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

November 2, 2011

A meeting of the Members of the New York City Housing Development Corporation (the "Corporation" or "HDC") was held on Wednesday, November 2, 2011 at the offices of the Corporation, 110 William Street, 10th Floor, New York, New York 10038. The meeting was called to order at 11:08 a.m. by the Chairperson, Mathew M. Wambua, who noted the presence of a quorum. The Members present were Felix Ciampa, Mark Page and Denise Notice-Scott. The Members absent were Harry E. Gould, Jr., David M. Frankel and Charles G. Moerdler. A list of observers is appended to these minutes.

The Chairperson called for the approval of the minutes of the meeting held on September 23, 2011.

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

**RESOLVED**, to adopt the minutes of such meeting.

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

Mr. Jahr thanked the Chairperson, and bid the Members and others in attendance a good morning and stated that he appreciated the Members' willingness to take time out of their busy schedules to attend this meeting. He stated that today's meeting was in some respects a brief segue to the December board meeting, which will actually occur on Wednesday, November 30, when the Corporation will seek the Members' approval of the issuance of bonds that will support the financing of a significant number of affordable housing developments. He said that at that time, the Corporation will also be seeking the Members' approval of HDC's FY 2012 budget, which we believe will reflect our continued efforts to prudently manage our growth, while restraining the costs associated with that growth.

Mr. Jahr stated that today, however, the Members will be asked to consider approving the issuance of bonds under the Corporation's "mini-open." He said that he would leave it to Richard M. Froehlich, Chief Operating Officer, Executive Vice President and General Counsel and Ellen Duffy, the Corporation's Senior Vice President for Debt Issuance and Finance to present this action and its underlying rationale to the Members.

Mr. Jahr stated that since today marks the second day of our new fiscal year, he thought he'd provide the Members with a couple of measures of the Corporation's activities in fiscal year 2011. He said that on an unaudited basis, HDC's net assets will have increased from approximately $11.2 billion in FY 2010 to $11.7 billion in FY 2011, a 4.5% increase, and our net worth will have increased from $1.23 billion in FY 2010 to $1.35 billion in FY 2011, a 9.7% increase. He noted that it had been another year of substantial growth at HDC.

Mr. Jahr stated that on the other hand this is one of those odd fiscal years where some of HDC's numbers are deceptively low because of the timing of bond issuances and closings; thus, during HDC's fiscal year, November 1, 2010 through October 31, 2011 -- HDC does have an idiosyncratic fiscal year -- the Corporation's total bond issuance was approximately $685MM, far below our norm, yet tax-exempt issuance amounted to $585MM, above the norm. He said on the other hand, HDC closed on 34 deals -- 12 new construction and, reflecting the Corporation's emphasis on preservation, 22 rehabilitation deals containing 1,640 and 8,618 units respectively – a total of 10,258 units. He said that this compares more than favorably to HDC's FY 2009 and 2010 production of 4,379 and 5,116 units, excluding the NYCHA Federalization units, respectively.

Mr. Jahr stated that to support these deals HDC provided a total of approximately $101MM of subsidy from our corporate reserves, down from our FY 2010 commitment of $120.5MM in subsidy, as well as the $144.6MM in subsidy we committed in 2009. He said that the Corporation is attempting to budget these dollars more stringently than in the past.

Mr. Jahr stated that it's worth noting that in the five fiscal years from FY'07 through FY'11, we've provided approximately $734MM in subsidy from our corporate reserves to support our affordable housing lending. He said that when the New Housing Marketplace Plan was first announced in 2003, HDC's commitment of subsidy to the effort was projected to be $550MM. He said that in the five year period he just cited HDC has exceeded that commitment by $184MM or 33%. He added that by the end of the plan in 2014, HDC expects to have committed roughly $1.3 billion to the effort, a not insubstantial amount.

Mr. Jahr stated that if we look at our activity through the lens of the calendar year, in 2011 we've already closed 26 developments containing 9,276 apartments requiring approximately $640MM in financing. Moreover, he said, we have a December pipeline of approximately 19 developments containing slightly over 4,700 apartments which would require approximately $430MM in bond issuance. He said that there is always attrition in HDC's pipeline, with deals slipping from one quarter to another, but if we maintain our pace we can expect that on a unit basis—driven by our successful efforts to preserve Mitchell Lama developments—we will come close to equaling if not exceeding our most productive year—2005, when HDC financed 49 developments containing slightly over 12,130 apartments. He said that unlike that period, this effort has been undertaken against a backdrop of continuing volatility in the financial markets, a lagging economy, and budgetary turmoil at the Federal level.

