

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

October 31, 2008

A meeting of the Members of the New York City Housing Development Corporation (the "Corporation" or "HDC") was held on Friday, October 31, 2008, at the offices of the Corporation, 110 William Street, 10th Floor, New York, New York 10038. The meeting was called to order at 10:36 a.m. by Marc Jahr, President of the Corporation, who noted the presence of a quorum. The Members present were Felix Ciampa, Harry E. Gould, Jr., Mark Page, Michael W. Kelly and Martha E. Stark. The Member absent was Charles G. Moerdler. A list of observers is appended to these minutes.

Mr. Jahr stated that the first item on the agenda was the recommendation of the appointment of Felix Ciampa as Vice Chairperson of the Corporation. He said that although Mr. Ciampa was a new Member of HDC, he had intimate knowledge of the Corporation's operations from his work as Chief of Staff at Deputy Mayor Robert Lieber's office and would provide important oversight as Vice Chairperson of the Corporation. Mr. Jahr then called for a motion.

Upon a motion by Mr. Kelly, and seconded by Mr. Gould and Mr. Page, the Members unanimously:

RESOLVED, to approve the appointment of Felix Ciampa as Vice Chairperson of the Corporation.

Mr. Jahr congratulated Mr. Ciampa and then Mr. Ciampa thanked Mr. Jahr and stated that he looked forward to serving as Vice Chairperson of the Corporation and has enjoyed working with the HDC staff over the past year.

Felix Ciampa, the Vice Chairperson of the Corporation, then called for the approval of the minutes of the meeting held on June 11, 2008.

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

RESOLVED, to adopt the minutes of such meeting.

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

Mr. Jahr thanked the Vice Chairperson and stated that at HDC's last meeting on June 11, 2008, the Board had talked about the Corporation's successful efforts to extricate itself from Auction Rate Securities, and as it turned out, those securities were something like the canary in

the mine. He stated that as the Members all knew, the intervening five months since the Members last met had been quite extraordinary, and that the convulsive events of this period have changed the financial landscape of this country and the global economy, and tested virtually all who were present in the room.

Mr. Jahr summarized that in brief, the credit markets froze; liquidity evaporated; in the context of its overall decline, the stock market was afflicted by wild swings; and interest rates spiked violently disrupting and imperiling businesses and municipalities. He noted that Fannie Mae and Freddie Mac were placed in Federal Conservatorship; AIG was rescued from collapse by the Federal government; Lehman Brothers filed for bankruptcy and was acquired by Barclays; Goldman Sachs and Morgan Stanley received approval to become commercial banks; the Bank of America acquired Merrill Lynch & Company, while JP Morgan Chase acquired Bear Stearns and then Washington Mutual; and Wells Fargo purchased Wachovia. He said that Congress rejected and then passed a \$700 billion financial rescue plan—including the Troubled Asset Recovery Program—and the Treasury subsequently invested \$125 billion in nine of the country's largest banks. He noted that it has been no less turbulent in Europe and in other foreign markets and that it has been a global financial crisis. He said that we can not be confident, as a recession unfolds, that the financial turmoil will abate anytime soon.

Mr. Jahr said that this is a broad overview of the context the Corporation had been working within—and needless to say, it has not been immune to these events. He said that after his presentation, Richard M. Froehlich, Executive Vice President and General Counsel for the Corporation, would provide the Members with a more fine grained assessment of the financial impact of these events on HDC and the Corporation's response to them, and Mr. Froehlich and the Corporation's Treasury staff had performed admirably during this period when everyday had brought a new and at many times unexpected challenge.

Mr. Jahr stated that the tumult has compelled HDC to review, with far greater care than has been the case, its risks—its counterparty risks; the risks associated with volatile interest rates and illiquidity; and its real estate risks, particularly on the asset management side; as well as evaluate the mitigants that will enable us to weather this and other storms. He said that as the Members were aware, it has resulted in a series of discussions with each of the Members which Mr. Jahr hopes have been helpful to them and he knows have been of great benefit to HDC staff and the Corporation as a whole. He said that these events have made the Corporation a little stronger or at least more self-aware.

Mr. Jahr stated that the events of this past five months, the dramatic restructuring of the financial services industry, had also lent a particular sense of urgency to the Corporation's Request for Proposals for Senior Underwriters and Co-Managers. He said that in September, at the height of the dislocations, HDC interviewed ten (10) firms for the Senior Manager position. He said that the Corporation had learned a great deal from those interviews, and now is on track to complete the process before the end of the year.

