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

July 25, 2013

A meeting of the Members of the New York City Housing Development Corporation (the “Corporation” or “HDC”) was held on Thursday, July 25, 2013 at the offices of the Corporation, 110 William Street, 10th Floor, New York, New York 10038. The meeting was called to order at 10:45 a.m. by the Chairperson, Mathew M. Wambua, who noted the presence of a quorum. The Members present were Mark Page, Charles G. Moerdler and Denise Notice-Scott. The Members absent were Harry E. Gould, Jr., David M. Frankel and Colvin W. Grannum. A list of observers is appended to these minutes.

The Chairperson called for the approval of the minutes of the meeting held on June 12, 2013.

Upon a motion duly made by Mr. Page, and seconded by Mr. Moerdler, 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 the Members in attendance today for carving out some time from their schedules to attend this meeting.

Mr. Jahr stated that roughly six weeks had passed since the last time we met, and typically we don’t have a July meeting, but the business of the Corporation compelled us to convene one, this time during the “dog days of summer.” He said that he hoped, despite the withering heat, the Members’ summers have been going well.

Mr. Jahr stated that at the last meeting the Corporation sought the Members’ approval of a complex tapestry of issuance that would allow the Corporation, among other things, to partially finance 15 developments containing 2,219 units. He said that since then, thanks to the terrific work of HDC and HPD staff, the bonds have been issued and the deals have closed.

Mr. Jahr stated that for the calendar year as a whole, the June deals brought HDC’s closings to 24 developments containing 4,812 apartments, with total HDC financing of nearly $659MM. He said that from the inception of the Mayor’s housing plan, HDC has provided nearly $8 Billion in financing to partially support the creation or preservation of almost 74,000

units under the plan (not counting NYCHA Federalization, nor the Coop City deal, let alone the Liberty Bond deals.)

Mr. Jahr stated that today, the Corporation’s agenda was leaner than the June agenda, but no less significant. He said that apart from Richard Froehlich’s presentation concerning what is endearingly called the “Mini Open”—if a financial instrument can be called endearing—first and foremost, HDC would be seeking the Members’ approval of the issuance of up to $750MM in Capital Fund Grant Program Revenue Bonds.

Mr. Jahr stated that the Cap Fund bonds would be issued on behalf of the New York City Housing Authority (“NYCHA”)—roughly $250MM would go to advance refund the Series 2005A bonds that supported extensive repair work at NYCHA developments from 2005 through 2008. He said that given where rates are today, the refunding would result in debt service savings that would help conserve NYCHA’s future stream of capital funding from HUD. He said that the remaining half a billion dollars or so would be devoted to critically needed repair work of the buildings’ envelopes—the facades and roofs at up to 40 NYCHA developments.

Mr. Jahr stated that NYCHA had substantial, pressing capital repair needs. He said that if there was a sense of urgency about these needs in 2005, it was even greater today. He said that this initiative would help chip away at those needs. He said that this new issuance builds upon the lessons learned from the 2005 issuance as well as the success of the Federalization deal that HDC undertook with NYCHA in 2010. He said that as you may recall, under that initiative, the Corporation issued approximately $475MM in bonds and leveraged over $210MM in equity from Citibank to support repair work at 21 NYCHA developments containing 20,139 apartments. He said that with a restructured NYCHA approach to organizing repair work and a third party engineering firm monitoring the work on behalf of Citibank, HDC, and NYCHA, that complex undertaking was completed on-time and within budget, and has provided us with the confidence to proceed with this, from an absolute dollars and cents standpoint, even more ambitious scope of work.

Mr. Jahr stated that at this stage in the shaping of the deal, while we lack HUD’s final sign off, John Rhea, NYCHA’s Chairman, and his team have had productive discussions with the agency about the initiative, and tomorrow we’ll be meeting with HUD officials in Washington including Sandra Henriquez, the Assistant Secretary for Public and Indian Housing, to further advance that discussion. He said that in addition, on the bond side of the equation, promising discussions have been held with S&P about how the bonds would be rated.

Mr. Jahr stated that later in the meeting, Ellen Duffy, Senior Vice President for Debt Issuance and Finance, would provide the Members with greater detail on this undertaking, but, with the Members’ consent, we’re excited about the prospect of launching this new initiative in the immediate future.

Mr. Jahr stated that of course, HDC’s partnership with NYCHA isn’t limited to these efforts. He said that with the June closing of a development on NYCHA land in the Soundview section of The Bronx, the Corporation provided over $425MM in financing to support 17 developments comprised of 2,475 apartments on NYCHA land, with additional developments in
its pipeline. He said that Bond A; Federalization; collaborative developments like the Soundview deal have together brought HDC’s commitment to NYCHA inspired developments to almost $1.2 Billion. He said that approval of the latest proposal would bring it to nearly $2 Billion since 2005.

