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

December 1, 2016

The annual meeting of the Members of the New York City Housing Development Corporation (the “Corporation” or “HDC”) was held on Thursday, December 1, 2016 at the offices of the Corporation, 110 William Street, 10th Floor, New York, New York 10038. The meeting was called to order at 12:06 p.m. by the Chairperson, Vicki Been, who noted the presence of a quorum. The Members present were Harry E. Gould, Jr., Denise Notice-Scott, Charles G. Moerdler, Dean Fuleihan and Jacques Jiha. There is currently one vacancy. A list of observers is appended to these minutes.

The Chairperson called for the approval of the minutes of the meeting held on September 22, 2016.

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

RESOLVED, to approve the minutes of such meeting.

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

Mr. Enderlin thanked the Chairperson and the Members in attendance, and said that he was pleased to be giving his first President’s Report and to present an agenda of actions for the Board’s approval which would build on the incredible progress of Housing New York, Mayor Bill de Blasio’s visionary housing plan to build and preserve 200,000 affordable homes over ten years. He said that without counting HDC’s robust December pipeline, the City was fully on track to meet this goal – having already surpassed more than 55,000 units, roughly half of which were made possible with HDC financing.

Mr. Enderlin stated that he had the honor of serving as Deputy Commissioner for Development and working on the housing plan during his tenure at the City’s Department of Housing Preservation and Development (“HPD”), and so he already had an understanding of the depth of the talent and commitment at HDC. He said that from his new view as HDC President, he could say that all of those external observations have been confirmed. He said that HDC is a team of professionals of the highest caliber, and our agenda today is one more reflection of HDC’s hard work.

Mr. Enderlin stated that HDC’s Senior Vice President for Development, Anthony R. Richardson, would present for the Members’ approval the most recent projects proposed for funding under the Corporation’s Open Resolution, which are collectively anticipated to add more than 2500 affordable homes to the plan. He said that each of these projects fulfills the mandate
of *Housing New York* not only by adding to its unit count, but by meeting its goals to create quality housing that contributes to the overall enrichment of our communities and neighborhoods.

Mr. Enderlin stated that in the spirit of keeping that momentum continually moving forward, Mr. Richardson would also present for the Members’ approval the declarations of intent for new projects under review by the Corporation which, as planned, would create another 400 units of much needed affordable housing in the Spring Creek section of Brooklyn.

Mr. Enderlin stated that among other agenda items, HDC’s Senior Vice President and Treasurer, Cathleen A. Baumann, would present for the Members’ approval HDC’s proposed Fiscal Year 2017 budget. He said that for HDC to continue its contributions to this historic plan and build on the Corporation’s distinguished history of success, it was more important than ever that we strategize our fiscal operations in a way that provides optimal flexibility while maintaining optimal accountability and efficiency. He said that the budget presented for the Members’ approval today achieves that strategic balance.

Mr. Enderlin stated that he’d like to take a moment to thank the Chairperson and her team at HPD for their dedication and innovation, our colleagues at the State for their collaboration, as well as all of our many partners in the public, private and non-profit sectors who make our work possible. He said that in the face of the sensitivities surrounding the current national political climate, he urges all of us to stay personally in touch with the hope and optimism that are at the core of our common work. He said that work was more important than ever and we should be both inspired by that and also challenged by it.

Mr. Enderlin stated that one of the first women to break down political barriers on the national stage, Shirley Chisom, once said “If they don’t give you a seat at the table, bring a folding chair”. He said that while there may be some who are getting their folding chairs ready – in Washington or around the country – he said that he’s proud to be part of a City and an Administration where folding chairs are no longer an acceptable solution.

Mr. Enderlin stated that as we all gather with our families around holiday tables this month, he asks that we remember how important our work is to ensuring that every New Yorker has a place at the City’s table. He said that this concludes his remarks, and if there were no questions the Chairperson could proceed with the remaining agenda.

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

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

Mr. Gould stated that the Audit Committee met on November 2nd at which time the Members reviewed the Corporation’s third quarter financial statements, as well as other financial and internal audit reports. Also at the meeting, he said, the Corporation’s external auditors,
Ernst & Young, presented their audit plan for the annual audit of the Corporation’s 2016 financial statements, which is currently underway.

The Chairperson stated that the next item of business on the agenda would be the Approval of Authorizing Resolutions relating to the Multi-Family Housing Revenue Bonds, 2016 Series I, K and L and 2020 Series A and B and the Multi-Family Mortgage Revenue Debt Obligation (One Flushing) and the Multi-Family Mortgage Revenue Debt Obligation (Bronx Commons), and called upon Mr. Richardson to advise the Members regarding this agenda item.

