

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

September 22, 2014

A meeting of the Members of the New York City Housing Development Corporation (the "Corporation" or "HDC") was held on Monday, September 22, 2014 at the offices of the Corporation, 110 William Street, 10th Floor, New York, New York 10038. The meeting was called to order at 9:45 a.m. by the Chairperson, Vicki Been, who noted the presence of a quorum. The Members present were Harry E. Gould, Jr., Dean Fuleihan and Jacques Jiha. The Members absent were Charles G. Moerdler and Denise Notice-Scott. There is currently one vacancy. A list of observers is appended to these minutes.

The Chairperson first stated that on behalf of the Corporation and the other Members, she would like to extend our condolences to Mr. Moerdler on his loss, and thank the Members for accommodating us with their availability today.

The Chairperson then called for the approval of the minutes of the meeting held on June 10, 2014.

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

RESOLVED, to adopt the minutes of such meeting.

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

Mr. Rodney thanked the Chairperson and the Members in attendance. He said that to start he would like to congratulate HDC's staff and partners on a successful summer closing season. He said that thanks in great part to the actions the Members approved at the Corporation's last Board meeting in June, HDC closed on fourteen projects – including both new construction and preservation – which collectively comprise nearly 2,000 units. He said that HDC was already moving full speed ahead toward its December closing season as we continue ramping up production goals to help The City achieve Mayor Bill de Blasio's housing plan to create or preserve 200,000 affordable units over ten years.

Mr. Rodney stated that the actions presented for The Board's approval today would assist us in those goals. He said that these included project-specific actions such as approval of a loan to rehabilitate Nordek Apartments (a severely distressed, Sandy-impacted State Mitchell Lama in The Rockaways) and the approval of several declarations of intent which would authorize the Corporation to proceed with plans for additional new construction and preservation financing activities. He said that they also include the refunding of a Liberty Bond project at 8 Spruce Street in lower Manhattan that is expected to net HDC more than \$2 million in upfront

origination fees; all of which would be used to finance affordable housing through our other programs.

Mr. Rodney stated that other actions presented for approval today exceed specificity to any one project and would aid HDC and The City in achieving The Mayor's housing plan at higher, more programmatic levels. He said that these include the approval of the structure for a new financing program with HUD and The Treasury Department aimed at supporting multifamily risk sharing through the Federal Financing Bank or FFB. He said that the FFB model would significantly reduce the interest rate for affordable multifamily housing compared to the cost of tax-exempt bonds under current market conditions. He said that while HDC's pilot of this program was specific to one project – Arverne View, a successfully rehabilitated Mitchell Lama in The Rockaways – the FFB model is also expected to be used for many more projects to more effectively and cost-efficiently construct and preserve multifamily housing not only in The City, because we are also a pilot for this program to be replicated nationwide. He said that yet another action consistent with the policy and programmatic goals of the housing plan would authorize HDC to contract financial and market analysis services which will inform changes to The City's inclusionary housing requirements. He said that this analysis, and the decisions it would inform, would greatly impact the structure of future housing developed in The City, including those financed by HDC and HPD.

Mr. Rodney stated that as he had often said, the keys to HDC's success in meeting its ever-evolving goals have always been the depth and talent of its staff. He said that in that tradition he was pleased to note that one of the actions presented today would request the Members' approval of Anthony Richardson as the Corporation's new Senior Vice President of Development. He said that Mr. Richardson comes to HDC from HPD, where he served for more than six years, most recently as that agency's Director of Multifamily New Construction Programs. He said that his prior, private-sector experience includes positions at Ernst & Young, M.R. Beal & Company, and Cantor Fitzgerald. He said that he was confident that Mr. Richardson's great skill and knowledge, as well as the respect he commands in the industry, would serve him well as he leads the Corporation's Development staff forward to reach even greater heights of productivity and efficiency.

Mr. Rodney stated that on the topic of commitment to the Corporation, he would like to also take a moment to recognize Colvin Grannum, who stepped down as a Member of the HDC Board this past July. He said that during his tenure, Mr. Grannum proved himself to be a diligent and actively engaged contributor to the Corporation and its affairs, and on behalf of the entire Board he thanked him for his service. He said that he would also like to acknowledge and thank Denise Scott, who with the Members' approval today, would be increasing her service to the Corporation as a new appointee to HDC's Governance Committee. He said that finally, he would like to acknowledge HDC Chief Operating Officer & General Counsel Rich Froehlich, and congratulate him on his appointment last month to The Board of Directors of The Municipal Securities Rulemaking Board or MSRB. He said that his appointment to this prestigious board comes at a pivotal moment in our industry when thoughtful oversight, protections and regulation are more important than ever. He said that Mr. Froehlich's deep knowledge of, and passion for, the work we do would contribute greatly to MSRB's core mission of promoting a fair and efficient bond market. He said that as this work ultimately allows HDC to accomplish its goals

of financing affordable housing for New Yorkers, he both congratulated Mr. Froehlich on his appointment and thanked him for his service.