Mr. Jahr stated that looking ahead, to accommodate the construction schedule of certain deals, it appears that we’ll have to schedule a Board meeting in late September, and then, given the quirks of the calendar, one for late November that will serve as the springboard for December closings. He said that the November Board meeting should have a substantial agenda as, along with HPD, we seek to close in on our long-stated goal of preserving and creating 165,000 units under the Mayor’s housing plan. He said that the Corporation’s goal is to finish strong, and with the Board’s continuing support, he was certain they would be able to accomplish that goal.

Mr. Jahr stated 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 the next item on the agenda would be the appointment of a Senior Vice President. He called upon Mr. Jahr to make this presentation.

Mr. Jahr first referred the Members to the memorandum before them entitled “Appointment of Jonathan Springer” dated July 17, 2013 and the resume attached thereto, which is appended to these minutes and made a part hereof. Mr. Jahr stated that he was pleased to recommend that the Members approve the appointment of Jonathan Springer to Senior Vice President for Development for the Corporation and noted Mr. Springer’s presence at the meeting. He said that Mr. Springer brings to HDC a broad range of experience and great knowledge of New York City’s affordable housing and community development industry.

Mr. Jahr stated that most recently, Mr. Springer had served as Senior Vice President and Senior Credit Products Officer for Bank of America Merrill Lynch’s Community Development Lending Group. He said that prior to B of A, he was the Empire State Development Corporation’s Vice President for Real Estate and Finance. He said that he also served as a Vice President and Senior Relationship Manager for Citi Community Capital. He said that he was a Special Funds Manager syndicating tax credit deals for the Enterprise Social Investment Corporation; consulted with the Department of Treasury on New Markets Tax Credits; and was co-founder and President of Workforce Investment Company, Inc. a spin-off from the Local Initiatives Support Corporation designed to syndicate various workforce development tax credits.

Mr. Jahr stated that Mr. Springer graduated with a B.A. from Harvard University, obtained an M.B.A. from New York University’s Leonard N. Stern School of Business, and his J.D. from New York University’s School of Law.

Mr. Jahr stated that Mr. Springer’s appointment would be effective August 5, 2013 at a salary of $175,000 with 4 weeks of annual leave.

Upon a motion duly made by Ms. Notice-Scott, and seconded by Mr. Moerdler, the Members unanimously:
RESOLVED, to appoint Jonathan Springer as Senior Vice President for Development for the Corporation effective August 5, 2013 at a salary of $175,000 with 4 weeks of annual leave.

The Chairperson congratulated Mr. Springer on his appointment and stated that he has known Mr. Springer for a long time and that it has always been a pleasure working with him. He stated that Mr. Springer was a terrific talent, and that HDC was lucky to have him join the Corporation.

The Chairperson stated that at this time, he would like to request the appointment of Colvin W. Gramm to the Corporation’s Governance Committee. He said that the current vacancy stems from Felix Ciampa’s resignation from the HDC Board earlier this year.

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

RESOLVED, to appoint Colvin W. Gramm to the Corporation’s Governance Committee.

The Chairperson stated that pursuant to the Public Authorities Accountability Act, and for the 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 Approval of an Authorizing Resolution relating to the Multi-Family Secured Mortgage Revenue Bonds, 2013 Series A, and certain related matters. He called upon Richard M. Froehlich, Chief Operating Officer, Executive Vice President and General Counsel for the Corporation, to advise the Members regarding this item.

Mr. Froehlich referred the Members to the memorandum before them entitled “Multi-Family Secured Mortgage Revenue Bonds, 2013 Series A, and Certain Related Matters”, dated July 17, 2013 (the “Secured Resolution Memorandum”) and the attachments thereto including (i) the Resolution Authorizing Adoption of the Fifth Supplemental Resolution authorizing the Issuance of Multi-Family Secured Mortgage Revenue Bonds, 2013 Series A and Certain Other Matters in Connection Therewith; (ii) the Fifth Supplemental Resolution Authorizing the Issuance of Multi-Family Secured Mortgage Revenue Bonds, 2013 Series A; (iii) the Preliminary Official Statement; (iv) the Bond Purchase Agreement; (v) the Resolution Authorizing Adoption of the One Hundred Eighty-Fourth Supplemental Resolution Pledging certain Mortgage Loans and Certain Other Matters in Connection Therewith; and (vi) the One Hundred Eighty-Fourth Supplemental Resolution Pledging Certain Mortgage Loans, all of which are appended to these minutes and made a part hereof.

Mr. Froehlich stated that he was pleased to recommend that the Members approve the issuance of the Corporation’s Multi-Family Secured Mortgage Revenue Bonds, 2013 Series A in an amount not to exceed $83,000,000. He said that the 2013 Bonds were expected to be issued
on a fixed-rate basis. He said that interest on the 2013 Bonds would not be exempt from Federal income tax, but would be exempt from state and local income tax.

