

**MINUTES
OF THE MEETING OF THE
NEW YORK CITY HOUSING DEVELOPMENT CORPORATION**

March 17, 2017

A meeting of the Members of the New York City Housing Development Corporation (the "Corporation" or "HDC") was held on Friday, March 17, 2017, at the offices of the Corporation, 110 William Street, 10th Floor, New York, New York 10038. The meeting was called to order at 12:04 p.m. by the Chairperson, Maria Torres-Springer, who noted the presence of a quorum. The Members present were Harry E. Gould, Jr., Jacques Jiha, Charles G. Moerdler and Denise Notice-Scott. Shortly after the start of the meeting, Dean Fuleihan arrived. There is currently one vacancy. A list of observers is appended to these minutes.

The Chairperson called for the approval of the minutes of the meeting held on December 1, 2016.

Upon a motion duly made by Mr. Gould, and seconded by Mr. Jiha, the Members unanimously:

RESOLVED, to approve the minutes of such meeting.

The Chairperson stated that the next item on the agenda would be the President's Report, and called upon Eric Enderlin, President of the Corporation, to make this presentation.

Mr. Enderlin thanked the Chairperson and welcomed her to her first meeting as Board Chair. He also thanked all the Board Members in attendance. He said that while at HDC and at HPD, he's had the pleasure of working with Ms. Torres-Springer across a range of housing and community development issues and projects. He said that for those of you who may not know her yet, he thinks you'll find her, as he has, to be a powerful advocate and leader, and that we are lucky to have her service in such challenging times.

Mr. Enderlin stated that as many of you know, the Housing New York plan, taken together, is one very large investment in our neighborhoods and our communities, but this large investment is reliant on many underlying investments supporting it and with that organizing idea today, he noted the following. He said that Mr. Gould, in his report of the Audit Committee, will note HDC's most recent investment report, which we believe demonstrates the continuing strength of the Corporation's investment strategies, and which the Members will be asked to ratify later today. He said that Senior Vice President of Debt Issuance and Finance, Ellen K. Duffy, will present for the Members' approval a new facility that we believe will maximize our use of recycled bonds as a resource to invest in the housing plan. He said that investment on the scale of 200,000 units requires creativity, and this new facility demonstrates that intersection of finance and innovation.

Mr. Enderlin stated that keeping pace with these record levels of production also requires an investment in technology. He said that in addition to the Corporation's own dedicated

progress in this area, HDC has also recently agreed to assist HPD with some limited bridge funding to ensure that certain of those technical advancements are not stalled while more permanent funding sources are secured from the City. He said that these include enhancements to systems that, while housed at HPD, are of significant importance to the developments financed by both agencies. He said that should this funding assistance result in a material variance in the Corporation's budget, he would review it further with the Board's Audit Committee at a later date. He said that at this time he was just raising it for the Members' awareness and as another example of the ongoing collaboration with our HPD colleagues.

Mr. Enderlin stated that Senior Vice President for Development, Anthony R. Richardson, would present for the Members' approval the most recent projects proposed for financing under the Corporation's Open Resolution. He said that these projects are located throughout the City and each one represents an investment in its respective community. He said that responsible community investment requires community engagement. He added that each project and affordability program was reviewed with community stakeholders, and their respective community boards, as part of that engagement process.

Mr. Enderlin stated that one thing these investments have in common is their service of a higher mission. He said that that leads him to one last investment of special note. He said that just as we are investing in the people of our City, HDC invests in the development of the talented internal team that works toward those common goals and in return, there are incredible people at this agency who have invested their talents, their well-being, and their professional careers in public service. Mr. Enderlin stated that it's important to pause and reflect for a moment on what it really means for an individual to invest decades in their work. He said that there are many traditions that recognize ideas like "right work", or "right livelihood" — the idea that how we engage our work lives shapes our community and society. Mr. Enderlin stated that next month one of the brightest of our team's stars would be leaving us to enjoy a well-deserved next chapter in life. He asked that everyone please join him in recognizing HDC Vice President and Controller Bharat Shah for more than 29 years of dedicated service to the mission of HDC and to the work of our City.

Mr. Enderlin stated that in conclusion, he'd like to borrow a comment from Eleanor Roosevelt when she noted that, "we are in no ordinary time" and to add that HDC is prepared to invest in the important ongoing efforts of education and advocacy around the critical need for affordable housing and community development in New York City. He thanked all of the people here today for supporting that work. He said that this concludes his remarks, and if there were no questions the Chairperson could proceed with the remaining agenda.