Mr. Rodney stated that in closing he would like to recognize and congratulate the entire staff of HDC on some good news we just received late last week. He said that Standard & Poor's raised its rating of HDC's Open Resolution long-term bonds from "AA" to "AA+". He said that this was the first rating issued under S&P's revised evaluation criteria. He said that the excellence of HDC's financial policies, underwriting and asset management were all specifically cited by S&P among the reasons for this upgrade to our rating. He said that this was yet another reflection of the depth and talent of the entire HDC team, and we are counting on that continued excellence as we move forward within the framework of Mayor Bill de Blasio's vision for a city that is affordable to all. Mr. Rodney noted that that there was mention of this upgrade in today's Wall Street Journal newspaper.

He stated that this concludes his remarks, and if there were no questions or comments, the Members could move on to the next item on the agenda.

The Chairperson stated that the next item on the agenda would be the Appointment of a Senior Vice President and called upon Mr. Rodney to advise the Members regarding this item.

Mr. Rodney referred the Members to the Memorandum before them entitled "Appointment of Anthony Richardson" dated September 11, 2014 and the resume attached thereto, which is appended to these minutes and made a part hereof. Mr. Rodney stated that he was pleased to recommend that the Members approve the appointment of Anthony Richardson to the Corporation as Senior Vice President for Development. He said that as he had previously mentioned, Mr. Richardson comes to HDC from HPD, where he most recently served as the agency's Director of Multifamily New Construction Programs. He said that Mr. Richardson's prior experience and knowledge of the affordable housing industry will be an asset to the Corporation and particularly to the Development department. He said that he was confident that he is the right person to lead our Development team's efforts as we continue to execute and implement Mayor de Blassio's Housing New York Plan.

Mr. Rodney stated that the Members were being asked to approve Mr. Richardson's appointment with an annual salary of \$182,000 with 4 weeks of annual leave.

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

RESOLVED, to appoint Anthony Richardson as Senior Vice President for Development for the Corporation effective as of September 18, 2014 at a salary of \$182,000 with 4 weeks of annual leave.

The Chairperson stated that although HPD was sad to lose Mr. Richardson, she could not think of a better place for him to go since we are all working on the same team.

The Chairperson stated that the next item on the agenda would be the appointment of Denise Notice-Scott to the Governance Committee. She again thanked Colvin Grannum for his dedicated service to the residents of The City of New York with his participation in the Governance and Audit Committees, and as a Member of the HDC Board. She said that with the vacancy left with his departure, she would like to appoint HDC Board Member Denise Notice-Scott, who could not be here with us today, to the Governance Committee.

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

RESOLVED, to approve the appointment of Denise Notice-Scott to the Governance Committee.

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 for the Members' consideration would be the Approval of an Authorizing Resolution relating to the Multi-Family Mortgage Revenue Bonds (8 Spruce Street). She called upon Ellen K. Duffy, Senior Vice President for Debt Issuance and Finance, to advise the Members regarding this item.

Ms. Duffy referred the Members to the memorandum before them entitled "Multi-Family Mortgage Revenue Bonds, Series 2014 (8 Spruce Street) dated September 11, 2014 (the "8 Spruce Street Memorandum") and the attachments thereto including (i) the Resolution Authorizing Execution and Delivery of an Indenture of Trust Governing the Issuance of Multi-Family Mortgage Revenue Bonds (8 Spruce Street) and Certain Other Matters in Connection Therewith (the "Authorizing Resolution"); (ii) the Indenture of Trust Between New York City Housing Development Corporation and Indenture Trustee; (iii) the Preliminary Official Statement; and (iv) the Bond Purchase Agreements, 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 issuance of the Corporation's Multi-Family Mortgage Revenue Bonds, Series 2014 (8 Spruce Street) in an amount not to exceed \$610 million.

Ms. Duffy stated that \$203.9 million of the bonds would be issued as Tax-Exempt Liberty Bonds, and the remaining \$406.1 million of the bonds would be authorized to be issued as Taxable Bonds. She said that interest on the Liberty Bonds was anticipated to be exempt from Federal, state, and local income tax and interest on the Taxable Bonds was anticipated to only be exempt from state and local income tax.

Ms. Duffy stated that the Bonds would be used to refund prior Bonds that the Corporation issued in 2008, 2009 and 2010 that were used to finance the construction of the 8 Spruce Street project—which was then called Beekman Tower.

Ms. Duffy stated that 8 Spruce Street was an 899-unit residential building in lower Manhattan designed by Frank Gehry and controlled by Forest City Ratner Companies and TIAA. The building was completed in 2011 and as of August was 99% leased.