Mr. Jahr stated that during the last meeting, the Members also talked about the prospects for federal legislation that would result in additional resources coming to the States and to New York City. He said that propelled by Fannie Mae's and Freddie Mac's crises, late in July,

Congress overwhelmingly passed and the President signed into law H.R. 3221, the Housing and Economic Recovery Act of 2008 or “HERA.”

Mr. Jahr stated that he wouldn’t attempt to review all the relevant provisions of the bill, which was arguably the most comprehensive piece of housing legislation to emerge out of Washington since 1990. He said for HDC’s purposes, what was most critical was the \$11 billion special allocation of Volume Cap to the States and that New York State was allocated approximately \$604 million of that increase, and New York City would receive an as-of-right portion of that amount.

Mr. Jahr said that additionally, culminating a sustained effort on the part of HDC, aided by the City’s legislative staff and Senator Schumer and Congressman Rangel, HERA included a set of provisions that would allow for the one-time recycling of Volume Cap.

Mr. Jahr stated that as the Members may recall, on many of HDC’s developments, a portion of the tax-exempt bonds is paid down at the conversion from construction to permanent financing and that prior to the passage of this legislation, this Volume Cap was irrevocably lost. He said that now, it could be recycled to finance one more project and that the Corporation believes that passage of this legislation has the potential to be of enormous benefit to the Corporation’s efforts in New York City. He said that HDC’s analyses indicated that over the coming four year period, HDC will be in a position to recycle approximately \$600 million in Volume Cap, allowing the Corporation to conserve new Volume Cap that comes with valuable tax credits, and creatively finance mixed-income projects in a more efficient manner.

Mr. Jahr added that later in this meeting, Mr. Froehlich will seek the Members’ approval to issue recycled bonds in the amount of \$160 million. He noted that this would be the first such action nationally since the passage of HERA, and the result of a fruitful collaboration with our outside Bond Counsel, Hawkins Delafield, and HDC’s Senior Underwriter, JP Morgan Chase.

Mr. Jahr said that remarkably, despite the brutal financial events, HDC had continued to pursue its development activities and since the start of the year, the Corporation had closed 39 projects comprised of 7,265 apartments. He said that total new bond issuance had been approximately \$793 million, of which taxable and tax-exempt issues had amounted to roughly \$482.5 and \$310.5 million respectively. He said that overall, HDC’s bond activity is approaching \$1 billion for the calendar year. He stated that Joan Tally, Senior Vice President of Development for the Corporation, and her staff, as well as the Corporation’s Legal Department, had worked very hard to achieve these numbers.

Mr. Jahr said that during this coming week, HDC would add to those accomplishments when the Corporation would close on a 185 apartment project on 124th Street in Harlem, using the balance of the \$135 million in Volume Cap previously allocated to the Corporation by the State. He said that the Corporation had been poised to close this project for some time, but when Securities Industry and Financial Markets Association “SIFMA” spiked above 9%, the Corporation was forced to sit on the sidelines and wait patiently for the rate to settle at a place the project’s financial structure could support. He said that moment has come, and next week the deal would close.

He said that beyond the 124th Street deal, HDC continues to have an ambitious closing agenda for the remainder of 2008, witness the two projects the Corporation is seeking the Members' approval for today—Bruckner by the Bridge and Hewitt House. He said that obviously, executing this agenda would be contingent upon a stable interest rate environment and the availability of liquidity and that it would also be subject to the availability of sufficient Volume Cap from the State.

Mr. Jahr stated that to date, HDC had received approximately \$347 million from the City and State, and recently the City's Industrial Development Agency had indicated a willingness to allocate an additional \$11,395,000 in Volume Cap to HDC. He said that as a result, HDC has submitted a request to New York State's Division of Budget for an additional \$93.6MM. He said that ideally, that allocation would come from 2008 cap, if available; at a minimum, it would be available from the special allocation of cap authorized under the Federal HERA legislation. He stated that in total, financial markets permitting, it would allow HDC to close on an additional four (4) projects containing 808 units.

Mr. Jahr stated that it was worth noting that in the early Fall, HPD and HDC reached the halfway mark in the Mayor's New Housing Marketplace Plan, having preserved or created approximately 83,000 apartments, halfway to the overall goal of 165,000 units. He stated that the Corporation was quite proud that it had financed approximately 39,000 of those apartments, more than 95% of our 41,000 unit goal under the plan. He stated that it was a terrific accomplishment that had been of enormous benefit to lots of low and moderate income New Yorkers in desperate need of affordable housing and neighborhoods that had seen formerly desolate streets brought back to life. He noted that of course, this couldn't have been accomplished without the commitment of the Mayor to this effort; the assistance of the State; the great work of HDC's and HPD's staff; as well as the support and creativity of the Members of this Board and of all of the Corporation's partners in the for-profit and nonprofit development community, including the financial services industry.

