

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

March 29, 2018

A meeting of the Members of the New York City Housing Development Corporation (the "Corporation" or "HDC") was held on Thursday, March 29, 2018 at the offices of the Corporation, 110 William Street, 10th Floor, New York, New York 10038. The meeting was called to order at 11:05 a.m. by the Chairperson, Maria Torres-Springer, who noted the presence of a quorum. The Members present were Harry E. Gould, Jr., Kyle Kimball and Melanie Hartzog. The Members absent were Jacques Jiha, Charles G. Moerdler and Denise Notice-Scott. A list of observers is appended to these minutes.

The Chairperson stated that the next item on the agenda would be the approval of the minutes of the meeting held on November 27, 2017.

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

RESOLVED, to approve the minutes of such meeting.

The Chairperson stated that she would like to welcome the newest Member to the Board, the fairly newly appointed Director of the City's OMB with a long track record of service to the City, an extraordinary partner in all that we do, Melanie Hartzog, welcome to the HDC Board.

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 Board Members in attendance today. He said that he'd like to start by introducing the newest Member to the Board, Melanie Hartzog. He said that Ms. Hartzog was serving in her capacity as the Director of the Office of Management & Budget. He congratulated Ms. Hartzog on her appointment at OMB and welcomed her to the HDC Board.

Mr. Enderlin stated that for the last decade, New York City and HDC have worked tirelessly with our partners in government and the national advocacy community to pursue a change in the federal Low Income Housing Tax Credit Program known as "Income Averaging". He said that this change finally became law as part of the omnibus bill that was approved by Congress and signed by the President last week.

Mr. Enderlin stated that previously the federal tax credit program had been limited in terms of the population it reaches. He said that the program had a maximum income of 60% of Area Median Income, which—combined with a minimum income not much lower than that needed for families to afford the program rents—created very narrow bands of eligibility. He

said that for years, we have worked around that limitation as best we could, providing additional subsidy and resources to reach families at different points of need across the income spectrum through our many city programs.

Mr. Enderlin stated that what income averaging does is change the 60% AMI threshold from a maximum to an average—meaning that some of a project's tax credit units can now benefit families with incomes up to 80% of AMI and, in balance, other units can reach families at much lower levels, such as 30% of AMI. He said that this is a major change that would further the City's goals of reaching as many households as possible who are in need of affordable housing—and most important—would help create more diverse and equitable neighborhoods.

Mr. Enderlin stated that there were other housing wins in the omnibus as well, including a 10% increase in funding for HUD and a 12.5% expansion of the 9% low-income housing tax credit. He said that these are victories for communities in New York and across the nation, and proof of what can be accomplished by thoughtful strategy and dedicated advocacy even in the most challenging of federal environments. He said that many people in the room contributed to these victories, and he knows we are all committed to continuing this fight.

Mr. Enderlin stated that today, following Mr. Gould's report on the Audit Committee, the remaining agenda items will all feature the wisdom and leadership of HDC's Senior Vice President for Debt Issuance and Finance, Ellen K. Duffy, who will be making each presentation today. He said that these include an update on our successful efforts to add to the roster of managing underwriters for HDC's Open Resolution, and a request for ratification of HDC's Annual Investment Report.

Mr. Enderlin stated that Ms. Duffy would also present, for your approval, the latest proposed actions under the Open Resolution. Most notably, he said, they include a securitization of City loans that's expected to yield \$100 million for the City and more than \$40 million for HDC—funds that would then be used to further the record-breaking work being done under the Housing New York plan.

Mr. Enderlin thanked Ms. Duffy and her team for their work on the securitization, and the full HDC staff for the incredible work they do every day to deliver on the Housing Plan—and to make New York City fairer and more affordable.

Mr. Enderlin stated that this concludes his remarks, and if there were no questions the Chairperson could proceed with the remaining agenda.

The Chairperson stated that she wanted to echo Mr. Enderlin's comments thanking the people in the room today—the different agencies and all of our partners—not just for continuing to advance and meet the goals in many instances of the housing plan but in addition to that the extraordinary work that really happens in partnership with people across the country to make sure not just that we have the resources that are needed to advance the plan, but that we are continuing to push all of our other partners to expand those resources because we all know that the need is so dire, not just here but across the country.

Mr. Gould asked if the language change by Secretary Carson to the HUD mission statement would affect any of our programs.