Ms. Duffy stated that the original financing in 2008 was the seventh project financed by the Corporation using Liberty Bonds, and that the structure proposed today would allow for the preservation of those tax-exempt Liberty Bonds without the cost of arranging and paying for long-term credit enhancement. She said that developments financed under the Corporation's Liberty Bonds program have no income restrictions or affordability requirements, although the Corporation used funds derived from large origination fees to finance affordable housing elsewhere and 8 Spruce Street did receive a 20-year 421-a tax abatement subjecting it to rent stabilization. She said that the proceeds of the Bonds would provide a loan to the project which is expected to be \$550 million.

Ms. Duffy stated that the Bonds would be issued as fixed-rate obligations and structured in multiple classes in a manner consistent with current Commercial Mortgage Backed Securities (or "CMBS") standards. She said that this would be the Corporation's first transaction to be structured as CMBS, although similar CMBS structures were recently used by the New York Liberty Development Corporation for two other non-housing liberty bond projects – 7 World Trade Center and One Bryant Park. She said that based on the positive market reception from those transactions, the Corporation expects the proposed structure to provide an effective financing tool to refund 8 Spruce Street's currently outstanding Bonds, which are variable rate, and lock in a fixed rate in the current low-rate environment.

Ms. Duffy stated that these Bonds, as is the case for CMBS deals, would follow a *sequential pay* structure. She said that this means that all debt service owed is paid to the most senior class first, and then to the next most senior class, and so on until the most junior class is paid. She said that because of this tranching, the different classes of bonds have different risk profiles; and therefore they have different ratings and different interest rates.

Ms. Duffy stated that to achieve the lowest interest rate for the Project, the Taxable Bonds and the Liberty Bonds are expected to be structured into three and four Bond Classes, respectively, with the Bond Classes of Taxable Bonds having higher payment priorities and the Bond Classes of Liberty Bonds having lower payment priorities. The Class A bonds will be rated by both Standard and Poor's and Fitch rating services. All other bonds are expected to be rated by S&P. The A, B, C, D and E Classes are expected receive an investment grade rating. The F and G classes are expected to have a non-investment grade rating.

Ms. Duffy stated that the Bonds would have an approximate final maturity of March 1, 2048, but the Bonds are expected to be repaid ten years from the issuance of the Bonds which is referred to as the "Anticipated Repayment Date". She said that the Bonds would be interest only obligations, and after the ARD, if the Bonds had not yet been repaid, the interest rate would increase, all available cash flow from the Project would be "trapped" in a cash management account controlled by the Servicer and used to pay down principal sequentially by Bond Class. She said that combination of the increased interest rate and the cash trap should incentivize the Borrower to refinance the Bonds in the tenth year prior to the ARD.

Ms. Duffy stated that the Members were being asked to authorize a not-to-exceed interest cost of 15%, however, the overall blended rate was expected to be 4.5% or less.

Ms. Duffy stated that an important feature of CMBS structures that is different than the Corporation's traditional deals is the importance of the Servicer. She said that the Servicer would have certain obligations to make advances to pay the debt service. She added that the Master Servicer and Special Servicer for this transaction would be Wells Fargo.

Ms. Duffy stated that the Bonds would be secured by a pledge of the borrower's fee interest in, as well as all rental income and revenues derived from the Project and all interests in the Loan. Additionally, she said that in the event of a shortfall in the debt service payment from the Borrower, Servicing Advances would provide security to Bondholders.

Ms. Duffy stated that the main risk of the Bonds is a default caused by the failure of the Borrower to pay debt service. She said that such a default would cause reputational risk for the Corporation, but the Corporation was not at risk financially by this transaction.

Ms. Duffy stated that the Corporation's staff believes that the risk of default has been reduced in a number of ways as described in the 8 Spruce Street Memorandum. She said that the mitigants include the involvement of a highly rated CMBS loan Servicer in Wells Fargo and the low Loan-to-Value ratio of 50% based on a recent appraisal valuing 8 Spruce Street at 1.1 billion dollars. She said that the requirement for Servicing Advances and a grace period for a missed bond payment on the lowest class of Bonds also reduce the risk of default.

Ms. Duffy stated that the Borrower would pay the Corporation a fee equal to the costs of issuance in connection with the Bonds plus an up-front origination fee. She said that the Corporation will use this fee to finance affordable housing units through its existing programs. She said in addition, the Borrower would pay an annual servicing fee.

Ms. Duffy stated that the Bank of America Merrill Lynch, Barclays Capital, and Citigroup have been recommended as senior managing underwriters. She said that Caine Mitter had been retained as the Corporation's Pricing Advisor. She said that the lowest-rated Bond Classes may be directly purchased by Bank of America Merrill Lynch, depending on market conditions. She referred the Members to the 8 Spruce Street Memorandum for further details regarding this financing.