Finally, he stated that this was a partnership that would be all the more indispensable in the coming period as the Corporation heads into what will undoubtedly be stiff winds.

Mr. Jahr then stated to the Vice Chairperson that unless there were any questions, that completed the President's Report.

There being no questions, the Vice Chairperson then called on Richard Froehlich, Executive Vice President and General Counsel for the Corporation, to present his report on market conditions.

Mr. Froehlich said that Mr. Jahr had noted the enormous turmoil that had afflicted the financial markets. He said that his report would provide the Members with some specifics of how HDC was responding to these events.

Mr. Froehlich began by stating that the vast majority of the Corporation's bonds were performing acceptably, but after Lehman Brothers failed in September, the Corporation saw a

record number of tenders of its variable rate bonds, both conduit deals where HDC has no credit exposure, and in the open resolution. He noted that short term interest rates spiked at 9% but have come down steadily to rates between 2% and 3%, significantly below the underwriting rates. He said that most of HDC's taxable floating rate bonds were placed with the Federal Home Loan Bank of NY and have remained steady at below 3%, and were reset for the next quarter on October 30, 2008 at an all-in rate of 2.31%.

He stated that as the Members may recall, the Corporation quickly acted earlier this year to reduce its auction rate portfolio from \$800 million to around \$55 million. He said the Corporation's one remaining auction rate series had performed adequately until this month when there were several failed auctions that led to interest rates for three weeks at 12%. He said the Corporation began bidding on these bonds last week as was now permitted by the SEC and IRS rules, without ending the tax exempt status, at a rate matching the Corporation's underwriting rate. He stated that as of today, HDC owns approximately 72% of those bonds and that the Corporation would continue to bid on these bonds, but expects to have a plan to refund these bonds for action by the Members in early 2009. He said that in any case those bonds are projected to be redeemed from prepayments by late 2009.

Mr. Froehlich stated that in order to properly hedge HDC's floating rate exposure when rates spiked, HDC quickly bought floating rate securities, mostly issued by the New York State Housing Finance Agency, that were highly rated and backed by now strong credits such as Fannie Mae and Freddie Mac. He said that as rates come back down the Corporation would redeploy its capital, but in the interim period, it supported our market and was able to get greater returns than were generally available from treasuries and other short term paper.

Mr. Froehlich said that Dexia Bank, one of the Corporation's liquidity providers for variable rate bonds issued in the open resolution had been under pressure due to its ownership of the bond insurer Financial Security Assurance. He said Dexia had received support from the Belgian and French governments but that had not prevented negative market reactions to its credit. He stated that approximately half of the \$200 million in bonds with Dexia liquidity were tendered at one point because certain market participants were unwilling to hold assets backed by a perceived suspect credit. He noted that at this point, the Corporation has approximately \$40 million in bonds held by Dexia as bank bonds and that the interest rate on those bonds was currently at the Prime Rate of 4%. He said that the Corporation was hopeful that there is some interest in these bonds and they may be remarketed back to public owners in the near future, but if not, the Corporation's staff would work through this matter and come back with recommendations on how to address this issue.

Mr. Froehlich said that as Mr. Jahr had already mentioned, HDC is bringing several deals today that evidence some thawing in the markets and a window of opportunity to complete financings, but no one believes that the market has gotten back to normal. He said that the combination of higher long term interest rates, lower tax credit prices and rising credit and liquidity costs from both the Government Sponsored Entities and the Corporation's banking partners would lead to a difficult environment that may last over the next year. He said that through this turmoil the Corporation would endeavor to maintain the strength of its bonds and

continue its role as part of the Mayor’s housing plan by providing financing for affordable housing in NYC.

Mr. Froehlich then asked the Members if there were any questions.

There being no questions, the Vice Chairperson thanked Mr. Froehlich and stated that the next item on the agenda would be the approval of an Authorizing Resolution for the Corporation’s Multi-Family Mortgage Revenue Bonds (Bruckner by the Bridge), 2008 Series A and 2008 Series B. He called upon Simon Bacchus, Project Manager for the Corporation, to advise the Members regarding this item.