Mr. Jahr stated that putting all these numbers aside, we could not sustain this effort without the commitment of private activity bonds—volume cap—from the City's Industrial Development Agency ("IDA") and from the State of New York. He said that the City's IDA had committed $180MM to HDC's 2011 efforts, and we expect an additional commitment of $68.9MM for our December closings. He said that these allocations of bonds are greatly appreciated and reflect the Mayor's commitment to our housing efforts. Mr. Jahr stated that in addition, recently, the State awarded HDC $261.8 Million of volume cap. He said that this came in the wake of the State's allocation of the second tranche of cap, $140MM, to the NYCHA Federalization deal.

Mr. Jahr stated that the Corporation is deeply appreciative of Governor Cuomo's timely commitment of volume cap to HDC's efforts. He said that without his support, and the support of the State Division of Budget and its Director, Robert Megna, as well as the State's Division of Homes and Community Renewal, including its Commissioner and CEO, Darryl Townes, the Corporation couldn't sustain this effort. He said that we are pleased that our partnership with the State continues to receive their support and look forward to sustaining this relationship in the future.

Mr. Jahr stated that that 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 HDC's accomplishments are an incredible testament to the role HDC has played in the Mayor's New Housing Marketplace Plan.

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

The Chairperson stated that the next item of business would be the approval of an Authorizing Resolution relating to the issuance of the Corporation's Multi-Family Secured Mortgage Revenue Bonds, 2011 Series A. He called upon Mr. Froehlich, to be followed by Ms. Duffy, to advise the Members regarding this item.

Mr. Froehlich stated that he would provide the Members with some background context on this financing and how it plays into the Corporation's overall approach. He said that prior to the financial crisis, about two-thirds (2/3) of HDC's transactions were done as stand-alone deals where the bonds were issued as variable rate demand obligations ("VRDO") or "low floaters." He said that of these transactions most were enhanced by Fannie Mae and to a much lesser extent Freddie Mac. He said that starting in 2004 Citibank became a significant player and provided long term letters of credit on over 20 transactions. He said that both JPMorgan Chase and Bank of America also did several transactions as well as Royal Bank of Scotland and Helaba Bank. But, he said, the landscape changed dramatically in 2008 and neither Fannie Mae nor Citibank had financed a VRDO transaction since 2007 and only Freddie Mac had provided long term liquidity for a transaction at HDC since 2009.

Mr. Froehlich stated that in addition more of the Corporation's financing in 2010 and 2011 had been related to the Federal government's New Issue Bond Program ("NIBP") that the Corporation undertook in late 2009. He said that this program was financed in coordination with HDC's open resolution and benefits from the excess collateral value in the open resolution. He said that as a result most of HDC's transactions are financed with fixed rate bonds issued under the open resolution.

Mr. Froehlich stated that the good news during this difficult financial environment has been that HDC has been able to maintain its own AA rating as well as the ratings on the open resolution and REMIC. He said that the resolution's rating is safe because the mortgages we have made have been conservatively underwritten and had performed well during the financial downturn, but the bonds also benefit from a combination of the over collateralization in the resolution as well as the availability of credit enhancement for the mortgages HDC has been making.

Mr. Froehlich stated that the rating agencies evaluate every issuance and judge the assets that are included in the resolution in the stress tests that they use to determine the strength of the resolution in a severe economic downturn. He said that the Mortgages insured by the Federal government through the Federal Housing Administration or enhanced by Fannie Mae are given high valuations. He said that in addition, mortgages insured by REMIC and the State of New York Mortgage Agency's mortgage insurance are also highly valued. He said that uninsured mortgages are perceived to be more risky and thus have lower valuations. He added that in the past the Corporation has securitized second mortgages made by both HDC and New York City and have gotten valuations of these assets at lower levels.

Mr. Froehlich stated that Standard & Poor's Ratings Services ("S&P") does not currently rate SONYMA's Mortgage Insurance Fund. He said that S&P has historically stated that it would give HDC favorable treatment for mortgages insured by SONYMA as long as the total amount of mortgages insured stays below a 10% cap as it relates to the entire portfolio in the open resolution. He said that starting in Spring 2011 HDC started going over this cap. He said that HDC staff have spoken with SONYMA and have asked them to consider getting a rating by S&P but they have not engaged S&P to rate the Mortgage Insurance Fund.

Mr. Froehlich stated that in response to the concerns raised by S&P, HDC has done two things: first, we asked the rating agencies to value certain assets related to the Mitchell Lama restructurings that have been previously pledged in the open resolution but had not been valued. He said that this addition of assets reduced the SONYMA concentration level. He said that second, we are undertaking the securitization of assets that come partially from the open resolution that are enhanced by SONYMA and moving them into the secured mortgage program that will be further discussed by Ellen.