Mr. Jiha asked for clarification on the structure, what happens to the interest rate if the bonds are not repaid in ten years, and why there is no credit enhancement. Richard M. Froehlich, Chief Operating Officer, Executive Vice President and General Counsel for the Corporation, explained that with respect to credit enhancement, the borrower did a pricing evaluation taking into account the higher costs with credit enhancement and determined that since there is so much equity in the building third party credit enhancement was not cost effective and went with a more efficient model. With respect to interest rates, Mr. Froehlich explained that there was a penalty interest rate if you don't refinance; plus it traps all of the cash and you start paying down all of the debt sequentially with the penalty pushing up the rate to 5%,

so it's rather significant. He said that the buyers of these bonds are expected to be paid back in 10 years; if they are not there would be a penalty on the borrower. So it does present a refinance risk, he said, but it's a refinance risk that you often see in the commercial non-affordable markets, and added that HDC is comfortable since it is acting as a conduit and there is a lot of equity. Mr. Rodney stated that just to piggyback on what Mr. Froehlich said, the Corporation's loan to value was at 50% and it is very conservatively underwritten with debt service coverage of about 1.7, and with all of those things combined everybody on the Corporation's side was comfortable. Ms. Duffy added that if the bonds are not repaid in ten years, they can be paid off by 2048 based on current cash flow.

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 Mr. Jiha, the Members of the Finance Committee unanimously:

RESOLVED, to approve an authorizing resolution which provides for (i) the execution of an Indenture of Trust, (ii) 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, (iii) redemption of the Prior Bonds, (iv) the execution of the Servicing Agreement, (v) the distribution of preliminary and final Official Statements in connection with the financing of the Bonds, and (vi) the execution by an Authorized Officer of mortgage loan related documents and any other documents necessary to accomplish the issuance of the Bonds.

The Chairperson stated that the next item on the agenda for consideration by the Members would be the Approval of a Program to Sell FHA Risk-Sharing Mortgage Loans to the Federal Financing Bank and to enter into FHA Risk-Sharing Agreement with HUD. She called upon Richard M. Froehlich, Chief Operating Officer, Executive Vice President and General Counsel for the Corporation, to advise the Members regarding this item.

Mr. Froehlich referred the Members to the Memorandum before them entitled "FFB/HUD Financing Program" dated September 11, 2014 (the "FFB/HUD Financing Program Memorandum") and the attachments thereto including (i) the Resolution Approving the Master Purchase and Sale Agreement, the Master Escrow and Custody Agreement, the First Supplemental Escrow and Custody Agreement and Additional Supplemental Escrow and Custody Agreements and Certain Other Matters in Connection Therewith (the "Authorizing Resolution"); (ii) the Master Escrow and Custody Agreement; (iii) the Master Purchase and Sale Agreement; and (iv) the First Supplemental Escrow and Custody Agreement, all of which are appended to these minutes and made a part hereof.

Mr. Froehlich stated that he was pleased to recommend that the Members authorize the Corporation to sell beneficial ownership interests in mortgage loans to the Federal Financing Bank (the "FFB"), a federal corporation under the supervision of the U.S. Department of the Treasury, as part of a new financing program to be established with the FFB and the U.S. Department of Housing and Urban Development ("HUD"). In addition, he said that he recommends that the Members authorize the Corporation to participate in a new FHA Risk-

Sharing mortgage insurance program with HUD in order to obtain Risk-Sharing mortgage insurance on loans that would be sold by Corporation to the FFB.

Mr. Froehlich stated that this was a new federal initiative to reduce the cost of capital for affordable housing and is the latest product of the Corporation's ongoing efforts to partner with the federal government in response to the extraordinary conditions in the capital markets that have prevailed since the 2008 financial crisis.

Mr. Froehlich stated that the roots of the program begin in 2009, when Corporation staff played a lead role in designing and implementing the Treasury Department's New Issue Bond Program ("NIBP") for multifamily housing. He said that under the NIBP program, the Treasury purchased bonds issued by Housing Financing Agencies ("HFAs") at favorable rates. He said that NIBP was a temporary program and ended in 2011. Mr. Froehlich noted that the capital markets were still dysfunctional and that taxable bonds issued by Ginnie Mae sell at substantially lower rates than HUD's tax exempt bonds.

Mr. Froehlich stated that the Risk-Sharing program, which dates to the early 1990s, allows HUD to partner with an HFA originating an affordable housing mortgage loan to share the risk of an FHA mortgage insurance claim on the loan. He said that the Obama Administration has proposed permitting taxable Ginnie Mae securitizations of Risk-Sharing mortgage loans. He said that the law creating Risk Sharing prohibits Ginnie Mae securitizations of such loans. He said that Legislation has been proposed to remove the prohibition but has not been passed by Congress. He said that in light of Congressional inaction, the Obama Administration has turned to the FFB to provide an interim solution. He said that the FFB was authorized to use the Treasury's borrowing capacity to finance, among other things, loans that are fully insured by federal agencies. He said that under the FFB/HUD program, the FFB has agreed to purchase beneficial ownership interests in mortgage loans that were originated by HFAs and 100% insured with Risk-Sharing mortgage insurance.