Mr. Moerdler stated that he wanted to thank Mr. Enderlin for bridging the gap between community and agency, and by his expressed willingness to coordinate to the extent possible and practical with the community boards of the City. He said that they are the eyes and ears of the community that should never be forgotten — they are so by statute and they are so by their reality and existence.

The Chairperson stated that before she moved on to the agenda, she wanted to say a few words, this being her first board meeting as Chair of this Board. She said that she was

particularly humbled to be sitting at the table with Ms. Notice-Scott. She said that for those who may not know, Ms. Notice-Scott gave her her first job in New York City many, many years ago. She said that she learned a tremendous amount in her time working with her—for her—lessons that every day help inform what she does. She thanked Ms. Notice-Scott and said that it was wonderful to see her.

The Chairperson stated that she also wanted to acknowledge the extraordinary work that Mr. Enderlin has done not just at HPD but of course, now, here at the helm of HDC, together with the extraordinary HDC team. She said that Mr. Enderlin was right that we are living today in extraordinary times and while the march towards aggressively meeting the goals of Housing New York must continue, we are doing that in the face of very strong headwinds in D.C. She said that over the years she has marveled at the ability of this team, together with the HPD team, together with all of the partners who are here today, to confront any crisis, any issue, that impedes our work to revitalize neighborhoods and to build affordable housing, and she has no doubt that this work will continue so that we can, together, accomplish those dual objectives: continue to aggressively meet the goals of Housing New York, while at the same time fighting where we need to fight in order to ensure that the progress we have all made together due to the support of so many levels of government does not get eroded. And lastly, she said, she just wanted to say that for those of you whom she has not yet had the pleasure of meeting or working with she certainly looks forward to doing that and she thanked them in advance for their patience. She said that as she gets up to speed with certain issues let there be no doubt that she knows that they can't miss a beat; this important work must continue.

The Chairperson stated that pursuant to the Public Authorities Accountability Act, and for purposes of discussing the next items on the agenda, the Corporation would now commence the meeting of HDC's Finance Committee.

The Chairperson stated that the next item on the agenda would be the Report of the Audit Committee, and called upon Mr. Gould to make this presentation.

Mr. Gould stated that the Audit Committee met on January 30th at which time the Members approved the Corporation's Fiscal Year 2016 annual financial statements. He said that the auditors, Ernst & Young, issued a clean opinion and there were no management letter comments once again this year. Also at the January 30th meeting, he said, the 2016 Annual Investment Report and the 2017 Internal Audit schedule were approved as well. He said that the Members also met prior to this meeting at which time the Annual Audit Committee Report for 2016 was approved. He said the first quarter financials and other investment, debt and credit reports were also reviewed. In addition, he said, the Corporation's Procurement guidelines were presented for their annual approval, with no changes made to the guidelines for this year.

The Chairperson stated that the next item on the agenda would be the Approval of Loan Agreements for the Private Activity Bond Volume Cap Recycling Facility, and called upon Ms. Duffy to advise the Members regarding this item.

Ms. Duffy referred the Members to the memorandum before them entitled "Loan Agreements for Private Activity Bond Volume Cap Recycling Facility" dated March 10, 2017

(the "Recycling Facility Memorandum") and the attachments thereto including (i) the Resolution Approving Loan Agreements and Certain Other Matters in Connection Therewith (the "Authorizing Resolution") and (ii) the Loan Agreement, all of which are appended to these minutes and made a part hereof.

Ms. Duffy stated that she was pleased to recommend that the Members approve the Corporation entering into, from time to time, one or more loan agreements with Citibank N.A. ("Citibank") to establish a private activity bond volume cap recycling facility ("Facility") to enable the Corporation to more efficiently capture and recycle tax-exempt bond authority.

Ms. Duffy stated that the Housing and Economic Recovery Act of 2008 ("HERA") allows the Corporation to refund tax-exempt multi-family housing bonds and "recycle" loan prepayments to finance another project without having to use new private activity bond volume cap.

Ms. Duffy stated that a recycling facility addresses the logistical challenges facing the multi-family volume cap recycling rules under HERA. She said that it greatly helps with the timing constraints of when the prepayment is received and when the prior bonds can be redeemed. She said that this structure enables the Corporation to capture and recycle tax exempt bond authority more efficiently.

Ms. Duffy stated that on October 31, 2016, the Corporation sent a request for proposal to select firms to solicit recommendations for a warehousing facility to recycle prepayments for the Corporation's recycled bond program. She said that the Corporation received a total of seven responses. She said that based on the review and evaluation by the Corporation's Capital Markets group, Citibank's proposed structure, as further described in the Recycling Facility Memorandum, is being recommended as the most economical, flexible structure to manage the pipeline for the Corporation's recycled bond program.