Mr. Froehlich stated that it should be noted that HDC benefits greatly from having several tools to use in financing affordable housing. He said that most states do not have a REMIC and/or SONYMA Mortgage Insurance Fund. He said that HDC has both plus we will be undertaking to be a risk sharing partner with the Federal Housing Administration pursuant to a program started in 1994 and that HDC was approved as a participant in 1995 but was never utilized by the Corporation. He said that this program would be discussed further in December. But, he said, SONYMA is an important tool for the Corporation and we are its largest Mortgagee partner after the State Housing Finance Agency. He said that SONYMA's Mortgage Insurance Fund has significantly more assets than REMIC and can enhance larger loans than REMIC without causing concentration issues. He said that SONYMA has also been an important partner in HDC's Section 8 and Section 202 refinancing efforts as well as the enhancer on most of the permanent loans made to HDC's affordable cooperative housing developments.

Mr. Froehlich stated that in December HDC expects to bring several projects to the Members that staff will propose to be insured by SONYMA as part of bonds to be financed under NIBP. He said that in addition, the Corporation may utilize the secured resolution for new deals as well as potential securitizations in the future. He said that this program is significantly smaller than the open resolution and is easier to use because it does not require the depth of disclosure detail as the open resolution which now has almost 1,000 mortgages. He said that the secured resolution also has an Aa rating only from Moody's. He said that by building up its assets it will be a useful tool for future deals and the Corporation can finance projects in it as staff determines the best course to accomplishing our mission.

Mr. Froehlich then called upon Ms. Duffy to further advise the Members regarding this item.

Ms. Duffy referred the Members to the memorandum before them entitled "Multi-Family Secured Mortgage Revenue Bonds, 2011 Series A" dated October 26, 2011 (the "Secured Resolution Memorandum") and the attachments thereto including (i) the Resolution Authorizing Adoption of the Fourth Supplemental Resolution Authorizing the Issuance of Multi-Family Secured Mortgage Revenue Bonds, 2011 Series A and Certain Other Matters in Connection Therewith (the "Authorizing Resolution"); (ii) the Fourth Supplemental Resolution Authorizing the Issuance of Multi-Family Secured Mortgage Revenue Bonds, 2011 Series A (the "Supplemental Resolution"); (iii) the Preliminary Official Statement; and (iv) the Bond Purchase 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 issuance of the Corporation's Multi-Family Secured Mortgage Revenue Bonds, 2011 Series A in an amount not to exceed $75,000,000. Ms. Duffy stated that the 2011 Bonds were expected to be issued on a fixed-rate basis. She said that interest on the 2011 Bonds would not be exempt from Federal income tax, but would be exempt from state and local income tax. Ms. Duffy stated that the 2011 Bonds would constitute the fourth series of bonds to be issued under the Corporation's Multi-Family Secured Mortgage Revenue Bonds Bond Resolution originally adopted by the Members in 2005.

Ms. Duffy stated that the 2011 Bond proceeds were expected to be used to acquire permanent mortgage loans previously originated or acquired by the Corporation with its own corporate funds and to acquire permanent mortgage loans currently pledged to the Corporation's Multi-Family Housing Revenue Bonds Bond Resolution (the "Open Resolution"). She said that all of the mortgage loans to be acquired are insured by SONYMA, and that the 2011 Bond proceeds were also expected to be used to pay costs of issuance.

Ms. Duffy stated that the issuance of the 2011 Series A Bonds would allow for replenishment of the Corporation's reserves both directly, by purchasing mortgage loans from Corporate Services, and indirectly, by purchasing mortgage loans from the Open Resolution. She said that the funds could then be re-lent to new developments in furtherance of the Corporation's commitment to the Mayor's New Housing Marketplace Plan.

Ms. Duffy stated that an additional benefit of this securitization was the reduction of SONYMA-insured mortgage loans in the Open Resolution to approximately 10% as required by S&P. She said that by transferring SONYMA-insured loans to the Secured Resolution, which was only rated by Moody's Investors Service, the Corporation was providing a long-term benefit to the Open Resolution and ensuring that these enhanced loans are given full valuation.

Ms. Duffy stated that descriptions of the loans to be acquired and the risks associated with the 2011 Bonds are included in the Secured Resolution Memorandum. She said that it was expected that the Bonds would be rated Aa1 by Moody's.

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

Prior to voting, Mr. Page asked for clarification as to whether the body about to vote was the finance committee or the board. Mr. Froehlich responded that it was the finance committee of the board, but that since it is a meeting of the board as a whole, it becomes a board action. He said that since the members were the same and since we do only finance activities as an agency, a separate finance committee was not established and we treat the finance committee as a committee of the whole of the board. Mr. Page stated that was fine, but if HDC wanted to use that structure, then the members should vote twice, first as the finance committee and second as the board to ratify the recommendations of the finance committee, in satisfaction of the requirements of the Public Authorities Accountability Act ("PAAA"). Mr. Froehlich agreed that this would be the correct approach in order to comply with PAAA.