Mr. Froehlich stated that beneficial ownership interests in mortgage loans that the Corporation sells to the FFB would be evidenced by certificates of participation. He said that each certificate would pay a fixed interest rate to the FFB approximating the rate that the market is then providing on a comparable Ginnie Mae security. He said that the rate on a 30-year Ginnie Mae security was currently approximately 3.25% per annum. He said that the Corporation would remain mortgagee of record and would retain the spread between the interest rate on the mortgage loan and the interest rate on the certificate (minus fees, mortgage insurance premium that is shared between the Corporation and HUD as well as expenses). He said that the Corporation uses spread to provide subsidy for additional projects in support of the Mayor's housing plan.

Mr. Froehlich stated that the Corporation anticipates using the FFB/HUD program to obtain low-cost capital for the permanent financing of suitable mortgage loans that have been or will be separately presented to the Members. He said that the pilot transaction would provide permanent financing for Arverne View Apartments (formerly known as Ocean Village), which was nearing the completion of its rehabilitation phase. He said that the Corporation-financed rehabilitation by L+M Development Partners had given new life to a property that was in severe

distress prior to Superstorm Sandy and that suffered extensive damage as a result of the storm. He said that the Members previously approved the financing of Arverne View with Open Resolution bonds in September 2012 and August 2013. He said that on a personal note, in his eleven years at HDC he had participated in many important deals and innovative financings but none had been more transformative as this revamped development.

Mr. Froehlich stated that the Corporation expects to enter into two primary financing agreements in connection with the program: a Master Escrow and Custody Agreement and (2) a Master Purchase and Sale Agreement (copies are in your packages). He said that the Master Escrow and Custody Agreement resembles a trust indenture or resolution and would govern the distribution of revenues related to the FFB-financed mortgage loans. He said that the Master Purchase and Sale Agreement would govern the procedure for selling beneficial ownership interests in mortgage loans to the FFB.

Mr. Froehlich stated that the Corporation and HUD had an existing Risk-Sharing Agreement in place. He said that HDC would enter into a new agreement under a different section of the Act that originally created Risk Sharing. He said that for the new Risk-Sharing program, HUD was requiring all participating HFAs, including the Corporation, to assume 50% of the risk for all insured loans and to indemnify HUD for the total amount of any mortgage insurance claim if the HFA has committed fraud or made a material misrepresentation in obtaining the mortgage insurance for the loan.

Mr. Froehlich stated that in addition, as approved by the Members in November 2011, the Corporation currently sets aside reserves equal to 20% of the insured amounts that it is responsible for with respect to loans insured under the Risk-Sharing program. He said that the Corporation staff believes that it is prudent to maintain such reserves for Risk-Sharing loans that are insured in connection with the FFB/HUD program, though the percentage set aside may be reduced at the discretion of the President or any other authorized officer of the Corporation as the program becomes more diversified.

Mr. Froehlich stated that the risks and fees associated with the certificates of participation were outlined in the FFB/HUD Financing Program Memorandum. He said that unless there were any questions he would recite the actions requested of the Members. Mr. Jiha asked what spread the Corporation was expecting. Mr. Froehlich said that it all depends on each case. He said that in this case the Corporation underwrote the loan several years ago at a relatively high interest rate and the Corporation was going to give a little bit of the benefit back to the borrower. But in future deals, he said, the Corporation would probably be underwriting at lower rates than we currently do, and expect it to be approximately 1.25% or 1.50%.

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. Jiha, and seconded by Mr. Gould, the Members of the Finance Committee unanimously:

RESOLVED, (A) to approve the Authorizing Resolution that provides for (i) the execution of the Master Purchase and Sale Agreement; (ii) the execution of the Master Escrow and Custody Agreement; (iii) the execution of a First Supplemental Escrow and Custody Agreement; (iv) the execution from time to time of additional Supplemental Escrow and Custody Agreements; (v) the execution of all documents necessary, useful or convenient in connection with (1) obtaining Risk-Sharing mortgage insurance on mortgage loans to be financed by the FFB, including a new Risk-Sharing Agreement, any addendum or other modification to the existing Risk-Sharing Agreement, and any related mortgage loan documents, (2) the financing agreements described in (i)-(iv) above, and (3) the delivery of certificates of participation to the FFB; and (vi) the funding, from the Corporation's unrestricted reserves, of an amount or amounts not to exceed in the aggregate two months of scheduled mortgage payments on each FFB-financed mortgage loan, to be held by the Custodian in a mortgage reserve account or such other account as permitted by the Master Escrow and Custody Agreement; (B) to authorize the sale of beneficial ownership interests in mortgage loans, which have been or will be separately presented to the Members, to the FFB pursuant to the agreements described above and from time to time as selected by an authorized officer of the Corporation; and also to authorize a not-to-exceed interest rate of 10% per annum for each certificate of participation; however, the certificates are expected to bear interest at a fixed rate that approximates the then-current rate on comparable Ginnie Mae securities; further, each certificate is expected to bear a lower interest rate than the related mortgage loan; and (C) to approve the creation of a Risk-Sharing reserve, to be funded from the Corporation's unrestricted reserves, in an amount not to exceed 20% of the insured amounts that the Corporation is responsible for under the Risk-Sharing program with respect to mortgage loans financed by the FFB, or such lesser percentage as the President or any other authorized officer of the Corporation may determine.