The Chairperson stated that it is a positive that laws trump the mission statement and certainly here in New York our commitment to fair housing will continue. She said that we are undertaking—together with many partners, in fact—a major initiative called Where We Live NYC, which is a comprehensive fair planning process, in order to ensure not just that we are complying with law, but that we are doing everything that we can to be as intentional as possible in affirmatively furthering fair housing. She said that despite rumored and/or actual changes to HUD's mission statement, we here in New York remain committed to that goal.

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

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

Mr. Gould stated that the Audit Committee met on January 26th at which time the Members approved the Corporation's Fiscal Year 2017 annual financial statements. He said that the auditors, Ernst & Young, issued a clean opinion and there were no management letter comments once again this year. Also at the January 26th meeting, he said, the 2017 Annual Investment Report was approved as well. He said that the Members also met prior to this meeting at which time the Annual Audit Committee Report for 2017 was approved. He said that the first quarter financials, and other investment, debt, credit and internal audit reports were also reviewed.

The Chairperson stated that the next item on the agenda would be the Approval of Additional Co-Managing Underwriters for the Corporation's Bond Issuances and called upon Ms. Duffy to advise the Members regarding this item.

Ms. Duffy referred the Members to the memorandum before them entitled "Approval of Additional Co-Managing Underwriters for the Corporation's Bond Issuances" dated March 22, 2018, which is appended to these minutes and made a part hereof. Ms. Duffy stated that in July 2015, the Corporation issued a Request for Proposal ("RFP") for managing underwriters and on December 2, 2015, the Members approved a diverse roster of underwriters for the Corporation's Multi-Family Housing Revenue Bond program ("Open Resolution"), Multi-Family Secured Mortgage Revenue Bond program ("Mini-Open"), and stand-alone debt.

Ms. Duffy stated that on February 16, 2018, UBS Financial Services ("UBS") and TD Securities ("TD Securities") each submitted an RFP response to act as a co-managing underwriter to the Corporation. She said that in 2015, neither of these firms were active participants in negotiated housing finance; therefore they did not submit a response to the original RFP. She said that the Corporation was interested in adding these firms to its existing underwriting team to provide access to a greater universe of retail and institutional investors.

Ms. Duffy stated that UBS is a leading financial firm, with its UBS Wealth Management headquartered in the New York metropolitan area, thereby maintaining a strong retail presence in the State of New York. She said that UBS exited the negotiated public finance market in 2009 and re-entered this space in mid-2017, assembling an experienced team to execute HDC's transactions. She said that during the firm's absence from the negotiated underwriting space, UBS maintained distribution agreements with several dealers, in order to access negotiated product, including HDC bonds. She said that UBS has longstanding relationships with top tier institutional investors, the middle market and an extensive retail network.

Ms. Duffy stated that TD Securities is a growing, well-capitalized financial services firm with a strong presence throughout New York City. She said that in late 2015, TD Securities reviewed its municipal finance department's current business strategy, and decided to make changes to refocus its business plan to better serve the existing or potential customers of its affiliate, TD Bank, N.A. She said that TD Securities has an institutional sales force that effectively reaches all active institutional accounts which purchase public sector bonds. She said that additionally, they have a distribution agreement with TD Ameritrade, providing access to a substantial base of retail investors.

Ms. Duffy stated that if there were no questions, the Members were requested to approve each of UBS Financial Services and TD Securities as a co-manager for the Corporation's bond issuances.

The Chairperson asked for a motion to approve the item. A motion was made by Mr. Kimball, and seconded by Ms. Hartzog; however, as Mr. Gould recused himself, there was not a voting quorum and the item was not approved.

The Chairperson stated that the next item of business on the agenda would be the Approval of an Authorizing Resolution relating to the Multi-Family Housing Revenue Bonds, 2018 Series A, B and C; Approval of Mortgage Loans, and called upon Ms. Duffy to advise the Members.

Ms. Duffy referred the Members to the memorandum before them entitled "Multi-Family Housing Revenue Bonds, 2018 Series A, B and C; Approval of Mortgage Loans" dated March 22, 2018 (the "Open Resolution Memorandum") and the attachments thereto including (i) the Resolution Authorizing Adoption of the Two Hundred Sixty-First Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2018 Series A, the Two Hundred Sixty-Second Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2018 Series B-1, the Two Hundred Sixty-Third Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2018 Series B-2, and the Two Hundred Sixty-Fourth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2018 Series C and Certain Other Matters in Connection Therewith (the "Authorizing Resolution"); (ii) the Two Hundred Sixty-First Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2018 Series A, the Two Hundred Sixty-Second Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2018 Series B-1, the Two Hundred Sixty-Third Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2018 Series B-2,

and the Two Hundred Sixty-Fourth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2018 Series C (each, a "Supplemental Resolution" and collectively, the "Supplemental Resolutions"); (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 Housing Revenue Bonds, 2018 Series A, 2018 Series B-1, 2018 Series B-2 and 2018 Series C (collectively, the "Bonds") in an amount not expected to exceed \$265,000,000 to finance the construction, acquisition, rehabilitation and/or permanent financing of certain projects and other activities as described in the Open Resolution Memorandum.