Mr. Richardson referred the Members to the memorandum before them entitled “Multi-Family Housing Revenue Bonds, 2016 Series I-1, I-2, K and L and 2020 Series A and B, the Multi-Family Mortgage Revenue Debt Obligation (One Flushing) and the Multi-Family Mortgage Revenue Debt Obligation (Bronx Commons)” dated November 22, 2016 (the “Open Resolution Memorandum”) and the attachments thereto including (i) the Resolution Authorizing Adoption of the Two Hundred Thirty-Fifth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2016 Series I-1, the Two Hundred Thirty-Sixth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2016 Series I-2, the Two Hundred Thirty-Seventh Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2016 Series K, the Two Hundred Thirty-Eighth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2016 Series L, the Two Hundred Thirty-Ninth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2020 Series A, and the Two Hundred Fortieth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2020 Series B and Certain Other Matters in Connection Therewith; the Resolution Approving the Funding Loan Agreement, Authorizing the Issuance of the Multi-Family Mortgage Revenue Debt Obligations (One Flushing) and Certain Other Matters in Connection Therewith; the Resolution Approving the Funding Loan Agreement, Authorizing the Issuance of the Multi-Family Mortgage Revenue Debt Obligations (Bronx Commons) and Certain Other Matters in Connection Therewith, (each, an “Authorizing Resolution” and collectively, the “Authorizing Resolutions”); (ii) the Two Hundred Thirty-Fifth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2016 Series I-1; the Two Hundred Thirty-Sixth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2016 Series I-2; the Two Hundred Thirty-Seventh Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds 2016 Series K; the Two Hundred Thirty-Eight Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2016 Series L; the Two Hundred Thirty-Ninth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2020 Series A; and the Two Hundred Fortieth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2020 Series B (each, a “Supplemental Resolution” and collectively, the “Supplemental Resolutions”); (iii) the Preliminary Official Statement; (iv) the Bond Purchase Agreements; (v) the Forward Bond Purchase Agreements; and (vi) the Funding Loan Agreements, all of which are appended to these minutes and made a part hereof.

Mr. Richardson noted that a few updates were made to pages 4 and 5 of the Open Resolution Memorandum and referred the Members to the blacklined copy that had been placed before them.
Mr. Richardson stated that he was pleased to recommend that the Members approve the issuance of the Corporation’s Multi-Family Housing Revenue Bonds, 2016 Series I-1, I-2, K, and L Bonds (collectively, the “2016 Bonds”) and the 2020 Series A and Series B Bonds (together, the “2020 Bonds” and together with the 2016 Bonds, the “Bonds”) in an amount not expected to exceed $545,340,000 to finance the construction, acquisition, rehabilitation and/or permanent financing of certain projects and other activities as described in the Open Resolution Memorandum.

Mr. Richardson stated that in addition, he was pleased to recommend that the Members authorize the Corporation to enter into two funding loan agreements with Citibank, N.A. (“Citibank”) to receive funds from Citibank which would, in turn, be loaned by the Corporation to two borrowers – commonly referred to as the “back-to-back” structure – as stand-alone financings in a combined amount not expected to exceed $131,375,000. He said that the funding loans would be evidenced by Funding Loan Obligations which after completion and permanent conversion of the two projects, would be refunded with the Corporation’s Multi-Family Housing Revenue Bonds, 2020 Series A and Series B purchased by Citibank, all as described in greater detail in the Open Resolution Memorandum. He said that to this end, the recommendation includes the request that the Members authorize the Corporation to enter into two forward bond purchase agreements with Citibank regarding the sale of the 2020 Bonds. He said that upon such refundings, the two mortgage loans would be pledged to the Open Resolution.

Mr. Richardson stated that interest on the 2016 Series I-1, I-2, K and L Bonds, the Funding Loan Obligations, and the 2020 Bonds was expected to be exempt from Federal, state and local income tax and would qualify as tax-exempt private activity bonds with a combination of an allocation of new private activity bond volume cap, and an allocation of “recycled” volume cap in accordance with the Housing and Economic Recovery Act of 2008 and the refunding of certain outstanding bonds or obligations of the Corporation.

Mr. Richardson stated that together with the issuance of the 2016 Bonds, the Corporation expects to issue $204,270,000 of its Multi-Family Housing Revenue Bonds, 2016 Series J-1 and 2016 Series J-2 (originally designated 2015 Series H-1 and 2015 Series H-2) pursuant to a Supplemental Resolution adopted by the Members on December 2, 2015 to finance the Jamaica Crossing High Rise development. He said that since that time, the design of the Jamaica Crossing High-Rise building had changed and now includes 49 new middle income units and was expected to receive additional subordinate financing from the Corporation’s unrestricted reserves. He said that the Members were now asked to approve subordinate financing from the Corporation’s unrestricted reserves in an amount not expected to exceed $28,335,000. He said that the subordinate loan is expected to have an interest rate equal to 1%, would be advanced during construction and would remain in the project as a permanent loan. He referred the Members to Attachment 12 of the Open Resolution Memorandum, which was marked to show this and other updates to the project.