The Chairperson stated that the next item on the agenda would be the Approval of a Loan for Nordeck Apartments, and called upon Matthew Murphy, Senior Policy Analyst for Asset Management for the Corporation, to advise the Members regarding this item.

Mr. Murphy referred the Members to the Memorandum before them entitled "Approval of a Loan for Nordeck Apartments" dated September 11, 2014, which is appended to these minutes and made a part hereof. Mr. Murphy stated that he was pleased to recommend that the Members approve the origination of permanent financing to refinance Nordeck Apartments pursuant to the Corporation's Mitchell Lama Restructuring Program. He said that Nordeck Apartments was a 343 unit State-supervised Mitchell-Lama cooperative located in Arverne, Queens. He said that the development had significant deferred capital needs, which were exasperated when Superstorm Sandy flooded the property in October 2012.

Mr. Murphy stated that in 2008, Nordeck refinanced with Wells Fargo Multifamily Capital, and raised funds for capital repairs. He said that the rehabilitation was ongoing when Sandy hit, and caused over \$1 million of damages to the property. He said that the cooperative still had not recovered from the disaster, and had been unable to pay debt service, or fund storm-related repairs partially due to lender restrictions on utilizing capital funds for temporary repairs while in financial default.

Mr. Murphy stated that HDC's refinancing would prevent a foreclosure action from the

current lender, stabilize the property, and preserve it as Mitchell Lama cooperatively-owned housing. He said that HDC was also working with the coop board to develop and finance a long-term capital scope of work that has a focus on energy-efficiency upgrades, and flood resilient design.

Mr. Murphy stated that it was anticipated that HDC's financing would be in two phases, with the second phase expected to close in June of next year. He said that at this time, the Members are asked to authorize the use of corporate reserves to fund the loan for the first phase. He said that it was expected that Nordeck would eventually be financed with taxable bonds in part of a future Open Resolution issuance, and the Corporation would be reimbursed for the first phase loan. He said that the second phase financing would require further authorization by the Members at a later date.

Mr. Murphy stated that if there were no questions, then the Members were requested to approve the use of the Corporation's unrestricted reserves to originate the phase one permanent financing for Nordeck Apartments in an aggregate amount not to exceed \$8,500,000.

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

RESOLVED, to approve (i) the making of one senior and one subordinate permanent loan in an aggregate amount not to exceed \$8,500,000 from the Corporation's unrestricted reserves to refinance Nordeck Apartments pursuant to the ML Restructuring Program, and (ii) the execution by an Authorized Officer of the Corporation of mortgage related documents and any other documents necessary to accomplish the financing.

The Chairperson stated that the next item of business on the agenda would be the Approval of Firm Selected under the Inclusionary Housing Request for Proposals (RFP) to provide Market and Analysis Research, and called upon Jim Quinlivan, Senior Vice President for Policy for the Corporation, to advise the Members regarding this item.

Mr. Quinlivan referred the Members to the memorandum before them entitled "Approval to Contract Services for Financial & Market Analysis" dated September 11, 2014, which is appended to these minutes and made a part hereof. Mr. Quinlivan stated that he was pleased to recommend that the Members approve Bay Area Economics or BAE as the selected firm following the Corporation's Request for Proposals to secure financial and market analysis that would ultimately help inform changes to The City's Inclusionary Housing Program; including analysis related to the viability of a proposed Mandatory Inclusionary Housing Program, which Mayor Bill de Blasio has identified as being critical to the long-term vision for housing in New York City laid out in his 10 year plan.

Mr. Quinlivan stated that the scope of work for this project would include analyzing the types and costs of development under the existing inclusionary program, producing market reports to analyze current real estate conditions in relevant submarkets of The City, and creating prototypes and financial models which would propose new approaches and demonstrate the cost and production benefits of each.