Ms. Duffy stated that the tax-exempt volume cap recycling facility would be structured as a drawdown obligation with Citibank, consisting of one or more loan agreements with a cumulative maximum outstanding drawn amount not expected to exceed \$60 million at any one time, and a not to exceed interest rate of 15%.

Ms. Duffy stated that the Corporation expects to initially enter into one loan agreement for a cumulative aggregate principal amount of \$250 million to be drawn over an initial term of approximately 18 months that can be extended for subsequent terms. She said that it was expected to be priced at a variable interest rate equal to 3-month LIBOR plus a spread anticipated to be 20 basis points on the amount drawn. She said that the LIBOR rate would be reset and the interest would be paid by the Corporation on a quarterly basis. She said that there was no fee or interest costs on the undrawn portion.

Ms. Duffy stated that if the facility is fully drawn or the 18 month term is set to expire, the Corporation may either (i) amend the existing agreement with Citibank increasing such cumulative aggregate principal amount and/or extending such term, or (ii) enter into a new loan

agreement with Citibank, which new loan agreement is expected to have substantially the same terms as the initial loan agreement.

Ms. Duffy stated that the Corporation could access and draw down the Facility with no more than a three-day notice to Citibank, enabling the Corporation to more efficiently capture and hold certain prepayments when received. She said that when a new project is ready to be financed with the prepayment, the Corporation needs only provide Citibank with a one-day notice.

Ms. Duffy stated that the interest on the Facility is anticipated to be lower than the interest on the original bonds financing the prepaid projects. She said that compared to issuing a recycling COB to hold the prepayments, the Facility avoids the underwriting fees and related cost of issuance and the timing constraints, as it will be directly placed with Citibank.

Ms. Duffy stated that the Members were further requested to approve the use of the Corporation's general obligation pledge, for an amount equivalent to the drawdown amount plus the interest cost, in an amount not expected to exceed \$62.25 million to secure the payment obligation due under the Facility.

Ms. Duffy stated that the Facility is anticipated to be a stand-alone facility secured by the general obligation of the Corporation. She said that this credit structure allows Citibank to provide the most cost effective solution without requiring daily reporting, overcollateralization, and a large interest reserve. She said that in addition, this structure allows the Corporation the flexibility to invest the funds in order to minimize its net interest costs.

Ms. Duffy stated that the primary risk to the Corporation related to the establishment of the Facility is the Corporation's obligation to pay the principal and interest due under the Facility. However, she said, this risk is minimal since each draw of the Facility would be equal to the amount of prepayment received. She said that the prepayments would be invested in short term securities. In addition, she said, the maximum outstanding drawn amount of \$60 million and maximum expected accrued interest amount of \$2.25 million further minimizes the risk exposure to the Corporation.

Mr. Moerdler asked to be told again what the interest rate would be on the Facility. Ms. Duffy said that it was 3 months LIBOR plus 20 basis points, reset quarterly. Mr. Moerdler asked if interest rates on the other proposals received were comparable. Ms. Duffy said yes, some were higher and some had other fees associated with it, while some may have been a little lower but had other up-front fees. Thus, she said, it was charted out and we wanted something that was flexible and simple and this, we felt, was our best option. Mr. Moerdler said that before he goes any further he had to make his usual disclosure. He said that members of his firm, but not he, represent Citibank from time to time and according to the Conflicts of Interest Board, that disclosure suffices to meet his requirements. Mr. Moerdler then asked if this was for 18 months and if it was open for renegotiation by the bank at that time. Ms. Duffy said that was correct and we based that on how we use the prepayments, when we see the prepayments coming in, and trying to keep the cost (the rate that we pay) down to 20 basis points. Mr. Moerdler asked if the \$2.25 million prepaid now. Ms. Duffy said no, that the \$2.25 million was just to cover the