Mr. Richardson stated that the Corporation expects to designate the 2016 Series I-1 Bonds, the 2016 Series I-2 Bonds and the 2016 Series J Bonds as Sustainable Neighborhood Bonds. He said that approval of the Authorizing Resolutions would authorize the 235th through
240th Supplemental Resolutions under the Corporation’s Open Resolution, and the Funding Loan Agreements.

Mr. Richardson stated that additionally, the Members were being asked to authorize the use of the Corporation’s unrestricted reserves or available prepayments in the Open Resolution in an amount not to exceed $9,167,400 to finance a subordinate permanent mortgage loan for the preservation of the Arverne View Apartments (formerly Ocean Village) development, a 1,093-unit Mitchell-Lama rental development in Queens. He said that in 2012, the Members approved the making of a loan to finance the rehabilitation and preservation of this project. He said that the subordinate loan would have an interest rate of 5%. He said that the loan proceeds would reimburse the borrower for equity used to prepay a high interest rate mezzanine loan and also pay a portion of the deferred developer fee from the 2012 financing. He said that as a condition of the financing, the project would be extending affordability for an additional 15 years. He said that as a result, the existing subordinate debt would also be extended 15 years, to 2066. He said that in the event that corporate reserves were used to finance the loan, it was expected that the Corporation would issue a separate series of Mitchell-Lama bonds at a later date, the proceeds of which would be used to reimburse the Corporation for such reserves. He said that the bond financing of this subordinate loan would require further authorization by the Members at a later date. He said that for more information on the Arverne View Apartments development, the Members should see Attachment 16 of the Open Resolution Memorandum.

Mr. Richardson stated that the Corporation also expects to facilitate the use of Department of Justice settlement funds by originating subordinate loans that would be funded with grants from Morgan Stanley or Goldman Sachs for certain projects.

Mr. Richardson stated that it was anticipated that the proceeds of the 2016 Series I-1 and I-2 Bonds, in an amount not expected to exceed $392,250,000, would be used to finance senior mortgage loans for as many as eleven developments: five ELLA projects, three Mixed-Middle Income projects, two Mix and Match projects, and one Preservation project, consisting of more than 2,000 units of rental housing, located in three of the five boroughs.

Mr. Richardson stated that the ELLA, Mixed-Middle, and Mix and Match developments would receive subordinate financing from the Corporation’s unrestricted reserves in an amount not to exceed $112,880,000. He stated that seven subordinate loans were expected to have an interest rate equal to the Applicable Federal Rate as recently published by the Internal Revenue Service (“AFR”), with set lower monthly payments, to be advanced during construction and to remain in the project as permanent loans. He said that two subordinate loans would have an interest rate of 1%, would be advanced during construction and would remain in the projects as permanent loans.

Mr. Richardson stated that the 1880 Boston Road development was also expected to receive subordinate financing pursuant to the funding swap with HPD for its Energy Efficiency Initiatives, as approved by the Members on October 7, 2015, in an amount not expected to exceed $10,165,000. He said that the subordinate loan was expected to have an interest rate equal to AFR with set lower monthly payments, would be advanced during construction and would remain in the project as a permanent loan. He said that in the event the Corporation
determines it is no longer prudent or feasible to finance the project with the funding swap. Members are asked to approve such subordinate financing with the Corporation’s unrestricted reserves.

Mr. Richardson stated that one Preservation development would receive restructured subordinate mortgage loans pursuant to a Purchase and Sale Agreement with the City of New York.

Mr. Richardson stated that due to the limited availability of new private activity bond volume cap and “recycled” volume cap, the Corporation was seeking authorization to fund a portion of one of the senior mortgage loans described in the chart in the Open Resolution Memorandum from the Corporation’s unrestricted reserves in an amount not expected to exceed $20,000,000. He said that at such time that sufficient new private activity bond volume cap and “recycled” volume cap are available the Corporation expects to issue a sub-series of the 2016 Series I Bonds to reimburse the Corporation. He said that for more information on the individual projects, the Members should see Attachments 1-11 of the Open Resolution Memorandum.

Mr. Richardson stated that it was anticipated that the 2016 Series K Bonds would be issued as a convertible option bond, or “COB”, in the event the Corporation has tax-exempt “recycled” volume cap in excess of the amounts needed by both the Corporation and the New York State Housing Finance Agency (“HFA”). He said that if issued, the proceeds of the 2016 Series K Bonds, in an amount not to exceed $50,000,000, were expected to provide first position construction and permanent financing for the new construction or acquisition and rehabilitation of certain developments, all of which are listed in Attachment 13 of the Open Resolution Memorandum and which would meet the affordability requirements for federal low income housing tax credits. He said that the mortgage loans for these projects were expected to close in 2017 at which point the 2016 Series K Bonds would be refunded to match the terms of the applicable mortgage loans. He added that most of the projects listed would not be funded from the 2016 Series K Bond proceeds but all would be eligible for such financing.