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Mr. Bacchus referred the Members to the Memorandum before them entitled “Multi-Family Mortgage Revenue Bonds (Bruckner by the Bridge), 2008 Series A and 2008 Series B” dated October 31, 2008 (the “Bruckner Memorandum”) and the attachments thereto including (i) the Resolution Authorizing Adoption of the Multi-Family Mortgage Revenue Bonds (Bruckner by the Bridge) Bond Resolution and Certain Other Matters in Connection Therewith (the “Authorizing Resolution”), (ii) the Multi-Family Mortgage Revenue Bonds (Bruckner by the Bridge) Bond Resolution (the “Bond Resolution”), (iii) the Bond Purchase Agreement and (iv) the Official Statement, all of which are appended to these minutes and made a part hereof.

Mr. Bacchus stated that he was pleased to recommend that the Members approve the issuance of the Corporation’s Multi-Family Mortgage Revenue Bonds (Bruckner by the Bridge), 2008 Series A and 2008 Series B in an amount not to exceed \$76,000,000. He said that the 2008 Series A Bonds were expected to be issued in an amount not to exceed \$72,500,000 and interest on the 2008 Series A Bonds was anticipated to be exempt from Federal, state and local income tax. He said the 2008 Series B Bonds were expected to be issued in the approximate amount of \$3,500,000 and interest on the 2008 Series B Bonds would not be exempt from Federal income tax, but would be exempt from state and local income tax.

Mr. Bacchus stated that the proceeds of the Bonds would be used by Bruckner by the Bridge LLC, a New York limited liability company. He said that the managing member of Bruckner by the Bridge LLC was Manager Bruckner LLC which is controlled by Peter Fine of Atlantic Development and that affiliates of Bank of America would act as the low-income housing tax credit investor. Mr. Bacchus noted that the Borrower was represented at the meeting by Chuck Brass.

Mr. Bacchus stated that the developer of the Project was Atlantic Development Group, whose principals are Peter Fine and Marc Altheim. He stated that HDC had financed 37 projects with approximately 4,100 units developed by Atlantic Development Group, one of HDC’s most active borrowers. He noted that construction and lease up on their projects had routinely been on time and on budget.

Mr. Bacchus said that the Bonds would be used for the purpose of paying a portion of the costs of acquiring and constructing a multi-family rental project which would be located at 80 Bruckner Boulevard, 105 Willis Avenue and 331 East 132nd Street, Bronx, NY and shall consist of three newly constructed buildings. He stated that the project would contain a total of 419

dwelling units financed under the Corporation's Low Income Affordable Marketplace Program and that 100% of the residential units were to be reserved for households earning not more than 60% of the Area Median Income. He said that the Project would include 1,000 square feet of community space, 23,925 square feet of commercial space and 110 parking spaces.

Mr. Bacchus stated that the Project was expected to generate Section 421-a Negotiable Certificates for 328 units, all of such units would be rented to low-income households.

Mr. Bacchus stated further that in addition to providing the bond financing to fund the first mortgage loan, the Corporation anticipated making a second mortgage loan from the Corporation's unrestricted reserves in an estimated amount of \$5,005,000. He said that the second mortgage was being made in accordance with the Low Income Affordable Marketplace Program guidelines, for an amount of \$55,000 per unit for the 91 low-income units that were not generating 421-a Negotiable Certificates.

Mr. Bacchus stated that the Corporation additionally anticipated making a third mortgage loan funded through HPD's Capital Funds in an amount of \$6,006,000. He said that this Third Priority Loan was being made in an amount equal to \$66,000/unit, for the 91 units that were not generating 421-a Negotiable Certificates.

Mr. Bacchus said that during the construction and lease-up period, the 2008 Series A Bonds and 2008 Series B Bonds would be secured by separate direct pay Letters of Credit to be issued by Bank of America and delivered to the trustee for the bondholders concurrently with the issuance of the Bonds. He stated that the trustee would draw on the Letter of Credit to make all payments of principal and interest due on the Bonds.

Mr. Bacchus stated that upon construction completion, it was anticipated that the Letter of Credit for the 2008 Series A Bonds would be replaced with a Direct-Pay Credit Enhancement Instrument from Freddie Mac for a term of up to 37 years, subject to no defaults existing at conversion. He said that the Letter of Credit during construction and the Credit Enhancement Instrument during permanent would provide liquidity for any Bonds that may be tendered by bondholders.

Mr. Bacchus noted that as a result, the Corporation believed that the financing was structured to effectively insulate the Corporation from credit, market and real estate risks.

