

**MINUTES OF THE 9TH MEETING OF THE
NEW YORK STATE HOUSING FINANCE AGENCY'S
FINANCE AND PROGRAM COMMITTEE
HELD ON APRIL 27, 2011 AT 6:38 P.M
AT ITS OFFICES AT 641 LEXINGTON AVENUE**

MEMBERS AND DESIGNEES

PRESENT

Judd S. Levy	Chairman
Elaine McCann	Division of the Budget, representing Robert Megna, Member (via video conference)
Robert Megna	Member (via video conference)
Karen A. Phillips	Member

ABSENT

Royce Mulholland	Member
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The first item on the agenda was the approval of the minutes of HFA Finance and Program Committee, held on December 9, 2010, which minutes were deemed approved, absent corrections from Members

The next item on this agenda was a series of resolutions authorizing financing in an amount not to exceed \$7,600,000 for Woodstock Manors Apartments, located in the City of Yonkers, Westchester County. Ms. Zucker noted that as a low-income senior housing project, this project qualified for 202 funding. Because of the structure of the funding, the investment would be used to leverage sellers' notes. Additionally, she noted that the development had a mission-motivated seller staying in the property, and it would likely be financed under the Federal New Issue Bond Program.

Ms. Phillips moved to adopt the resolution; Ms. McCann 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 WOODSTOCK
MANOR 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 \$7,500,000

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 PRINCIPAL AMOUNT NOT EXCEEDING \$7,500,000

The next item on this agenda was a series of resolutions authorizing financing in an amount not to exceed \$6,460,000 for St. Michael's Windmill Apartments, located at 486 Montauk Highway in the Town of East Hampton, Suffolk County. Ms. Zucker presented on this project, noting that it would contain 40 units of very affordable senior housing and that such affordable housing is critical in East Hampton. She also noted that the project enjoys strong support in the community, including from the Lutheran church that has agreed to sell a portion of its site to contribute to the development. Ms. Zucker asked for approval to issue up to \$6.5 million of bonds and the related 4% credits, along with a subsidy loan of \$291,000. She noted this was new construction, which would use 202 capital advances in an amount roughly equivalent to the amount of bonds that would be sold.

Ms. Zucker explained that the project would leverage \$300,000 of county money and \$200,000 that DHCR had previously committed to the project, and would be managed by Windmill Village, a nonprofit known by the Agency that is active in the East Hampton area. Chairman Levy commended staff on the project, which he called a "remarkable achievement," both in terms of economics and the NIMBY policy.

Ms. Zucker explained that the HUD 202 mixed finance program is complicated and to fully protect the bond holders, staff is recommending the inclusion of a bank letter of credit into the structure and has requested approval from the Members for an additional \$50,000 in subsidies, to cover this expense, bringing total financing to roughly \$8,200/unit.

Mr. Mattox asked if any banks had confirmed their interest in participating in this development. Ms. Zucker responded that the Agency was in talks with various institutions, including the tax credit investor, but that they were still finalizing these agreements.

Ms. Phillips moved to adopt the resolution; Ms. McCann 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 ST. MICHAEL'S WINDMILL 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 \$6,460,000

The next item on this agenda was a series of resolutions authorizing financing for Neighborhood of the Arts Special Needs (NOTA) Apartments Program located in Monroe County. Ms. Zucker presented on this project, noting that it would fund rehabilitation of 4 buildings and the construction of 1 additional building, for a total of 46 units of rental housing. She noted that the borrower is DePaul properties, with whom both HFA and HCR have had a number of successful projects, and that the Agency's financing would be for the construction period only. Ms. Zucker explained that "construction only" funding was not the norm for affordable housing projects, because the Agency has generally used NIBP capacity to provide a low market interest rate loan to affordable developments, but that Fannie and Freddie have stated that NIBP capacity should not be used for supportive housing, and therefore this project is precluded from participating in that program. Given the current market volatility, she noted that taxable rates are more attractive than tax exempt rates. She stated that the staff would therefore proceed with short term financing. Ms. Zucker explained that the project was insured by the MIF, that it came to agencies as a 9% application, but that staff determined it would be better financed as a 4% deal. She noted that this was an example of one of the many successes of the integration of the agencies.

Chairman Levy stated that, at the MIF meeting earlier in the day, the Committee had expressed concern over MIF's exposure to DePaul and OMH and had decided not to make any further commitments to either until the Members have seen a presentation on that exposure.