Mr. Richardson stated that the Corporation expects to (a) enter into a loan agreement with Citibank to finance the construction of a development to be named One Flushing in Queens, as described in Attachment 14 of the Open Resolution Memorandum, and issue one or more Multi-
Family Housing Revenue Debt Obligations in an amount not expected to exceed $61,915,000, (b) enter into a loan agreement with Citibank to finance the construction of a development to be named Bronx Commons in the Bronx, as described in Attachment 15 of the Open Resolution Memorandum, and issue one or more Multi-Family Housing Revenue Debt Obligations in an amount not expected to exceed $69,460,000, (c) enter into an Obligation Issuance Agreement regarding the forward delivery of the recycled tranche of the Bronx Commons Funding Loan Agreement, (d) enter into one or more forward bond purchase agreements with Citibank regarding the sale of the 2020 Bonds and (e) issue the 2020 Bonds, in one or more sub-series, in an amount not to exceed $73,090,000, to refund a portion of the Funding Loan Obligations for the permanent phase financing of One Flushing and Bronx Commons. He noted that the Board authorization being requested today allows the Corporation to finance the Bronx Commons development with bonds instead of funding loan obligations should it determine that the Back-to-Back structure was no longer feasible. He said that they expect this may be necessary.

Mr. Richardson stated that One Flushing would receive subordinate financing from the Corporation’s unrestricted reserves in an amount not to exceed $16,500,000, and that Bronx Commons would receive subordinate financing from the Corporation’s unrestricted reserves in an amount not to exceed $29,030,000. He said that these subordinate loans were expected to have an interest rate equal to the AFR, with set lower monthly payments, to be advanced during construction and to remain in the project as permanent loans. He said that for more information on the individual projects, the Members should see Attachments 14 and 15 of the Open Resolution Memorandum. He added that more detail on the developments, as well as the Bond underwriters, Risks, Fees and Credit Ratings associated with the Bonds, were outlined in the Open Resolution Memorandum.

Mr. Moerdler asked whether the Community Boards involved both in the Queens projects and in the Bronx projects have been notified and consulted. He said that this was a question that he has asked over the years and has always gotten the same answer “no”. He asked if this was the same answer today. The Chairperson said that most of these projects have a tax exemption and an Article 11 tax exemption requires City Council approval and so the City Council Member is consulted and has to vote on this in that connection. Mr. Richardson said that he could speak for all the projects that are done in the Bronx. He said that we ask the developers to make a presentation to the Community Board. He said that even though it might not be going through
any formal public approval process we would like the Community Board to be aware of the project. Mr. Moerdler said that he has no information—and he is chair of the Land Use Committee of one of those boards—that either of the two projects, 1880 Boston Road or Morris II Apartments, was presented to the respective Community Boards. He asked if he could be assured that they had been. Mr. Richardson said that we recommend that they do and that he could check. He said that he knows from working with Bronx Planning at HPD, they strongly recommend that all the projects be presented. Mr. Moerdler said that he was making it perfectly clear that in the future he intends to vote against each and every one of those that does not go to the Community Boards that involves the homeless question. He said that while we welcome them and want to accommodate them in the Bronx the best we can, we believe that the City of New York has failed miserably with this program with respect to the homeless and that the people in Queens have demonstrated that, and the people in the Bronx have seen that, in instances where there has been a full admission of it, where they have been lied to at the Community Boards by the Department of Homeless Services’ admission, and a few weeks later a baby died in a motel. He said that these kinds of things are salutary, but the communities have a right to know and a right to be heard. He said that that troubles him unless he could be given some assurance. He said that he would like to know, as soon as possible, whether there was a presentation. He said that he has asked the Borough President’s office to be in touch with the district managers to ascertain whether or not there has been such a report. If there has not, he requests that the Corporation ask the developers involved to make that presentation as promptly as possible, or at least offer in writing to do so. The Chairperson stated that she believes they will need to consult with counsel about that request. Mr. Moerdler said that he must, then, refrain from voting positively in favor of this agenda item.

Mr. Moerdler stated that next question he had was with respect to Jamaica Crossing. He said that the Open Resolution Memorandum indicates that upon conversion the 2016 Series J Bonds will no longer be secured by all the revenues and assets pledged to the Open Resolution. Mr. Moerdler asked why. Richard M. Froehlich, Chief Operating Officer, Executive Vice President and General Counsel for the Corporation, said that once the project is finished and converts to permanent status the support for it will be basically a credit facility from Freddie Mac. He said that the support of the Open Resolution, which helps it during construction, is no longer needed. He said that it is a positive from a perspective of the Corporation because of the large scale nature of the project that during construction we are protected by a letter of credit from Goldman Sachs and during permanent status it’s protected by Freddie Mac and thus no longer relying on the strength of the Open Resolution.