Ms. Duffy stated that the Members were also being asked to approve an interest rate hedge to manage the variable interest rate risk on the 2018 Series B-2 Bonds, to approve the use of the Corporation's general obligation pledge to satisfy reserve requirements for the 2018 Series B Bonds, and to authorize the use of available funds of the Open Resolution to finance the rehabilitation of three developments. She said that the Authorizing Resolution would authorize the 261st through 264th Supplemental Resolutions.

Ms. Duffy stated that interest on the 2018 Series A Bonds and 2018 Series C Bonds was expected to be exempt from Federal, state and local income tax, and such bonds and obligations would qualify as tax-exempt private activity bonds with an allocation of "recycled" volume cap. She said that interest on the 2018 Series B Bonds was not expected to be exempt from Federal income tax, but was expected to be exempt from state and local income tax. She said that the anticipated interest rate, maturity date and other relevant terms of the Bonds are described in the Open Resolution Memorandum.

Ms. Duffy stated that the 2018 Series A Bonds, in an amount not to exceed \$55,000,000, would be issued as tax-exempt bonds in a fixed-rate term to finance the 2018 Series A mortgage loans or to refund certain Open Resolution bonds. She said that a portion of the proceeds would be used to finance or to reimburse the Corporation for amounts previously advanced from its unrestricted reserves to finance all or a portion of one (1) senior mortgage loan and nine (9) subordinate loans previously approved by the Members and described in the Open Resolution Memorandum.

Ms. Duffy stated that the remaining proceeds of the 2018 Series A Bonds, in an amount not to exceed \$15,920,000, would be used to refund all or a portion of the 2014 Series C Bonds issued under the Open Resolution in connection with the restructuring of the loans for the mixed income project known as 810 River located in the Bronx. She said that the 810 River development had experienced construction delays which have led to the borrower's failure to make a timely loan prepayment. She said that the Corporation was working with the borrower to extend the date of and reduce the amount of the required loan prepayment, and increase the permanent loan amount. She said that the construction letter of credit provided by Capital One, National Association for this development had already been extended to December 31, 2018.

Ms. Duffy stated that the 2018 Series B Bonds were expected to be issued in an amount not to exceed \$180,000,000. She said that the 2018 Series B-1 Bonds would be issued on a fixed-rate basis. She said that the 2018 Series B-2 Bonds would be issued as variable rate index bonds purchased by the FHLBNY. She said that the proceeds of the 2018 Series B Bonds would be used to purchase a 100% participation interest in various mortgage loans with an outstanding principal amount of approximately \$702.7 million, originated and owned by The City of New York. She said that a portion of the proceeds would also be used to purchase an interest rate hedge and pay costs of issuance. She said that the transaction was expected to yield at least a total of \$100,000,000 for the City and between approximately \$40,000,000 to \$70,000,000 for the Corporation to further the Housing New York plan. She said that for more information on the underlying mortgage loan pool of the 2018 Series B Participant Interest, the Members should please see Attachment "4" to the Open Resolution Memorandum.

Ms. Duffy stated that to further protect against interest rate volatility, the Corporation expects to enter into a LIBOR-indexed interest rate hedge such as an interest rate cap, collar or swap from a qualified provider pursuant to the hedge policy approved by the Members in 2014. She said that the notional amount of the interest rate hedge was expected to be \$100,000,000; however, the Members were being asked to authorize a not-to-exceed amount of \$130,000,000, to allow the flexibility to make adjustments based on the market conditions and the final amount of the 2018 Series B-2 Bonds. She said that the interest rate hedge was anticipated to amortize along with the bond schedule for the entire term of the 2018 Series B-2 Bonds.

Ms. Duffy stated that the Members were further being asked to approve the use of the Corporation's general obligation pledge to satisfy rating agency reserve requirements for the 2018 Series B Bonds in an amount not expected to exceed \$9,000,000, or such greater amount as may be required by the rating agencies.

Ms. Duffy stated that the 2018 Series C Bonds would be issued as a convertible option bond ("COB") to preserve tax-exempt "recycled" volume cap in excess of the amounts currently needed by the Corporation.