Ms. Phillips stated that the Agencies' goal of creating supportive housing that integrates communities could be undermined by placing a disproportionately high amount of supportive housing in one neighborhood with an existing concentration of supportive housing. She conceded that the borrowers, not the Members, choose the locations for developments, but stated that the potentially destabilizing effect of a high concentration of affordable housing should be considered when projects came before the board for approval.

Ms. Phillips moved to adopt the resolution; Ms. McCann 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 NEIGHBORHOOD OF THE ARTS APARTMENTS

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 \$6,534,000

The next item on this agenda was a series of resolutions authorizing the making of awards by the New York State Housing Finance Agency under the Neighborhood Stabilization Program III. Ms. Hammond requested that the Members authorize this project in accordance with the time constraints imposed by HUD. The resolution will allow them to move forward with awards. She noted that the Agency would also want to expand the funds by March 3, 2013. She explained that the allocation would be for land banking foreclosed homes and the demolition of blighted structures and that the funds would be allocated throughout the state based on need, evidenced by foreclosures. There were no questions from the Members.

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

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE MAKING OF AWARDS BY THE NEW YORK STATE HOUSING FINANCE AGENCY UNDER THE NEIGHBORHOOD STABILIZATION PROGRAM 3

The next item on this agenda was a series of resolutions authorizing an Amendment to the Amended and Restated Affordable Housing Revenue Bonds (Federal New Issue Bond Program) Resolution. Ms. Zucker stated that the original resolution that the Members adopted had set a maturity date of not less than 34 years from 2010. Staff has been constrained by this limit, and per approval by the GSEs, requested to expand the program to 34 years from 2011.

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

SUPPLEMENTAL RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AMENDING CERTAIN PROVISIONS OF THE AMENDED AND RESTATED AFFORDABLE HOUSING REVENUE BONDS (FEDERAL NEW ISSUE BOND PROGRAM), NIBP SERIES 1 RESOLUTION

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE PRESIDENT OR THE PRESIDENT, FINANCE AND DEVELOPMENT OF THE AGENCY TO APPROVE AND EXECUTE CHANGES TO A SUPPLEMENTAL RESOLUTION AMENDING CERTAIN PROVISIONS OF THE AMENDED AND RESTATED AFFORDABLE HOUSING REVENUE BONDS (FEDERAL NEW ISSUE BOND PROGRAM), 2009 SERIES 1 RESOLUTION

The next item on this agenda was a series of resolutions authorizing the approval of a Manufactured Home Cooperative Fund Mortgage not to exceed \$650,000 for the Meadow Valley Manufactured Home Park, located in Unadilla, Otsego County. The Members had received information about this item in the materials given to them in advance of the meeting. There were no questions from the Members.

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

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING LOANS UNDER THE MANUFACTURED HOME COOPERATIVE FUND PROGRAM IN CONNECTION WITH THE MEADOW VALLEY MANUFACTURED HOME PARK

The next item on this agenda was a financing Approval for the Issuance of Service Contract Revenue Bonds. Ms. Zucker presented on this item, seeking approval to refund the \$81 million of secured contract revenue bonds and \$21 million of the general service revenue bonds which are currently in the floating rate mode. Their liquidity facility provider elected not to extend the facility. She requested that the Members approve a change to fixed rate mode, as per the State's request.

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

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING THE ISSUANCE OF \$120,000,000 SERVICE CONTRACT REVENUE BOND SERIES RESOLUTIONS, 2011 SERIES _ REFUNDING;

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AUTHORIZING AND APPROVING CERTAIN MATTERS IN CONNECTION WITH THE AGENCY'S \$120,000,000 SERVICE CONTRACT REVENUE BONDS, 2011 SERIES (REFUNDING).

The next item on the agenda was a resolution authorizing award of grant funds for certain projects. The Members had received information about this item in the materials given to them in advance of the meeting. There were no questions from the Members.

