was adjourned at 3:21 p.m.



Secretary