Ms. Duffy stated that if issued, the proceeds of the 2018 Series C Bonds, in an amount not to exceed \$30,000,000, were expected to provide construction and permanent financing for the new construction or acquisition and rehabilitation of certain developments, all of which were listed on Attachment 5 to the Open Resolution Memorandum or which were previously approved by the Members, and which would meet the federal low income housing tax credit affordability requirements. She said that the mortgage loans for these developments were expected to close in 2018, at which point the 2018 Series C Bonds would be refunded or remarketed to match the terms of the applicable mortgage loans. She said that most of the developments listed would not be funded from the 2018 Series C Bond proceeds, but all would be eligible for such financing.

Ms. Duffy stated that the Corporation expects to use available funds of the Open Resolution, generated in part with the financing authorized by Members on September 19, 2017, in an amount not to exceed \$28,360,000, for the restructuring, financing or reimbursement of 3 loans—Bethany Place, Adee Towers, and Franklin Plaza.

Ms. Duffy stated that the Bethany Place development also expects to receive additional subordinate financing from the Corporation's unrestricted reserves in an amount not to exceed \$580,000, which together with the existing subordinate loan, would equal a total outstanding indebtedness in an amount not to exceed \$1,305,000.

Ms. Duffy stated that all three developments were also expected to receive a restructured subordinate mortgage loan pursuant to one or more Purchase and Sale Agreements with The City of New York.

Ms. Duffy stated that the portion of the Open Resolution Bonds associated with the two Mitchell-Lama Reinvestment Loans is expected to be designated Mitchell-Lama Restructuring Bonds. She said that for more information on these developments, please see Attachments 1 through 3 to the Open Resolution Memorandum.

Ms. Duffy stated 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.

Richard M. Froehlich, Chief Operating Officer, Executive Vice President and General Counsel for the Corporation then described the provisions of the Authorizing Resolution and the actions the Members were being requested to approve.

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

RESOLVED, (A) to approve the Authorizing Resolution that provides for (i) the adoption of Supplemental Resolutions to the Open Resolution providing for the issuance of the Bonds; (ii) the distribution of Preliminary and final Official Statement(s) for the Bonds; (iii) the execution of bond purchase agreement(s) or direct placement agreement(s) with the Underwriter(s) of the Bonds or a direct purchaser of any or all of the Bonds; (iv) the use of the Corporation's unrestricted reserves to fund costs of issuance, capitalized interest and mortgage reserves for Bonds, as may be required; (v) the use of a "Cash Equivalent" (under the Open Resolution), in the form of the Debt Service Reserve Account Funding Agreement, to satisfy the Debt Service Reserve Account requirement with respect to the Bonds; (vi) the execution by the President or any Authorized Officer of the Corporation of any and all documents necessary to issue the Bonds including any Participation Agreement or amendment to an existing Participation Agreement with The City of New York; (vi) the execution by the President or any Authorized Officer of the Corporation of any and all documents necessary to purchase any interest rate exchange agreements, interest rate cap agreements or similar agreements and related documents; and (vii) the pledge to the Open Resolution of any mortgage loans of the Corporation to replace mortgage loans funded with taxable bond proceeds that have prepaid; (B) to authorize (i) the use of the Corporation's general obligation as a "Cash Equivalent" (under the Open Resolution) in an amount not expected to exceed \$9,000,000, or such greater amount as may be required by the rating agencies, in the form of the Debt Service Reserve Account Funding Agreement, and (ii) the execution by the President or any Authorized Officer of the Corporation of any and all documents necessary to enter into the Debt Service Reserve Account Funding

Agreement; (C) to approve the making of three preservation loans, from available funds of the Open Resolution, in an amount not to exceed \$28,360,000, and the execution by an Authorized Officer of the Corporation of mortgage-related documents and any other documents necessary to accomplish the financing; (D) to approve the making of an additional subordinate loan for the Bethany Place development from the Corporation's unrestricted reserves in an amount not expected to exceed \$580,000 which together with the existing subordinate loan will have a total outstanding indebtedness in an amount not expected to exceed \$1,305,000, and the execution by an Authorized Officer of the Corporation of mortgage-related documents and any other documents necessary to accomplish the amended subordinate financing; and (E) to approve entering into one or more Purchase and Sale Agreements with The City of New York relating to the Mitchell-Lama Reinvestment Program developments.