Mr. Quinlivan stated that in response to the RFP, a total of six submissions were received from across the country, and were reviewed by a selection panel comprised of senior staff at HDC and its colleagues at City Planning and HPD. He said that the six submissions were narrowed to three finalists for interviews by the agencies, and more information about the comparative review process of those finalists was included in the RFP Memorandum. He said ultimately, the selection panel considered BAE's proposal to be the most focused in the context of the work and the most balanced in terms of deliverable timeframes that are both accelerated and realistic. He said that BAE was also determined to be the most cost-efficient, which was the final determining factor in their favor.

Mr. Quinlivan stated that BAE had considerable experience conducting similar inclusionary housing and other affordable housing analysis throughout California and other areas of the country. He said that they have augmented that experience by assembling a team of subcontractors which would provide complimentary New York City-specific experience. He said that these included BJH Advisors, James Lima Planning and Development, and real estate counsel Mark A. Levine.

Mr. Quinlivan stated that the agreed upon fee was \$252,925 and that the Corporation was adding to that a contingency of less than 20% that would be available to anticipate any costs associated with scope additions or further accelerated timeframes which HDC and The City may require as this sensitive and unique work progresses. He said that the Members were therefore requested to approve the execution of a contract with BAE which provides for the payment of fees in an amount not expected to exceed \$300,000 from the Corporation's unrestricted reserves.

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

RESOLVED, to approve the execution by an Authorized Officer of the Corporation of a contract with BAE which provides for the payment of fees in an amount not expected to exceed \$300,000.00 from the Corporation's unrestricted reserves; this "not to exceed" amount includes a cushion of less than 20% over the actual proposed fee stated above (\$252,925), which is to anticipate any scope additions or further accelerated time constraints, and their associated costs, which HDC and The City may need to require as this unique and sensitive work progresses.

The Chairperson stated that the next item on the agenda for consideration by the Members would be the Declaration of Intent Resolutions, and called upon Catherine Townsend, Vice President of Development for the Corporation, to advise the Members regarding this item.

Ms. Townsend 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 of passage of the Resolution to be eligible for tax exempt bond financing. She said that before HDC were to actually finance any of these projects, the specifics of the transaction would be presented to the Members for review and approval. She then noted that the package in front of the Members included two additional Declaration of Intent Resolutions, for Essex Crossing Site 2 aka 115 Delancey Street and Essex Crossing Site 5 aka 155 Clinton Street,

which were not included in the original package sent to the Members but which were subsequently sent to them.

Ms. Townsend referred the Members to the memorandum before them entitled "Resolution of Declaration of Intent, ADC Genesis Year 15, Manhattan, New York, Block 2006/ 28, 27, 16, 15; Block 2006/ 17, 14, 38; Block 2007/9; Block 1955/Lot 17; Block 1958/18, 19, 26, 27, 61, 58; Block 1726/37; Block 1726/49, 51, 52, 53; Block 1724/50; Block 1912/8; Block 1725/9; Block 1728/6; Block 1728/42, 143, 51, 67, 69; Block 1729/6, 105" dated September 11, 2014 and the Declaration of Intent Resolution attached thereto, which is appended to these minutes and made a part hereof.

Ms. Townsend stated that the first inducement today was for a project consisting of the rehabilitation of a 358 unit rental building in Manhattan using approximately \$42 million in tax exempt bonds. She said that the project was to be developed by a single purpose entity to be formed by the Genesis Y15 Developer LLC and Abyssinian Development Corporation. She said that the Members were being asked to approve the resolution at this time.

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 ADC Genesis Year 15, Manhattan, New York.

Ms. Townsend then referred the Members to the memorandum before them entitled "Resolution of Declaration of Intent, Cadman Towers, 101 Clark Street & 10 Clinton Street, Brooklyn, New York, Block/Lot: 232/1; 238/35" dated September 11, 2014 and the Declaration of Intent Resolution attached thereto, which is appended to these minutes and made a part hereof.

Ms. Townsend stated that the second project would consist of the rehabilitation of a 422 unit rental building in Brooklyn using approximately \$9.86 million in tax exempt bonds. She said that the project was to be developed by Cadman Towers, Inc. She said that the Members were being asked to approve the resolution at this time.

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 Cadman Towers, Brooklyn, New York.

Next, Ms. Townsend referred the Members to the Memorandum before them entitled "Resolution of Declaration of Intent, 1876 Belmont Avenue and 1291 Lafayette Avenue, Bronx, New York, Block 2946/Lot 01, Block 2762/Lot 01" dated September 11, 2014 and the Declaration of Intent Resolution attached thereto, which is appended to these minutes and made a part hereof.

Ms. Townsend stated that the third project would consist of the rehabilitation of a 184 unit rental building in the Bronx using approximately \$27.38 million in tax exempt bonds. She said that the project was to be developed by a single purpose entity to be formed by SEBCO Development, Inc. She said that the Members were being asked to approve the resolution at this time.