Mr. Moerdler then stated that he was required by the Conflicts of Interest Board to make the disclosure that members of his firm but not he represent, although not with respect to any of the matters here today, Goldman Sachs, JPMorgan and several of the other entities listed in the Open Resolution Memorandum.

Mr. Moerdler then said that he wanted to move on to the Arverne development. He said that the Open Resolution Memorandum indicates that the loan proceeds would reimburse the borrower for equity used to prepay a high interest rate on a mezzanine loan and asked whether that was known at the time in 2012 when the Members voted on it. Mr. Froehlich said yes; the requirement of the equity at the time was because of the risk involved in the transaction which
was a deeply damaged property before Sandy and only made worse after Sandy. He said that the equity was required so that the Corporation could feel confident during the risky part of the transaction which was during construction because over a third of the units were vacant at that time. He said that we required a significant amount of equity that normally in a transaction like that we wouldn’t because we wanted someone who had real strength in order to do that project. He said that now in order to do that they look towards an outside buyer, in this case Citibank, to provide a mezzanine debt on that project which was the risk level that then got paid off because the project itself converted, was able to get additional support from the Federal Government and so that requirement for equity in essence went away and it now supports more debt and that’s why we are coming back and we are comfortable underwriting to it because of the strength of the contract. Mr. Moerdler said that he had checked back on his notes and said that he saw nothing that indicated at the time that that was contemplated. Mr. Froehlich said that it wasn’t contemplated at the time and that is why we are coming back to the Members now for approval and why we negotiated for something additional, which is the additional affordability for an extension of 15 years, so that we are basically agreeing to additional debt and willing to take a certain amount of additional risk on the property but also wanted to extend affordability. Mr. Enderlin said that the debt service coverage remains and Mr. Froehlich added that it was well within HDC’s standards.

Mr. Moerdler stated that his last question was which Preservation development would receive restructured subordinate mortgage loans pursuant to a Purchase and Sale Agreement with the City of New York. Mr. Richardson stated that it was the Hope East of Fifth project in Manhattan.

Mr. Jiha stated that on page 3 it said that “there are no material monetary defaults on any of the mortgage loans other than temporary financial difficulties with respect to certain developments which are in the process of being cured” and asked if someone could elaborate on that. Mr. Froehlich said that sometimes there are minor delinquencies. He said that there are no material defaults across the portfolio that is represented in the Open Resolution. He said that sometimes delinquencies are a period of time when payments are late or the like but overall the portfolio performs extraordinarily well, has minimum delinquencies and historically there was only one default, the one that was directed by FHA, noting that there are over 1,000 mortgages in the program.

Mr. Froehlich then noted that the Chairperson needed to step out of the meeting but that Mr. Gould would take over as Vice Chairperson.

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

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

RESOLVED, (A) to approve the Authorizing Resolution that provides for (a) the adoption of Supplemental Resolutions to the Open Resolution providing for the issuance of the Bonds, (b) the distribution of Preliminary and final Official Statement(s) for the Bonds, (c) the
execution of bond purchase agreement(s) and forward bond purchase agreements with the Underwriter(s) of the Bonds or a direct purchaser of any or all of the Bonds, (d) the use of the Corporation’s unrestricted reserves to fund costs of issuance for the Bonds and to fund all or a portion of the debt service reserve account requirement in connection with any or all of the series of Bonds, as may be required, (e) the use of the Corporation’s general obligation as a “Cash Equivalent” (under the Open Resolution) to satisfy the Debt Service Reserve Account requirement with respect to the Bonds, and (f) and the execution by the President or any Authorized Officer of the Corporation of any and all documents necessary to issue the Bonds and to make the mortgage loans relating to the Bonds; (B) to approve the Authorizing Resolution which provides for (a) the execution of the One Flushing Funding Loan Agreement and (b) the execution of mortgage-related documents and any other documents necessary to accomplish the issuance of the One Flushing Funding Loan Obligations and the financing of the related loan; (C) to approve the Authorizing Resolution which provides for (a) the execution of the Bronx Commons Funding Loan Agreement, (b) the execution of a multi-year issuance agreement in connection with the Bronx Commons Funding Loan Obligations, (c) the execution of a Supplement to the Funding Loan Agreement regarding the multi-year allocation recycling authority and (d) the execution of mortgage-related documents and any other documents necessary to accomplish the issuance of the Bronx Commons Funding Loan Obligations and the financing of the related loan; (D) to approve the making of subordinate loans for four ELLA developments, two Mix & Match developments, three Mixed-Middle (M2) developments, the Jamaica Crossing High Rise development, the One Flushing development, the Bronx Commons development, and the 1880 Boston Road development from the Corporation’s unrestricted reserves in an amount not to exceed $196,910,000, and the execution by an Authorized Officer of the Corporation of mortgage-related documents and any other documents necessary to accomplish the subordinate financing; (E) to approve entering into a Purchase and Sale Agreement with the City of New York relating to the existing subordinate debt on one Preservation development; (F) to approve the making of a subordinate permanent mortgage loan in an amount not to exceed $9,167,400, from the Corporation’s unrestricted reserves or available prepayments in the Open Resolution for Arverne View Apartments, a Mitchell-Lama rental development, and the execution by an Authorized Officer of the Corporation of mortgage-related documents and any other documents necessary to accomplish the subordinate financing; and (G) to approve the making of a portion of one of the eleven (11) senior mortgage loans described in the Open Resolution Memorandum under the heading “Proposed Uses for the 2016 Series I-1 and 2016 Series I-2 Bond Proceeds” from the Corporation’s unrestricted reserves in an amount not to exceed $20,000,000.