Upon a motion duly made by Mr. Ciampa, and seconded by Mr. Page, the members of the finance committee unanimously:

**RESOLVED,** to approve the Authorizing Resolution that provides for (i) the adoption of the Supplemental Resolution to the Secured Resolution providing for the issuance of the 2011 Series A Bonds; (ii) the distribution of a Preliminary and final Official Statement for the 2011 Series A Bonds; (iii) the execution of a bond purchase agreement with the Underwriters of the 2011 Series A Bonds; (iv) the use of the Corporation's unrestricted reserves to pay all costs associated with the issuance of the Bonds including any bond issuance charge and/or satisfy the Debt Service Reserve Account Requirement in connection with the 2011 Series A Bonds, if necessary; and (v) the execution by the President or any Authorized Officer of the Corporation of any and all documents necessary to issue the 2011 Series A Bonds and to acquire the mortgage loans relating to the 2011 Series A Bonds.

The Chairperson then asked for a motion from the board to approve the recommendations of the finance committee.

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

**RESOLVED,** to ratify the approval by the finance committee of the Authorizing Resolution that provides for (i) the adoption of the Supplemental Resolution to the Secured

Resolution providing for the issuance of the 2011 Series A Bonds; (ii) the distribution of a Preliminary and final Official Statement for the 2011 Series A Bonds; (iii) the execution of a bond purchase agreement with the Underwriters of the 2011 Series A Bonds; (iv) the use of the Corporation's unrestricted reserves to pay all costs associated with the issuance of the Bonds including any bond issuance charge and/or satisfy the Debt Service Reserve Account Requirement in connection with the 2011 Series A Bonds, if necessary; and (v) the execution by the President or any Authorized Officer of the Corporation of any and all documents necessary to issue the 2011 Series A Bonds and to acquire the mortgage loans relating to the 2011 Series A Bonds.

The Chairperson stated he was very impressed with Mr. Page's knowledge of protocol and parliamentary procedure in this regard.

As an item of Other Business, the Chairperson stated that the Audit Committee held a meeting just prior to this at which the Committee Members approved the Internal Audit Charter.

Mr. Page asked whether the Internal Audit Charter needed to be approved by the Members. Mr. Froehlich responded no, that the Members were just being informed.

At 11:20 a.m., there being no further business, upon a motion duly made by Mr. Ciampa, and seconded by Mr. Page, the meeting was adjourned.

Respectfully submitted,

Diane J. Pugacz
Assistant Secretary

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

November 2, 2011

**ATTENDANCE LIST**

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| Howard I. Berkman | Hawkins Delafield & Wood LLP |
| Kent Hiteshew | JPMorgan |
| Annie Lee | " " |
| James McIntrye | Morgan Stanley |
| Geoff Proulx | " " |
| Eric Taylor | Harris Beach PLLC |
| Doron Bar-Levav | " " |
| Marvin Markus | Goldman, Sachs & Co. |
| Amy Bartoletti | Ramirez |
| Barbara Feldman | BOA Merrill Lynch |
| Julie Burger | Wells Fargo |
| Sammi Chhea | M.R. Beal |
| Michael Baumrin | RBC |
| Thu Tran | Citibank |
| Matt Bissonette | " " |
| Jennifer Steinberg | Office of Management and Budget |
| Robin Ginsberg | Raymond James |
| Debra Herlica | NYC Department of Investigation |
| James Tierney | " " |
| Marc Jahr | New York City Housing Development Corporation |
| Richard M. Froehlich | " " |
| Joan Tally | " " |
| Simon Bacchus | " " |
| Diane J. Pugacz | " " |
| Melissa Barkan | " " |
| Ellen K. Duffy | " " |
| Ted Piekarski | " " |
| Susannah Lipsyte | " " |
| Michael Ray | " " |
| Kristen Smith | " " |
| Moira Skeados | " " |
| Eileen M. O'Reilly | " " |
| Mary McConnell | " " |
| Mary Hom | " " |
| Bharat Shah | " " |
| Cathleen Baumann | " " |

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| Terry Gigliello | " | " |
| Urmas Naeris | " | " |
| Pellegrino Mariconda | " | " |
| Tinru Lin | " | " |
| Mary John | " | " |
| Cheuk Yu | " | " |
| Shirley Jarvis | " | " |
| Uyen Luu | " | " |
| Marcus Randolph | " | " |
| Cathy Foody | " | " |
| Zenaida Bhuyan | " | " |
| Vanessa Kennedy | " | " |
| Luke Schray | " | " |
| Hammad Graham | " | " |