interest that would be due on a quarterly basis if we had the full \$60 million drawn down at any one time. She said that that was based on the maximum rate and that we did not have the prepayments right now and we expect to enter into this over the next several months. She said that right now for the deal that Mr. Richardson would present we need some of the prepayments that we have in house. Mr. Jiha asked if there had been any comparative analysis of the current COB structure with the recycling facility structure. He asked if some samples could be shared with the board in terms of savings and how much flexibility they've gotten. He said that he was going by the Recycling Facility Memorandum assuming that an analysis has been done and it would be very useful to the Members if they had some examples. Ms. Duffy stated that we have some analysis that we could provide and said that we looked at this like another tool in HDC's financial toolbox. She said that we are not going to stop using COBs, it's just a timing issue. She said that there are certain structures we have where it makes sense to recycle that prepayment and call out the old bonds immediately, and the recycling facility will enable us to do that. She said that it gives us more flexibility. She said that sometimes we directly allocate, which is actually the most economical way to recycle. She said that we could send him something and provide him with some analysis. Mr. Jiha asked if we had the flexibility to use either one of them depending on which one is best. Ms. Duffy said yes, and there are a lot of times when, as we are doing now for our March deal, we directly allocate the prepayments. She said that we've gotten some prepayments in and we're getting some in as we speak or next week that we'll just immediately use in the next deal we have so we don't have to put them in the facility and that's actually the most economical way of doing things. She said that it is a real timing issue; there are so many rules to recycling that we need this bridge financing. Mr. Froehlich said that we have a six month window from when a prepayment occurs to when we have to reuse it, so this is all very short term financing, but we try to be as flexible and as responsive as possible while at the same time making the most economical choice. Mr. Moerdler asked: in what context would we use it? Mr. Froehlich said that when prepayments come in we'll use it if we don't have a deal right then that we need it for or a financing that we're doing in a very short time, so it's covering those sorts of issues; so if a prepayment happens, let's say, on August 1st, and we're not planning to issue until November, and we don't have any projects to finance, and the interest rate on the bonds that the prepayment relates to is relatively high, we would likely do this. He said that it solves the problem, in that we could pay off the old bonds and maintain the recycling in a cost efficient manner. He said that it's always going to be a timing issue and we can't always predict when prepayments will occur and we can't limit our borrowers from making their prepayments. He said that it's complicated but recycling has been a very important tool for the Corporation. He said that we've recycled in excess of over a billion and a half since it came about in 2008 so it's very important to what we do but it always becomes a timing game. Mr. Jiha asked if we've obtained an opinion from the IRS in terms of whether or not this would violate any of the rules. Mr. Froehlich said that we are highly confident—working very closely with our bond counsel—that we follow all the rules. He said we got recycling created so we're very conscious of what the rules are. He said that this in no way violates them. He said that this warehouse type facility has been used in the single family area for many years so it's very similar conceptually. He said that this facility itself is not breaking new ground for the industry; it is new for us, but it has been out there and it deals with this sort of issue of when prepayments occur. Ms. Notice-Scott stated that Citibank was a big partner with us across a number of areas and maybe at some future date something should be put together describing what the broader relationship is. Mr. Froehlich said that was a fair point and

that we'd be glad to. He said that their CRA examination is done differently than some of the other banks so we've been more responsive and in doing that we think we've gotten better, more cost effective lending from them due to what their needs are. He said they have a very strong CRA need in New York and we are trying to be responsive, and they are likewise responsive to us and a strong counterparty, being a major bank in New York.

Mr. Froehlich then described the provisions of the Authorizing Resolution and the actions the Members were being requested to approve.

Upon a motion duly made by Mr. Moerdler, and seconded by Ms. Notice-Scott, the Members of the Finance Committee unanimously:

RESOLVED, to approve the Authorizing Resolution that provides for (1) the Corporation to enter into one or more loan agreements and one or more notes as well as necessary amendments with Citibank to establish and manage the Facility, (2) the pledge of the Corporation's general obligation in an amount not expected to exceed \$62,250,000 (plus any late payment charges, ongoing obligations or fees), and (3) the authorization of the officers of the Corporation to prepare and execute all documents and enter into all agreements necessary to establish and manage the Facility.

The Chairperson stated that the next item on the agenda would be the Approval of an Authorizing Resolution relating to the Multi-Family Housing Revenue Bonds, 2017 Series A and B and called upon Mr. Richardson to advise the Members regarding this item.

Mr. Richardson referred the Members to the memorandum before them entitled "Multi-Family Housing Revenue Bonds, 2017 Series A and B" dated March 10, 2017 (the "Open Resolution Memorandum") and the attachments thereto including (i) the Resolution Authorizing Adoption of the Two Hundred Forty-First Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2017 Series A-1, the Two Hundred Forty-Second Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2017 Series A-2, the Two Hundred Forty-Third Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2017 Series A-3, the Two Hundred Forty-Fourth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2017 Series B-1, and the Two Hundred Forty-Fifth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2017 Series B-2 and Certain Other Matters in Connection Therewith (the "Authorizing Resolution"); (ii) the Two Hundred Forty-First Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2017 Series A-1, the Two Hundred Forty-Second Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2017 Series A-2; the Two Hundred Forty-Third Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2017 Series A-3, the Two Hundred Forty-Fourth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2017 Series B-1, and the Two Hundred Forty-Fifth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2017 Series B-2 (each, a "Supplemental Resolution" and collectively, the "Supplemental Resolutions"); (iii) the Preliminary Official Statement; and (iv) the Bond Purchase Agreements, all of which are appended to these minutes and made a part hereof.