Mr. Bacchus stated that the 2008 Series A Bonds would initially be issued as seven-day variable-rate obligations. He said that the interest rate on the Bonds would be reset weekly by Merrill Lynch, the remarketing agent, and the bonds would be subject to an absolute maximum interest rate of 15%, in accordance with the provisions of the Bond Resolution.

Mr. Bacchus stated that the 2008 Series B Bonds were anticipated to be issued as fixed-rate obligations at a rate not to exceed 6.5% with a term of no greater than 4 years. He said that due to market uncertainties, the 2008 Series B Bonds may not be marketable. He said that in such instance, Corporation staff was requesting authority for the Corporation to fund the related loan from Corporation moneys and to hold the taxable mortgage loan enhanced by the LOC in

the Corporation's portfolio. He said such mortgage loan would bear interest at a rate not expected to exceed 6.5% for a term not to exceed four years.

Mr. Bacchus said that the Mortgagor would enter into a spot starting swap transaction for the 2008 Series A Bonds at construction loan closing which would fix the interest rate for the construction period and the initial 15 years of the permanent period. He said that the use of a swap as a hedge on the variable rate mitigates the risk of rising variable rates in the future. He said that following the expiration of the swap agreement, Freddie Mac would require the Mortgagor to either extend the swap agreement or purchase an interest rate cap.

Mr. Bacchus concluded by stating that all risks and fees were outlined in the Bruckner Memorandum. He said that it is expected that the Bonds would be rated AAA by Moody's Investor Services.

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

Upon a motion duly made by Mr. Kelly, and seconded by Mr. Page and Ms. Stark, the Members unanimously:

RESOLVED, to approve (a) the Authorizing Resolution which provides for (i) the adoption of the Bond Resolution, (ii) the execution of the Bond Purchase Agreement regarding the sale of the Multi-Family Mortgage Revenue Bonds (Bruckner by the Bridge), 2008 Series A and 2008 Series B, (iii) the distribution of the Official Statement in connection with the financing, and (iv) the execution of mortgage related documents and any other documents necessary to accomplish the issuance of the Bonds and the financing of the loans; and (b) the making of a Subordinate Loan using the Corporation's unrestricted reserves, and the execution by an Authorized Officer of the Corporation of mortgage related documents and any other documents necessary to accomplish the financing.

Mr. Froehlich stated that he was also asking the Members to ratify the Declaration of Intent for this project which they had approved by mail as of September 5, 2008 and asked for a motion.

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

RESOLVED, to adopt a Declaration of Intent Resolution for Multi-Family Mortgage Revenue Bonds (Bruckner by the Bridge), 2008 Series A and 2008 Series B.

Mr. Kelly then asked who were the parties to the SWAP transactions. Mr. Froehlich replied that the Corporation was not a party to the SWAP transactions and that such transactions were typically between the Bank and the Borrower.

The Vice Chairperson stated that the next item on the agenda would be the approval of an Authorizing Resolution for the Corporation's Multi-Family Mortgage Revenue Bonds (Hewitt

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House Apartments), 2008 Series A. He called upon Mr. Bacchus to advise the Members regarding this item.

Mr. Bacchus referred the Members to the Memorandum before them entitled "Multi-Family Mortgage Revenue Bonds (Hewitt House Apartments), 2008 Series A" dated October 24, 2008 (the "Hewitt House Memorandum") and the attachments thereto including (i) the Resolution Authorizing Adoption of the Multi-Family Mortgage Revenue Bonds (Hewitt House Apartments) Bond Resolution and Certain Other Matters in Connection Therewith (the "Authorizing Resolution"), (ii) the Multi-Family Mortgage Revenue Bonds (Hewitt House Apartments) Bond Resolution (the "Bond Resolution"), (iii) the Bond Purchase Agreement and (iv) the Official Statement, all of which are appended to these minutes and made apart hereof.

Mr. Bacchus stated that he was pleased to recommend that the Members approve the issuance of the Corporation's Multi-Family Mortgage Revenue Bonds, (Hewitt House Apartments,) 2008 Series A in an amount not to exceed \$12,000,000. He said that the interest on the Bonds was anticipated to be exempt from Federal, state and local income tax, and the Bonds will be subject to the Private Activity Bond Volume Cap.

Mr. Bacchus stated that the proceeds of the Bonds would be used by Hewitt Westchester LP, a New York limited partnership. He said that the managing members of Hewitt Westchester LP were Sol Arker, Alan Arker, Alexander Arker and Daniel Moritz and that affiliates of Wachovia Bank would act as the low-income housing tax credit investor. He said that the Borrower was represented at the meeting by Sol Arker and Daniel Moritz.