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

A RESOLUTION OF THE NEW YORK STATE AFFORDABLE HOUSING CORPORATION AUTHORIZING AWARDS OF GRANT FUNDS FOR CERTAIN PROJECTS LOCATED OUTSIDE OF THE CITY OF NEW YORK

At this point, Chairman Levy announced his intention to resign as Chairman of the Board. Chairman Levy voiced his appreciation for the 4 ½ years he spent serving as Chairman of the Agencies. He stated that his time at the Agencies was especially meaningful considering his work in housing since the 1970's. He stated that he had served on a number of private and nonprofit boards, but that none had Members who were so dedicated, committed and involved with their work. He said that he believes that the commitment of the Members and staff is directly responsible for the Agencies' success as the largest housing agency in the country with the highest rated state mortgage insurance program. He commended Members, staff, Priscilla Almodovar and Brian Lawlor on the increased volume in affordable and supportive housing during their respective tenures.

He noted he would submit resignation to the Governor on Friday, April 29th, but that he wanted to speak on one issue before that time: the independence of the Agencies. He noted that the Legislature created the Agencies as independent public authorities, and that he had serious concerns about the loss of that independence and what it would mean in terms of the Members' fiduciary duties.

He noted that Moody's had expressed concern over Louisiana's decision to integrate its state agencies and its independent authorities, and in the same report had specifically cited New York State as a concern. He also cited a report from Standard and Poor's that also expressed concern about California's decision to lower compensation for its staff members, possibly sacrificing the ability to attract and retain qualified and talented people.

Additionally, he noted that earlier in the day, Fitch gave the State of New York Mortgage Insurance Fund a negative outlook while affirming its ratings, saying that a downgrade could be triggered by continued economic pressure on New York's commercial real estate sector and a reduced commitment from New York State by diverting the receipts, continued required transfers of retained earnings from new commitments or higher levels of delinquencies.

Chairman Levy emphasized that positive ratings of the Governor's actions to balance the budget were not the same as positive ratings of the Agencies and that, further, cutting senior staff salaries by a couple hundred thousand dollars would not make a considerable impact on an operating budget of \$45 million. He noted that the Agencies were not funded by the State, that their profits helped finance the state government, and that compromising talent would compromise profits for the Agencies and the state government. In the interest of independence, Chairman Levy emphasized the importance of Members prioritizing their own fiduciary duties over the wishes of the appointing body.

He thanked the Members for the opportunity to express these opinions in his closing moments, and for the remarkable opportunity to serve as Chairman as he looked forward to new and additional opportunities and to the new and continued success of the independent state agency.

Ms. Rogatz took the opportunity to commend the Chairman on cultivating a phenomenal board with management like none she had seen on a federal or a state level, which she characterized as "beyond superb." She thanked the Chairman for his excellent leadership personally and on behalf of residents of the state. She thanked him for being dedicated, smart, fair, concerned, and fun to work with.

Ms. Bayer noted that Chairman Levy had consistently performed above and beyond the call of duty, not only bringing his housing expertise and decades of experience to the position, but also serving as CEO for 6 months, giving guidance through research and hosting working sessions, and conducting meetings that were open for the Members' opinions but where he also knew how to close a conversation at the appropriate moment.

Ms. Phillips noted that the Agencies had accomplished remarkable things under the Chairman's leadership. She noted that his qualifications and perspective from both the investment banking side and the community development side. She commended him on behalf of all the people in the state who benefitted immensely from the Agencies' accomplishments under his leadership.

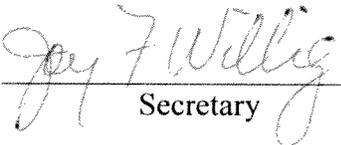
Mr. Lebowitz spoke of the Chairman's dedication, knowledge, ethics, and his ability to lead a team and get the most out of a team—not just the board, the entire agency. He noted that the Agencies had made an irrevocable impact on the state by putting roofs over New Yorkers' heads, which is both significant and enduring.

Mr. Sweet added that he would like to applaud Chairman Levy's wisdom, noting that his parting words would guide the Members going forward. He noted the "constructive and welcome" spirit in which his words were given would serve the people of the state of New York.

Ms. Zucker spoke personally and on behalf of staff, saying that it had been a pleasure from start to finish. She thanked him for his leadership, for challenging staff,

and for making the Agency the best it could be through his constant questioning, prodding, and pushing all done constructively and helpfully to make staff reach for the stars.

There being no unfinished business, Chairman Levy moved to adjourn the meeting; Ms. Phillips seconded the motion; and the HFA Finance and Program Committee meeting was adjourned at 7:24 PM.


Secretary