Mr. Richardson stated that he was pleased to recommend that the Members approve the issuance of the Corporation's Multi-Family Housing Revenue Bonds, 2017 Series A-1, 2017 Series A-2, 2017 Series A-3, 2017 Series B-1, and 2017 Series B-2 Bonds (collectively, the "Bonds" or the "2017 Bonds") in an amount not expected to exceed \$276,735,000 to finance the construction, acquisition, rehabilitation and/or permanent financing of certain projects and other activities as described in the Open Resolution Memorandum.

Mr. Richardson stated that additionally, the Members were being asked to approve the purchase of an interest rate hedge in a notional amount not expected to exceed \$60,000,000 to manage interest rate risk relating to the variable rate obligations, including the 2017 Series A-3 Bonds.

Mr. Richardson stated that interest on the 2017 Series A-1, 2017 Series A-2, and 2017 Series A-3 Bonds was expected to be exempt from Federal, state and local income tax and such Bonds would qualify as tax-exempt private activity bonds with a combination of an allocation of new private activity bond volume cap, an allocation of "recycled" volume cap in accordance with the Housing and Economic Recovery Act of 2008, and the refunding of certain outstanding bonds or obligations of the Corporation. He said that interest on the 2017 Series B-1 and 2017 Series B-2 Bonds is not expected to be exempt from Federal income tax, but is expected to be exempt from state and local income tax.

Mr. Richard stated that the Corporation expects to designate the 2017 Series A-1, 2017 Series A-2, 2017 Series A-3, 2017 Series B-1, and 2017 Series B-2 Bonds as Sustainable Neighborhood Bonds, in what would be the Corporation's seventh issuance of Sustainable Neighborhood Bonds, following the inaugural issuance in June 2015. He said that approval of these Resolutions would authorize the 241st through 245th Supplemental Resolutions.

Mr. Richardson stated it is anticipated that the 2017 Series A Bond proceeds, in an amount not expected to exceed \$191,735,000, would be used to finance senior mortgage loans for five (5) developments and a portion of the senior mortgage loan for one (1) development (Fulton Houses, a Mixed/Middle (M2) deal that was approved by the Members on December 1, 2016). He said that aside from that loan portion, the new loans would be originated to finance two Mix and Match projects and three ELLA projects consisting of over 850 units of rental housing, to be located in Manhattan, the Bronx, and Queens.

Mr. Richardson stated that the three ELLA and two Mix and Match developments would receive subordinate financing from the Corporation's unrestricted reserves in an amount not to exceed \$63,925,000. He said that four subordinate loans were expected to bear an interest rate equal to the Applicable Federal Rate as recently published by the Internal Revenue Service ("AFR"), with set lower monthly payments, would be advanced during construction and would remain in the project as a permanent loan. He said that one subordinate loan would bear an interest rate of 1%, would be advanced during construction and would remain in the project as a permanent loan. He said that more information on the individual projects was contained in Attachments 1-5 of the Open Resolution Memorandum.

Mr. Richardson stated that it is anticipated that the 2017 Series A-1 Bonds would be issued as fixed rate tax-exempt bonds and the 2017 Series A-2 Bonds would be issued as fixed rate tax-exempt bonds with convertible options as further described in the Open Resolution Memorandum.

Mr. Richardson stated that the Corporation expects to issue fixed rate 2017 Series A-2 Bonds to finance the short-term portion of the 2017 Series A senior mortgage loans; however, if the finance market conditions change, and staff determines that it is not cost-effective to issue all of the expected short-term bonds as fixed rate under the 2017 Series A-2 Bond designation, the Corporation may choose to issue a portion of the short-term bonds as variable rate bonds under the 2017 Series A-3 Bond designation. He said that it is anticipated that the 2017 Series A-3 Bonds, if issued, would be structured as tax-exempt variable rate index bonds. Further, Mr. Richardson stated, should the Corporation choose to issue the 2017 Series A-3 Bonds as variable rate index bonds, it is anticipated that the Corporation would enter into a hedging instrument to manage the associated interest rate risk.

Mr. Richardson stated that it is anticipated that the Corporation would purchase an interest rate cap to manage the interest rate risk, but may choose to purchase an interest rate swap based on market rates at the time of execution. He said that the Corporation would purchase the interest rate hedge from a qualified interest rate provider pursuant to the hedge policy approved by the Members on April 10, 2014 (the "Hedge Policy") and with advice from its Hedge Advisor for a notional amount expected to be \$30,000,000. However, he said, the Members are asked to authorize a not-to-exceed notional amount of \$60,000,000, to allow the flexibility to make adjustments based on the market conditions and the amount of the 2017 Series A-3 Bonds. He said that the interest rate hedge is anticipated to be SIFMA or LIBOR-indexed, and coterminous with the anticipated term of the 2017 Series A-3 Bonds.