Mr. Bacchus stated that Sol Arker, Alan Arker, Alexander Arker and Daniel Moritz were the principals of the Arker Companies. He said that the Arker Companies have nearly 50 years of residential and commercial development experience and have developed over 3,000 residential housing units, including over 2,000 affordable units. He said that the Arkers have developed 30 properties through the use of low-income housing tax credits, including 24 developed with tax-exempt bonds issued by the Corporation.

Mr. Bacchus said that the Bonds would be used for the purpose of paying a portion of the costs of acquiring and constructing a multi-family rental housing development to be located at 886 Westchester Avenue in the Bronx. He said that the Project would contain 83 rental units financed under the Corporation's Low Income Affordable Marketplace Program and that 100% of the project residential units would be reserved for families earning no more than 60% of the Area Median Income. He noted that the project would include 30 residential parking spaces and a 550 square foot community space and that the Development would also consist of a separately financed condominium unit containing approximately 14,750 square feet of ground floor commercial space.

Mr. Bacchus stated that in addition to providing the bond financing to fund the first mortgage loan, the Corporation anticipates making a second mortgage loan from the Corporation's unrestricted reserves in an estimated amount of \$4,565,000. He said that the second mortgage was being made in accordance with the Low Income Affordable Marketplace

Program guidelines, for an amount of \$55,000 per unit for the 83 low-income units in the Project.

Mr. Bacchus stated further that the Corporation anticipates making a subordinate third priority loan in an amount of \$4,565,000 which would come into the project at conversion to permanent financing. He said that the proposed funding source for the Third Loan was the planned 421-a Fund, which would be administered by HDC to provide additional subsidized loans in high-poverty areas. He said that the principals of the Arker Companies would guarantee these funds against the possibility that the 421-a Fund has not been established by the end of the construction term.

Mr. Bacchus said that during the construction and lease-up period, the Bonds would be secured by an irrevocable direct pay Letter of Credit to be issued by Bank of America and delivered to the trustee for the bondholders concurrently with the issuance of the Bonds. He said that the trustee would draw on the Letter of Credit to make all payments of principal and interest due on the Bonds.

Mr. Bacchus said that upon construction completion, it was anticipated that the Letter of Credit would be replaced with a Direct-Pay Credit Enhancement Instrument from Freddie Mac for a term of up to 37 years, subject to no defaults existing at conversion. He said that the Letter of Credit during construction and the Credit Enhancement Instrument during permanent will provide liquidity for any Bonds that may be tendered by bondholders.

Mr. Bacchus stated that as a result, the Corporation believes that the financing is structured to effectively insulate the Corporation from credit, market and real estate risks.

Mr. Bacchus stated that the Bonds would initially be issued as seven-day variable-rate obligations. He said that the interest rate on the Bonds would be reset weekly by JP Morgan Chase, the remarketing agent, and the Bonds would be subject to an absolute maximum interest rate of 15%, in accordance with the provisions of the Bond Resolution.

Mr. Bacchus stated that the Mortgagor would enter into a spot starting swap transaction for the 2008 Series A Bonds at construction loan closing which would fix the interest rate for the construction period and the initial 15 years of the permanent period. He said that the use of a swap as a hedge on the variable rate mitigates the risk of rising variable rates in the future. He said that following the expiration of the swap agreement, Freddie Mac would require the Mortgagor to either extend the swap agreement or purchase an interest rate cap.

Mr. Bacchus concluded by noting that all risks and fees were outlined in the Hewitt House Memorandum. He said that it was expected that the Bonds would be rated AAA by Moody's Investor Services.

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

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

RESOLVED, to approve (a) the Authorizing Resolution which provides for (i) the adoption of the Bond Resolution, (ii) the execution of the Bond Purchase Agreement regarding the sale of the Multi-Family Mortgage Revenue Bonds (Hewitt House Apartments), 2008 Series A, (iii) the distribution of the Official Statement in connection with the financing, and (iv) the execution of mortgage related documents and any other documents necessary to accomplish the issuance of the Bonds and the financing of the loans; and (b) the making of a Subordinate Loan and a 421-a Loan using the Corporation's unrestricted reserves, and the execution by an Authorized Officer of the Corporation of mortgage related documents and any other documents necessary to accomplish the financing.

The Vice Chairperson stated that the next item on the agenda would be the approval of an Authorizing Resolution for the Corporation's Multi-Family Housing Revenue Bonds, 2008 Series I. He called upon Mr. Froehlich to advise the Members regarding this item.