The Vice Chairperson stated that the next item on the agenda would be the Presentation and Approval of the Fiscal Year 2017 Operating Budget and called upon Ms. Baumann to make this presentation.

Ms. Baumann referred the Members to the memorandum before them entitled “Proposed FY 2017 Budget”, dated November 22, 2016 (the “FY 2017 Budget Memorandum”) which is appended to these minutes and made a part hereof, and stated that she was pleased to present the Corporation’s proposed Fiscal Year 2017 operating budget for the Members’ approval.
Ms. Baumann stated that as the main financing partner behind the Mayor’s Housing New York plan, HDC continues to expand on its history of production and accomplishments. She said that Fiscal Year 2016 continued that trend with another year of substantial growth. She said that during the last fiscal year, HDC issued almost $1.3 Billion in bonds, and as the Corporation is currently in the midst of its year-end audit, the unaudited results at fiscal year-end 2016 reflect approximately $14.7 Billion in assets and $2.3 Billion in net assets.

Ms. Baumann stated that during this same time period net income continues to be significant. She said that the Corporation ended fiscal year 2016 with excess revenues over expenses, on a cash basis, of $86.6 Million, an increase of $10 Million over the budgeted amount.

Ms. Baumann stated that this improvement was largely due to better-than-expected performance in the Open Resolution surplus, higher servicing fees, and fees received on loan originations and refinancings. She said that sustaining this strong bottom line would allow the Corporation to continue to provide critically needed subsidies to the affordable housing developments we finance.

Ms. Baumann stated that Fiscal Year 2017 revenues are budgeted to be $107.8 Million, a $1.7 million increase from the FY 2016 adopted budget. She said that the projected increase was mainly due to a forecasted increase in HDC servicing fees due to more construction loans converting to permanent, as well as more loans in the portfolio, and an increase in loan origination fees expected with more deals closing under the Housing Plan.

Ms. Baumann stated that Fiscal Year 2017 expenses are budgeted to be $30.6 Million, a $1.13 Million or 3.82% increase from last year’s budget. She said that the increase from the FY 2016 budget revolves around certain budget lines increasing or decreasing from last year. She said that the largest increases occurred in the NYCERS pension line, as well as the legal and insurance expense lines. She said that these increases are somewhat offset by decreases in the IT budget line, as well as some other minor budget lines. She said that last year the Corporation made two critical investments to upgrade its software to continue to meet the demands of an expanding portfolio. She said that those upgrades have been successfully completed but did increase the IT budget last year. She said that this year’s budget is more reflective of normal levels, and the investments in new technology for FY 2017 are not as large of a scale as last year, but are still important nonetheless.

Ms. Baumann stated that the notes in Schedule A to the FY 2017 Budget Memorandum contained in the Members’ board packages provide more details for each revenue and expense line item.

Ms. Baumann stated that the 2017 operating budget was prepared prior to the Presidential election. She said that the election results have created a great deal of uncertainty in the economy and our industry. She said that as such, there is some uncertainty about whether rates will rise in the coming year and if potential changes in the tax code could impact the Corporation’s lending programs. She said that the Corporation’s staff would closely monitor such changes and inform the Members about potential actions to respond to such volatility. She
said that if rates do rise the Corporation would make higher income than projected in the budget but would also pay higher interest costs that may reduce the income difference, or spread. However, she said, in the near term most of the Corporation’s spread income on bond deals closed over the last seven years is locked in for a period of time and would continue to be a source of income for the Corporation irrespective of interest rate rises in the next year.

Ms. Baumann stated that despite these uncertainties the Corporation’s financial outlook for FY 2017 continues to be positive. She said that while the Corporation has continued to flourish, building on our success is only possible through responsible and strategic fiscal planning. She said that this year’s budget reflects a conservative expectation of future income, balanced against the needs of supporting the Mayor’s Housing program.