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

RESOLVED, to approve the Declaration of Intent Resolution for 1876 Belmont Avenue and 1291 Lafayette Avenue, Bronx, New York.

Ms. Townsend then referred the Members to the memorandum before them entitled "Resolution of Declaration of Intent, Striver's Plaza, 275 West 140th St., Manhattan, New York, Block 2026/Lot 60" dated September 11, 2014 and the Declaration of Intent Resolution attached thereto, which is appended to these minutes and made a part hereof.

Ms. Townsend stated that the fourth project would consist of the new construction of a 54 unit rental building in Manhattan using approximately \$14 million in tax exempt bonds. She said that the project was to be developed by a single purpose entity to be formed by Radson Development, LLC. She said that the Members were being asked to approve the resolution at this time.

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

RESOLVED, to approve the Declaration of Intent Resolution for Striver's Plaza, Manhattan, New York.

Ms. Townsend then referred the Members to the memorandum before them entitled "Resolution of Declaration of Intent, 115 Delancey Street (Mixed-Income), New York, New York, Block 352/Lot 1" dated September 18, 2014 and the Declaration of Intent Resolution attached thereto, which is appended to these minutes and made a part hereof.

Ms. Townsend stated that the fifth project would consist of the new construction of a 195 unit rental building in Manhattan using approximately \$71 million in tax exempt bonds. She said that the project was to be developed by Site 2 DSA Owner LLC, a single purpose entity whose principals are comprised of Taconic Investment Partners, L+M Development Partners and BFC Partners. She said that the Members were being asked to approve the resolution at this time.

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 115 Delancey Street, New York, New York.

Ms. Townsend referred the Members to the memorandum before them entitled "Resolution of Declaration of Intent, 155 Clinton Street (Mixed-Income), New York, New York, Block 346/Lot 40" dated September 18, 2014 and the Declaration of Intent Resolution attached thereto, which is appended to these minutes and made a part hereof.

Mr. Townsend stated that the sixth project would consist of the new construction of a 211 unit rental building in Manhattan using approximately \$74 million in tax exempt bonds. She said that the project was to be developed by a Site 5 DSA Owner LLC, a single purpose entity, whose principals are comprised of BFC Partners, Taconic Investment Partners and L+M Development Partners. She said that the Members were being asked to approve the resolution at this time.

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 155 Clinton Street, New York, New York.

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. Jiha, and seconded by Mr. Gould, the Members unanimously:

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

At 10:23 a.m., there being no further business, upon a motion duly made by Mr. Gould, and seconded by Mr. Jiha, the meeting was adjourned.

Respectfully Submitted,

Diane J. Pugacz
Assistant Secretary

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

September 22, 2014

ATTENDANCE LIST

Howard I. Berkman	Hawkins Delafield & Wood LLP
David Notkin	Bank of America Merrill Lynch
Philip Korot	“ ”
Barbara Feldman	“ ”
Jonathan Glassem	
Matt Tesseyman	Citi
Eric Velez	“ ”
Mike Koessel	“ ”
Casey Biegelsen	Barclays Capital
Damien Busch	“ ”
Albert Luong	“ ”
Alan Jaffe	JPMorgan
Geoff Proulx	Morgan Stanley
Nick Fluehr	Wells Fargo
Peter Vujasin	Goldman Sachs & Co.
Eileen Heitzler	Orrick, Herrington & Sutcliffe LLP
Tom Caine	Caine Mitter
Michael Baumrin	RBC Capital Markets
Jeff Sula	“ ”
Chris Clayton	FCRC
Russell B. Buckerman	“ ”
Joe Tait	Raymond James
Frank McKenna	
Kimberly Hancy	Ernst & Young
Rebecca Reape	Bank of America
Frank McKenna	Academy
Jacqueline Gold	Department of Finance
Sarah C. Weinberger	Redstone Equity Partners
Gary Rodney	New York City Housing Development Corporation
Richard M. Froehlich	“ ”
Ellen K. Duffy	“ ”
Terry Gigliello	“ ”
Diane J. Pugacz	“ ”
Melissa Barkan	“ ”
Madhavi Kulkarni	“ ”
Miram Osner	“ ”

Susannah Lipsyte	“	”
Mary Hom	“	”
Urmaz Naeris	“	”
Mary John	“	”
Bharat Shah	“	”
Cathleen Baumann	“	”
Jim Quinlivan	“	”
Catie Marshall	“	”
Christina Sanchez	“	”
Jonathan Veach	“	”
Hammad Graham	“	”
Horace Greene	“	”
Tinru Lin	“	”
Jonah Lee	“	”
Claudine Brown	“	”
Ted Piekarski	“	”
Chanin French	“	”
Matthew Murphy	“	”
Jeet Gulati	“	”
Norman Garcia	“	”
Jonah Lee	“	”
Catherine Townsend	“	”