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Mr. Froehlich referred the Members to the Memorandum before them entitled "Multi-Family Housing Revenue Bonds, 2008 Series I" dated October 24, 2008 (the "Open Resolution Memorandum") and the attachments thereto including (i) the Resolution Authorizing Adoption of the Multi-Family Housing Revenue Bonds Bond Resolution and Certain Other Matters in Connection Therewith (the "Authorizing Resolution"), (ii) the Multi-Family Housing Revenue Bonds Bond Resolution (the "Bond Resolution"), (iii) the Bond Purchase Agreement and (iv) the Official Statement, all of which are appended to these minutes and made apart hereof.

Mr. Froehlich stated that he was pleased to recommend that the Members approve the issuance of the Corporation's Multi-Family Housing Revenue Bonds, 2008 Series I in an amount not expected to exceed \$160,000,000 (the "2008 Bonds" or "2008 Series I Bonds"). He said that the interest on the 2008 Bonds was expected to be exempt from Federal, state and local income tax.

Mr. Froehlich stated that the 2008 Series I Bonds were the first "recycled" bond issuance in the nation since the Housing and Economic Recovery Act of 2008, or HERA, was signed into law in July. He said that this new legislation allows for the refunding of tax-exempt multi-family housing bonds and utilizing such tax exempt proceeds for financing other projects. He said that in order to utilize the recycling authorization in HERA, the Corporation must issue refunding bonds prior to the redemption of bonds from mortgage prepayments. He said that the Corporation had been pooling prepayment proceeds from approximately 15 projects in an amount expected to be approximately \$120 million and would cause the redemption of the related bonds shortly after the delivery of the 2008 Bonds.

Mr. Froehlich said that the 2008 Series I Bonds would be issued as Convertible Option Bonds (or "COB") and would be issued as variable rate obligations with a final maturity of May 1, 2039 and initially in the Term Rate mode. He said that in the Term Rate mode, interest is reset at specific intervals. He said that the first Term Rate Term would begin on the date of

issuance of the 2008 Bonds and run through May 13, 2009 with an initial fixed rate not expected to exceed 5.50%.

Mr. Froehlich noted that the 2008 Series I Bonds constitutes the 103rd series of bonds approved under the Corporation's Multi-Family Housing Revenue Bonds Bond Resolution originally adopted by the Members in 1993 (the "Open Resolution").

Mr. Froehlich stated that the proceeds of the 2008 Bonds would be used to fund first position construction and permanent financing for the new construction of certain developments, all of which would reserve a minimum of 20% of the units for households earning no more than 50% of area median income or 25% of the units for households earning no more than 60% of area median income. He said that the mortgage loans to be funded with the recycling proceeds were expected to close in the first half of 2009. He noted that the Corporation's staff had listed in the Open Resolution Memorandum, the potential projects that were eligible to be financed with the proceeds of the 2008 Bonds. He said that the individual projects that may be financed with the proceeds of the 2008 Bonds would be presented to the Members for approval.

Mr. Froehlich said that it was expected that as individual Mortgage Loans were ready to close, a portion of the 2008 Bonds would be subject to mandatory tender and converted from the initial Term Rate mode to another interest rate mode for the construction period of the applicable project. He said that the Corporation would be obligated to pay the purchase price of those 2008 Bonds subject to mandatory tender for purchase and not remarketed. He said that no liquidity facility had been obtained to fund such obligation. He said that to provide assurances to the 2008 Series I Bondholders that sufficient monies will be available to fund the purchase price for the 2008 Bonds, the Corporation would covenant to maintain unencumbered cash or cash equivalents; U.S. Treasury Notes, STRIPS or Agencies, under the Open Resolution available to pay the purchase price of all un-remarketed 2008 Bonds.

Mr. Froehlich stated that the Open Resolution Memorandum before the Members included a description of the risks and fees associated with the 2008 Bonds.

Mr. Froehlich said that the primary risk associated with the 2008 Series I Bonds was that the mortgage loan closings would not be able to take place. He said that the Corporation believes that it had sufficiently mitigated this risk. He said that projects totaling almost \$1,000,000,000 had been publicly noticed pursuant to Federal tax rules and may be financed using the tax exempt bond proceeds issued by the Corporation.

Mr. Froehlich stated that the 2008 Series I Bonds would be underwritten by J. P. Morgan Securities, Inc ("J.P. Morgan). He said that J. P. Morgan had entered into a distribution agreement with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings at the original issue prices. He stated that pursuant to this agreement, J.P. Morgan would share a portion of its underwriting compensation with respect to the 2008 Bonds with UBS.