Mr. Jiha asked if an analysis had been done on the potential impact of potential reductions to the tax rates. Mr. Froehlich said that it involves several different kinds of issues. He said that one issue is that it has a potential impact on interest rates in that investors will want higher rates. He said that the flip side will be that it will have a direct impact on the amount of money raised from local housing tax credits. He said that we can’t predict that right now. He said that we know much has been raised previously but we do see and we’ve started doing some predictions that it will create some holes in transactions going forward that would have to be met through other means. He said that it has a potential impact, there are real concerns, including concerns being voiced regarding certain transactions being approved today, and it’s something that we will continue to monitor. He said that we will see as it plays out, in particular how corporate rates will impact the local housing tax credits, how individual rates and corporate rates will impact the investor appetite for debt and municipal bonds and the like, and then tax reform itself and how that plays out; we, just like the City and other players, will pay close attention, we will voice our opinions, and we will be part of that story, we hope. Mr. Enderlin said that to quantify it, we are working with a lot of our financial partners right now to see what the immediate impact could be particularly on tax credit pricing and so there are a lot of folks just running with this whole kind of stochastic modeling where you do a high, medium, low kind of analysis and model it out and come to some kind of consensus estimate immediately. He said that as Mr. Froehlich has pointed out, it’s really uncertain because you don’t know what’s going to happen and it’s a present value function but what people are saying to us in New York right now is if you got to that consensus model right now the price of tax credits would change by about sixteen cents, so it’s real and that’s a significant chunk when you run that through a deal and look at what the gap can potentially create. He said that what we’re doing right now is working with everyone as hard as we can to make sure that folks honor their December commitments and so far everyone has said that they are honoring their December commitments.

Mr. Jiha said that another question he had was that it was mentioned somewhere in the 2017 Fiscal Year Operating Budget that there were some labor litigation matters and asked what kind of risks were associated with it. Mr. Froehlich stated that the risks were minimal, and that the Members would need to go into executive session to discuss them in more detail, but they were minimal. Mr. Moerdler asked about the labor litigation expense being referred to. Mr. Froehlich replied that we generally rely on Corporation Counsel for that and because we are not a line agency, Corporation Counsel gets paid for by the Corporation. Mr. Moerdler asked if we paid Corporation Counsel and Mr. Froehlich replied that we did for that particular purpose. He
said generally, for other things, when the City is being sued, often through HPD and the like, we are covered by Corporation Counsel as a courtesy to us. He said that because we are not a line agency and the complications under the City Charter of where we fall, as we are chartered by the State and we are considered a State Public Authority, Corporation Counsel does represent us and they understand the tied relationship we have with the City. He said that for labor matters specifically we do pay for that but for general representation and issues, such as torts and the like, the City represents us without charge.

Ms. Notice-Scott asked if there is a substantial change, which we anticipate, how would the Members be informed if it impacts the decisions made today or the decisions made a while ago. Mr. Froehlich said that the transactions that are already closed and completed are done on some level. He said that the other thing to remember is that the Corporation has a large amount of money that it invests so as rates change we would make more investments and we believe that we’re balanced so it doesn’t create a significant risk. He said that for the risks that are related to the transactions being talked about today if there are changes we would definitely let the Members know and hopefully you can call the same people that we will be calling and say how important this is to the City and to you as a Member of HDC.

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

RESOLVED, to approve the Corporation’s Fiscal Year 2017 Operating Budget.

The Vice Chairperson stated that the next item on the agenda would be the Presentation of the Property Disposition Report, and called upon Mr. Froehlich to advise the Members regarding this item.

Mr. Froehlich referred the Members to the memorandum before them entitled “Annual Report on Property Disposal Guidelines” dated November 22, 2016 (the “Property Disposal Guidelines Memorandum”) and the Property Disposal Guidelines and Report for Fiscal Year ending October 31, 2016 attached thereto, all of which are appended to these minutes and made a part hereof.

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

RESOLVED to approve the Property Disposal Guidelines.
The Vice Chairperson stated that the next item on the agenda for consideration by the Members would be the Approval of Declaration of Intent Resolutions, and called upon Mr. Richardson to advise the Members regarding this item.

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

Mr. Richardson referred the Members to the memorandum before them entitled “Resolution of Declaration of Intent, 483-510 Vandalia Avenue, Brooklyn, New York, Block 170/Lots 280-287 and Block 400/Lots 441-449” dated November 22, 2016 and the Declaration of Intent Resolution attached thereto, which is appended to these minutes and made a part hereof.

Mr. Moerdler asked whether these were affordable housing and Mr. Richardson replied that they were. Mr. Moerdler then suggested that in the future it be indicated in the memorandum.

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

RESOLVED, to approve the Declaration of Intent Resolution for 483-510 Vandalia Avenue, Brooklyn, New York, Block 170/Lots 280-287 and Block 400/Lots 441-449.