Mr. Richardson stated that the Members were being asked to authorize a not-to-exceed cost of \$375,000 for an interest rate cap; however, the cost of an interest rate cap for a notional amount of \$30,000,000 with a 3 year term and a strike rate of 2.2% is anticipated to be approximately \$125,000. He said that if the Corporation chooses to purchase an interest rate swap, the swap rate for a 3 year term, based on 70% of 1 month LIBOR, is anticipated to be set at an approximate rate of 1.2%. He said that these rates or costs are based on the current market rates and are subject to change.

Mr. Richardson stated that it is anticipated the proceeds of the 2017 Series B Bonds, in an amount not to exceed \$85,000,000, would be used (a) to acquire or reimburse the Corporation for approximately \$30,535,711 of subordinate mortgage loans previously funded by the Corporation with its own corporate funds and (b) to redeem certain bonds to re-leverage the underlying assets that are currently held under the Open Resolution and lock in funding at the current low rates. He said that the issuance of the 2017 Series B Bonds would allow for replenishment of the Corporation's reserves, which can then be re-lent to new developments in furtherance of the Corporation's commitment to the Mayor's *Housing New York* plan. Mr. Richardson stated that for more information on the loans requested to be acquired or reimbursed through the issuance of the 2017 Series B Bonds, please see Attachment "6" of the Open Resolution Memorandum.

Mr. Richardson stated that it is anticipated that the 2017 Series B-1 Bonds, in an amount not expected to exceed \$25,000,000, would be issued as fixed rate taxable bonds. He said that it is anticipated that the 2017 Series B-2 Bonds, in an amount not expected to exceed \$60,000,000, would be issued as taxable variable rate index bonds to be purchased by the Federal Home Loan Bank of New York. Mr. Richardson stated that more detail on the developments, as well as the bond underwriters, risks, fees and credit ratings associated with the 2017 Bonds, are outlined in the Open Resolution Memorandum.

Mr. Moerdler stated that he was curious as to why a 1% interest rate was proposed with respect to Crossroads Plaza. Mr. Richardson asked Mr. Moerdler if he was looking at the loans that would be purchased and Mr. Moerdler said that he was looking at Attachment 6 of the Open Resolution Memorandum. Mr. Froehlich said that those were the securitization of existing loans and the loan in question was a subordinate loan made to the development. Mr. Froehlich said that that was what we charge on our subordinate loans whenever we approve additional financing; we have the bonds that were initially issued which were closer to the market rate and the subordinate loan that provided subsidy was sized at 1%. He said that's the nature of our programs for our subordinate financing. Mr. Moerdler said that he was trying to understand it because when you look at the page the optics are Arker gets 3.05%, Ocean Village has a 5% rate and Crossroads Plaza (which has one thing to commend it, that it is located in the borough of the Bronx) but other than that, why 1%? Mr. Froehlich said that this was a securitization of existing loans that are in our portfolio. Mr. Moerdler asked if we were taking a hit, and Mr. Froehlich said that we were not taking a hit. He said that the fundamental aspect of our lending is to provide subsidy to bring down the effective borrowing costs. He said that the other projects that the Members were approving had subordinate debt as well to the tune of \$60 million dollars. Mr. Richardson added that those loans were all different types of loans. Mr. Froehlich said that this loan was the securitization that we're doing in order to raise more money to make more subsidy loans and subordinate loans and that this was just a pooling of preexisting loans. Ms. Duffy said that this was just the subordinate piece and that at the time the Crossroads loan was made there was a senior loan that was made at our regular market rate, probably around 5.0% or 5.70%, and with the subordinate loan at 1% together those loans bring down the financing costs. She said that these loans were just the subordinate pieces that we hold in corporate and when we go to do a securitization we purchase these loans. She said that we put those loans back into a bond deal and that they are very over collateralized so it's just a way for us to securitize the loan to get some more money upfront to lend out for more subordinate loans. The Chairperson suggested that as a follow up to this we provide Mr. Moerdler with more information about the senior loan. Mr. Enderlin then clarified that we in the housing plan, in conjunction with HPD, have a series of term sheets that provide for interest rates related to subordinate debt, the subsidy that we put into projects, and at the beginning of the plan, this recent plan, we agreed that on the HPD side those rates would be dropped to zero but we'd have a deferred and accrued rate that happens behind the scenes to create a bigger balloon and we therefore leverage greater private financing from that structure. He said that HDC on the other hand continued to have a portion that was payable but at a low rate as you identify, and then there are often times a portion that also defers and accrues behind that. Mr. Enderlin said that we could clarify that and walk Mr. Moerdler through it. Mr. Moerdler said that could be done off line.