The Chairperson stated that the next item on the agenda would be the Ratification of NYCHDC's 2017 Annual Investment Report and again called upon Ms. Duffy to advise the Members.

Ms. Duffy referred the Members to the memorandum before them entitled "Ratification of NYCHDC's 2017 Annual Investment Report dated March 22, 2018 and the New York City Housing Development Corporation 2017 Annual Investment Report attached thereto, which is appended to these minutes and made a part hereof. Ms. Duffy stated that the New York State Public Authorities Law (PAL) requires HDC to provide an annual investment report and it details the required contents of the report. She said that these requirements are met by the 2017 Annual Investment Report presented, which includes:

- Data on investments made;
- Investment earnings and fees paid;
- Copies of the Corporation's audited financial statements;
- The Investment Guidelines as approved by the Members on September 19, 2017; and
- A Report of Independent Auditors on Compliance with Investment Guidelines.

Ms. Duffy stated that the 2017 Annual Investment Report was presented and approved by the Audit Committee on January 26, 2018. She said that at this time the Members are asked to ratify the Audit Committee's approval of the Report. She said that upon ratification by the Members, the Report would be submitted to the Mayor and to both the City and State Comptrollers, as required by the Public Authorities Law.

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

RESOLVED, to ratify the Audit Committee's approval of the Corporation's 2017 Annual Investment Report.

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

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

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

The Chairperson stated that the one thing that wasn't mentioned earlier in the meeting is that since the prior meeting last year, the work done by everyone in this room for calendar year 2017 was truly groundbreaking. She said that production numbers were the highest since HPD was formed and she would like to end today's meeting with her sincere gratitude for everyone's partnership in achieving those targets.

At 11:26 a.m., there being no further business, upon a motion duly made by Mr. Gould, and seconded by Mr. Kimball, the meeting was adjourned.

Respectfully submitted,



Diane J. Pugacz
Assistant Secretary

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March 29, 2018

ATTENDANCE LIST

R. Gregory Henniger	Hawkins Delafield & Wood LLP
Kevin Murphy	“ ”
Steve Kay	Academy Securities
Frank McKenna	“ ”
Samphas Chhea	Ramirez & Co.
Andrew Rothbaum	Mohanty Gargiulo LLC
Paul Haley	Barclays
Damian Busch	“ ”
John Germain	Jefferies
Alan Jaffe	“ ”
Eileen Heitzler	Orrick, Herrington & Sutcliffe LLP
Matt Tesseyman	Citi
Arthur Akhtenberg	“ ”
John Carter	Siebert
Annie Lee	J.P. Morgan
Peter Weiss	“ ”
Nick Flueh	Wells Fargo
Rebecca Reape	“ ”
Marjorie Henning	Citigroup
Michael Barbarino	“ ”
Joe Tait	Raymond James
Joseph Monito	BofA Merrill Lynch
Gregory Borys	Morgan Stanley
Jon Biango	TD Securities
Cathy Bell	Stern Brothers
Tim Sullivan	UBS
Tara Boirard	OMB
Eric Enderlin	New York City Housing Development Corporation
Richard M. Froehlich	“ ”
Paula Roy Carethers	“ ”
Anthony R. Richardson	“ ”
Ellen K. Duffy	“ ”
Diane J. Pugacz	“ ”
Jim Quinlivan	“ ”
Susannah Lipsyte	“ ”
Cathleen A. Baumann	“ ”
Teresa Gigliello	“ ”

Yaffa Oldak	“	”
Mica Wilson	“	”
Shirley Jarvis	“	”
Madhavi Kulkarni	“	”
Trisha Ostergaard	“	”
Mary Hom	“	”
Elizabeth Strojan	“	”
Elizabeth Rohlfing	“	”
Christina Mun	“	”
Amy Boyle	“	”
Clarissa Wertman	“	”
Cheuk Yu	“	”
Uyen Luu	“	”
Malcolm McGregor	“	”
Rob Sanna	“	”
Christina Clarke	“	”
Joseph Macaluso	“	”
Leroi Jiles	“	”
Merin Urban	“	”
Lisa Geary	“	”
Linzi Williams	“	”
Chris Antonelli	“	”
Luke Schray	“	”
Sarah Leitson	“	”
Daniel Connelly	“	”
Brandon Stoneham	“	”
Ruth Moreira	“	”
Justin Mathew	“	”
Tinru Lin	“	”
Shira Gidding	“	”
Mary John	“	”
Alex Medina	“	”
Michael Gaboury	“	”
Claudine Brown	“	”
Moira Skeados	“	”
Jonah Lee	“	”