Mr. Richardson then referred the Members to the memorandum before them entitled “Resolution of Declaration of Intent, 389-516 Schroeders Avenue, 1111-1123 Ashford Street, 127-129 Gateway Drive, Brooklyn, New York, Block 170, Lots 155-225 and 417-423 and Block 400, Lots 440-469” dated November 22, 2016 and the Declaration of Intent Resolution attached thereto, which is appended to these minutes and made a part hereof.

Mr. Richardson stated that the proposed development, also known as Spring Creek Phase 4B Low Income, would consist of the new construction of 20 (twenty) four-story buildings and one eleven-story building containing 240 residential rental units in aggregate (including two superintendent’s unit) to be located in Brooklyn using approximately $40 million in tax-exempt bonds. He said that the project is to be developed by a single purpose entity to be formed and controlled by the principals of Monadnock Development.
Upon a motion duly made by Mr. Moerdler, and seconded by Mr. Gould, the Members of the Finance Committee unanimously:

RESOLVED, to approve the Declaration of Intent Resolution for 389-516 Schroeders Avenue, 1111-1123 Ashford Street, 127-129 Gateway Drive, Brooklyn, New York, Block 170, Lots 155-225 and 417-423 and Block 400, Lots 440-469.

Mr. Moerdler requested that counsel let him have a copy or advise him of whatever opinion counsel renders to the Chairperson concerning the question raised on community boards. He said that he would like to be advised of it because, as counsel pointed out, HDC is a State chartered institution and it may become necessary to request the Attorney General for an opinion on the issue.

The Vice Chairperson stated that at this time, he 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. Moerdler, and seconded by Mr. Gould, and with Mr. Moerdler abstaining from voting on Agenda Item 5, the financing transactions set forth in the Open Resolution Memorandum, the Members:

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

Ms. Notice-Scott stated that on the matter of community boards it seems to be a bit of overkill to move to attorneys and the Attorney General — it seems like it’s more of a simple discussion and recommendation. She said she would want to move it out of that realm and into a realm of it perhaps being standard practice or some statement about that. She said that she just thinks it’s a bit overkill to turn it over to lawyers, with no offense to anyone in the room.

At 12:51 p.m., there being no further business, upon a motion duly made by Mr. Moerdler, and seconded by Mr. Jiha, the meeting was adjourned.

Respectfully Submitted,

Diane J. Pugacz
Assistant Secretary
MINUTES
OF THE ANNUAL MEETING OF THE
NEW YORK CITY HOUSING DEVELOPMENT CORPORATION

December 1, 2016

ATTENDANCE LIST

Howard I. Berkman
R. Gregory Henniger
Alan Jaffe
Joe Tait
Annie Lee
Jeff Gertz
Peter Weiss
Vidya Rajan
Cory Hoeppner
Jeff Sula
Robin Ginsburg
Matt Tesseyman
Matt Bissonette
Ayo Ekhator
Jose Yandun
Geoff Proulx
Susan Jun
Samphas Chhea
Joe Monitto
Paul Haley
Jeffrey Philp
Evan Kashanian
Ronen Haron
Eytan Benyamin
Dan Haron
Derrick Lovett
Rudy Rodriguez
Seema Mohanty
David Womack
Cathy Bell
Kathryn Johnson
Jacqueline Gold
Seema Mohany
Eric Enderlin

Hawkins Delafield & Wood LLP
""
Jefferies LLC
Raymond James
J.P. Morgan
""
RBC Capital Markets
""
Wells Fargo
Citigroup
""
""
Siebert Branford Shank
Morgan Stanley
""
Ramirez & Co.
Barclays
""
Orrick, Herrington & Sutcliffe LLP
Artimus Construction
""
""
MBD
""
MG LLC
Roosevelt & Cross
Stern Brothers & Co.
OMB
DOF
MG LLC
New York City Housing Development Corporation
""
Paula Roy Carethers
Anthony R. Richardson
Ellen K. Duffy
Susannah Lipsyte
Diane J. Pugacz
Cathleen A. Baumann
Teresa Gigliello
Jim Quinlivan
Shira Gidding
Mica Wilson
Luke Schray
Ruth Moreira
Jeffrey Stone
Madhavi Kulkarni
Trisha Ostergaard
Mary Hom
Michael Gaboury
Amy Boyle
Jeet Gulati
Bharat Shah
Uyen Luu
Shirley Jarvis
Cheuk Yu
Libby Rohlfing
Leroi Jiles
Robert Sanna
Micah Hunter
Christina Hunter
Christina Clarke
Mary John
Merin Urban
Justin Mathew
Kate Gilmore
Horace Greene
Stephanie Mavronicolas
Claudine Brown
Lindsay Kirby
Patricia Halling
Will Martin
Moria Skeados
Tinru Lin
Jonah Lee