Mr. Froehlich then described the provisions of the Authorizing Resolution and the actions the Members were being requested to approve.

Upon a motion duly made by Mr. Gould, and seconded by Ms. Notice-Scott, the Members of the Finance Committee unanimously:

RESOLVED, (A) to approve the Authorizing Resolution that provides for (a) the adoption of Supplemental Resolutions to the Open Resolution providing for the issuance of the Bonds, (b) the distribution of Preliminary and final Official Statement(s) for the Bonds, (c) the execution of bond purchase agreement(s) with the Underwriter(s) of the Bonds or a direct purchaser of any or all of the Bonds, (d) the use of the Corporation's unrestricted reserves to fund costs of issuance for the Bonds and to fund all or a portion of the debt service reserve account requirement in connection with any or all of the series of Bonds, as may be required, (e) the use of the Corporation's general obligation as a "Cash Equivalent" (under the Open Resolution) to satisfy the Debt Service Reserve Account requirement with respect to the Bonds, and (f) the execution by the President or any Authorized Officer of the Corporation of any and all documents necessary to issue the Bonds and to make the mortgage loans relating to the Bonds; (B) to approve the making of subordinate loans for three (3) ELLA developments and two (2) Mix & Match developments from the Corporation's unrestricted reserves in an amount not to exceed \$63,925,000, and the execution by an Authorized Officer of the Corporation of mortgage-related documents and any other documents necessary to accomplish the subordinate financing; and (C) to approve the purchase of an interest rate cap or swap using the Corporation's unrestricted reserves in an amount not to exceed \$375,000 and the execution by the President or any Authorized Officer of the Corporation of any and all documents necessary to enter into an interest rate cap or swap agreement.

The Chairperson stated that the next item on the agenda would be the Ratification of NYCHDC's 2016 Annual Investment Report, and called upon Ms. Duffy to advise the Members regarding this item.

Ms. Duffy referred the Members to the memorandum before them entitled "Ratification of NYCHDC's 2016 Annual Investment Report" dated March 10, 2017 and the attached 2016 Annual Investment Report, which is appended to these minutes and made a part hereof.

Ms. Duffy stated that the New York State Public Authorities Law (PAL) requires HDC to provide an annual investment report and it details the required contents of the report. She said that these requirements are met by the 2016 Annual Investment Report which includes:

- Data on investments made;
- Investment earnings and fees paid;
- Copies of the Corporation's audited financial statements;
- The Investment Guidelines as approved by the Members on September 22, 2016; and
- A Report of Independent Auditors on Compliance with Investment Guidelines.

Ms. Duffy stated that the 2016 Annual Investment Report was presented and approved by the Audit Committee on January 30, 2017. She said that at this time the Members are asked to

ratify the Audit Committee's approval of the Report. She said that upon ratification by the Members, the Report would be submitted to the Mayor and to both the City and State Comptrollers, as required by the Public Authorities Law.

Upon a motion duly made by Mr. Jiha, and seconded by Mr. Gould, the Members of the Finance Committee unanimously:

RESOLVED, to ratify the Audit Committee's approval of the 2016 Annual Investment Report.

The Chairperson stated that the next item of business would be the Approval of Declaration of Intent Resolutions, and called upon Mr. Richardson to advise the Members regarding this item.

Mr. Richardson reminded the Members that Declaration of Intent Resolutions were solely for tax code purposes, allowing any expenditures incurred by a project's developer within 60 days prior to the date the Resolution is passed to be eligible for tax exempt bond financing. He said that before HDC were to actually finance a project, the specifics of the transaction would be presented to the Members for review and approval.

Mr. Richardson referred the Members to the memorandum before them entitled "Resolution of Declaration of Intent, 411 & 413 Lenox Avenue, 225 West 140th Street, Manhattan, New York, Block 1915, Lots 32, 33, 34, 35 & 36, Block 2026, Lot 15" dated March 10, 2017 and the Declaration of Intent Resolution attached thereto, which is appended to these minutes and made a part hereof.

Mr. Richardson stated that the proposed development would consist of the new construction of two (2) buildings containing 99 residential rental units in aggregate (including one superintendent unit) to be located in Harlem using approximately \$25.2 million in tax-exempt bonds. He said that the project is to be developed by a single purpose entity to be formed and controlled by the principals of Lemor Development Group.