Mr. Froehlich said that the 2008 Series I Bonds were expected to be rated AA by S & P and Aa2 by Moody's.

Mr. Kelly asked whether the term rate would convert into a variable rate after the initial term. Rich Froehlich confirmed that it would be a likely scenario which would then result in the sequential remarketings for each project.

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

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

RESOLVED, to approve an authorizing resolution that provides for the adoption of the Supplemental Resolution to the Open Resolution, the issuance of the Bonds and authorize the other activities listed therein.

The Chairperson stated that the next item on the agenda would be the approval of a Declaration of Intent Resolution for 101 Avenue D. He called upon Ms. Tally to advise the Members regarding this agenda item.

Ms. Tally stated that first she would like to remind the Members that Declaration of Intent Resolutions are 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 Declaration of Intent 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 transactions would be presented to the Members for review and approval.

Ms. Tally referred the Members to the memorandum before them entitled "Resolution of Declaration of Intent, 101 Avenue D, Manhattan, Block 377, Lots 35, 41, 42, 43, 47 and 48" dated October 24, 2008 and the Declaration of Intent Resolution attached thereto, which is appended to these minutes and made a part hereof. She stated that the project being considered for a Declaration of Intent was a proposed 72-unit rental housing project which is to be developed by a single purpose entity to be formed by the Dermot Company. She said that the Corporation was reviewing the project for financing under the Mixed Income Program. She stated that the proposed Declaration of Intent is for \$28.7 million. She noted that the Corporation anticipated that this project would take advantage of recycled bonds for the majority of the tax exempt financing.

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

RESOLVED, to adopt the Declaration of Intent Resolution for 101 Avenue D, Manhattan, New York, Block 377, Lots 35, 41, 42, 43, 47 and 48.

Finally, the Chairperson stated that he would like to request the appointment of an Assistant Secretary for HDC and called upon Mr. Froehlich to make the presentation.

Mr. Froehlich stated that he was pleased to recommend that the Members approve the appointment of Susannah Lipsyte, Assistant General Counsel, as Assistant Secretary for HDC. He said that Ms. Lipsyte has been with the Corporation since November 2006 and has been a valued member of the Legal Department. He stated that Ms. Lipsyte has a J.D. from Georgetown University and a B.A. from Yale. He said that before joining the Corporation she worked as a Public Finance Associate at the law firm of Orrick, Herrington & Sutcliffe.

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

RESOLVED, to appoint Ms. Lipsyte as Assistant Secretary for HDC.

At 11:07 a.m., there being no further business, upon a motion duly made by Ms. Stark, and seconded by Mr. Kelly and Mr. Gould, the meeting was adjourned.

Respectfully submitted,

Melissa Barkan
Secretary

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

October 31, 2008

ATTENDANCE LIST

<u>NAME</u>	<u>AFFILIATION</u>
Howard I. Berkman	Hawkins Delafield & Wood LLP
R. Gregory Henniger	“ “
Kent Hiteshew	JPMorgan Chase Bank
Ken Rocozińska	“ “
Ping Hsieh	Citibank
Mike Koessel	“
Barbara Feldman	Merrill Lynch
Eric Taylor	Winston & Straum
Charles A. Brass	Atlantic Development Group
Daniel Moritz	Arker Companies
Sol Arker	“
Eileen Heitzler	Orrick, Herrington & Sutcliffe LLP
Nick Fluehr	Banc of America Securities
Catherine Riccards	NYC Department of Investigation
Larry Flood	MR Beal
Ted Phillips	Bond Buyer
Marc Jahr	New York City Housing Development Corporation
Richard M. Froehlich	“ ”
Joan Tally	“ ”
Teresa Gigliello	“ ”
Melissa Barkan	“ ”
Cathleen Baumann	“ ”
Susannah Lipsyte	“ ”
Claudine Brown	“ ”
Chanin French	“ “
Jeffrey Stone	“ “
Ted Piekarski	“ ”
Mary Hom	“ ”
Urmaz Naeris	“ ”
Bharat Shah	“ ”
Peggy Joseph	“ ”
Simon Bacchus	“ ”
Jerry Mascuch	“ ”
Shirley Jarvis	“ ”

Mary John	“	”
Mary McConnell	“	“
Dwan Daniels	“	”
Aaron Eckerle	“	“
Rashida Freeman	“	”
Liz Oakley	“	“
Christina Sanchez	“	“
Norman Garcia	“	“
Kerry Yip	“	“
Marcus Randolph	“	“
Sonia Medina	“	“