Upon a motion duly made by Mr. Gould, and seconded by Mr. Jiha, the Members of the Finance Committee unanimously:

RESOLVED, to approve the Declaration of Intent Resolution for 411 and 413 Lenox Avenue, 225 West 140th Street, Manhattan, New York, Block 1915, Lots 32, 33, 34, 35 & 36, Block 2026, Lot 15.

Mr. Richardson then referred the Members to the memorandum before them entitled "Resolution of Declaration of Intent, 150 Van Cortlandt Avenue East, Bronx, New York, Block 3313, Lot 18" dated March 10, 2017 and the Declaration of Intent Resolution attached thereto, which is appended to these minutes and made a part hereof.

Mr. Richardson stated that the proposed development would consist of the new construction of one building containing 152 residential rental units (including one superintendent

unit) to be located in the Bronx using approximately \$22.4 million in tax-exempt bonds. He said that the project is to be developed by a single purpose entity to be formed and controlled by the principals of the Stagg Group.

Upon a motion duly made by Mr. Gould, and seconded by Mr. Jiha, and with Mr. Moerdler abstaining, the Members of the Finance Committee:

RESOLVED, to approve the Declaration of Intent Resolution for 150 Van Cortlandt Avenue East, Bronx, New York, Block 3313, Lot 18.

The Chairperson stated that at this time, she would like to close the meeting of the Finance Committee and call for a motion of the HDC Board to ratify those items just approved by the Finance Committee.

Upon a motion duly made by Mr. Gould, and seconded by Ms. Notice-Scott, and with Mr. Moerdler abstaining from voting on the Declaration of Intent Resolution for 150 Van Cortlandt Avenue East, the Members:

RESOLVED, to ratify and adopt each of the preceding approvals of the Finance Committee.

At 12:43 p.m., there being no further business, upon a motion duly made by Mr. Gould, and seconded by Mr. Moerdler, the meeting was adjourned.

Respectfully submitted,

Diane J. Pugacz
Assistant Secretary

**MINUTES
OF THE MEETING OF THE
NEW YORK CITY HOUSING DEVELOPMENT CORPORATION**

March 17, 2017

ATTENDANCE LIST

Howard I. Berkman	Hawkins Delafield & Wood LLP
R. Gregory Henniger	“ ”
Kevin Murphy	“ ”
Andrew Ross	Jefferies LLC
Amol Mehta	“ ”
Annie Lee	J.P. Morgan
Peter Weiss	“ ”
Jeff Sula	RBC Capital Markets
Peter Cannava	Wells Fargo
Melissa Lockett	Citi
Jeremy Johnson	“ ”
Mike Koessel	“ ”
Jose Yandun	Siebert Branford Shank
Geoff Proulx	Morgan Stanley
Susan Jun	“ ”
Gregory Borys	“ ”
Samphas Chhea	Ramirez & Co.
Damian Busch	Barclays
Jeffrey Philp	Orrick, Herrington & Sutcliffe LLP
Eileen Heitzler	“ ”
Seema Mohanty	Mohanty Gargiulo LLC
Andrew Rothbaum	“ ”
Barbara Feldman	BAML
George Jaegger	“ ”
Kathryn Johnson	OMB
Jacqueline Gold	DOF
Eric Enderlin	New York City Housing Development Corporation
Richard M. Froehlich	“ ”
Paula Roy Carethers	“ ”
Anthony R. Richardson	“ ”
Ellen K. Duffy	“ ”
Diane J. Pugacz	“ ”
Jim Quinlivan	“ ”
Teresa Gigliello	“ ”
Cathleen A. Baumann	“ ”

Michael Gaboury	“	”
Ruth Moreira	“	”
Moira Skeados	“	”
Kate Gilmore	“	”
Jeffrey Stone	“	”
Mary Hom	“	”
Trisha Ostergaard	“	”
Madhavi Kulkarni	“	”
Catherine Foody	“	”
Shirley Jarvis	“	”
Cheuk Yu	“	”
Uyen Luu	“	”
Mary John	“	”
Carol Micalizzi	“	”
Justin Mathew	“	”
Gene Yee	“	”
Daniel Connelly	“	”
Syed Mahmud	“	”
Stephanie Mavronicolas	“	”
Tinru Lin	“	”
Lindsay Kerby	“	”
Amy Boyle	“	”
Leroi Jiles	“	”
Christina Clarke	“	”
Jonah Lee	“	”
Luke Schray	“	”
Merin Urban	“	”
Horace Greene	“	”
Jason Osborn	“	”
Micah Hunter	“	”
Jeet Gulati	“	”
Patricia Halling	“	”
Will Martin	“	”
Claudine Brown	“	”
Libby Rohlfing	“	”
Shira Gidding	“	”