Mr. Froehlich stated that the 2013 Bonds would constitute the fifth series of bonds to be issued under the Corporation’s Multi-Family Secured Mortgage Revenue Bonds Bond Resolution (the “Secured Resolution”) originally adopted by the Members in 2005.

Mr. Froehlich stated that the 2013 Bond proceeds are expected to be used to acquire 2 permanent mortgage loans previously originated and currently pledged to the Corporation’s Multi-Family Housing Revenue Bonds Bond Resolution (the “Open Resolution”). He said that the third mortgage loan was a preservation loan in construction and also funded in the Open Resolution for the rehabilitation of a Mitchell-Lama development, Dayton Towers. He said that Dayton was expected to convert to a SONYMA-insured permanent mortgage loan within nine months. He said that as during the remaining construction period, the Corporation was expected to provide a funding agreement backed by its general obligation to meet the credit facility requirements under the Secured Resolution.

Mr. Froehlich stated that all of the mortgage loans to be acquired are, or are expected to be, insured by SONYMA. He said that the 2013 Bond proceeds were also expected to be used to pay costs of issuance. He said that the securitization of SONYMA-insured permanent mortgage loans into the Secured Resolution allows for a reduction in the number of SONYMA-insured loans in the Open Resolution under the 10% limit required by Standard and Poor’s. He said that by transferring SONYMA-insured loans to the Secured Resolution, which is rated by Moody’s only, the Corporation is providing a long-term benefit to the Open Resolution and ensuring that these enhanced loans are given full valuation.

Mr. Froehlich stated that the securitization of the Dayton Towers Mortgage Loan from the Open Resolution is expected to generate approximately $36,865,000 in funds under the Open Resolution (a) to purchase the Franklin Plaza Mortgage Loan and (b) to reimburse the Corporation for previously originated mortgage loans funded from its unrestricted reserves. He said that the Members are also being asked to authorize the Corporation to originate from its unrestricted reserves a mortgage loan in an aggregate amount not to exceed $40,000,000 for the rehabilitation of Franklin Plaza, a Mitchell-Lama cooperative housing development located in Manhattan and consisting of over 1,600 units (the “Franklin Plaza Mortgage Loan”). He said that the Members are simultaneously asked to authorize the financing of the Franklin Plaza Mortgage Loan directly or indirectly with proceeds of the 2013 Series A Bonds, or to be subsequently pledged to the Open Resolution.

Mr. Moerdler stated that with respect to this agenda item, as well as the following two agenda items, he thought it would be helpful if the project descriptions included addresses. Mr. Froehlich responded that addresses would be included in the project descriptions going forward.

Mr. Froehlich stated that the descriptions of the loans to be acquired and the risks associated with 2013 bonds are included in the Secured Resolution Memorandum. He added that it was expected that the 2013 Bonds would be rated Aa1 by Moody’s.
Upon a motion duly made by Mr. Page, and seconded by Ms. Notice-Scott, the Members of the Finance Committee unanimously:

**RESOLVED,** to (A) approve the Authorizing Resolution that provides for (i) the adoption of a Supplemental Resolution to the Secured Resolution providing for the issuance of the 2013 Series A Bonds; (ii) the distribution of a Preliminary and final Official Statement for the 2013 Series A Bonds; (iii) the execution of a bond purchase agreement with the underwriters and/or purchasers of the 2013 Series A Bonds; (iv) the use of the Corporation’s unrestricted reserves to pay all costs associated with the issuance of the 2013 Series A Bonds, including any bond issuance charge, and/or to satisfy the Debt Service Reserve Account requirement in connection with the 2013 Series A Bonds, if necessary; (v) the use of the Corporation’s general obligation pledge in the form of the Funding Agreement to provide supplemental security for the Dayton Towers Mortgage Loan or the Franklin Plaza Mortgage Loan during the loan’s construction period; (vi) the execution by an authorized officer of the Corporation of (x) amendments to the existing Participation Agreement with the City relating to the MLRP and the existing Purchase and Sale Agreement with the City relating to the MLRP and/or (y) a new Participation Agreement with the City relating to the MLRP and/or a new Purchase and Sale Agreement with the City relating to the MLRP; and (vii) the execution by an authorized officer of the Corporation of any and all documents necessary to issue the 2013 Series A Bonds and to acquire the mortgage loans relating to the 2013 Series A Bonds; (B) authorize the use of the Corporation’s general obligation pledge in the form of the Funding Agreement in an amount not to exceed $45,000,000; (C) approve (i) the making of the Franklin Plaza Mortgage Loan, which is to be funded using the Corporation’s unrestricted reserves in an aggregate amount not to exceed $40,000,000, and (ii) the execution by an authorized officer of the Corporation of mortgage-related documents and any other documents necessary to accomplish this financing; and (D) approve the Authorizing Resolution that provides for (i) the adoption of a Supplemental Resolution to the Open Resolution providing for the pledge of the Franklin Plaza Mortgage Loan to the Open Resolution and (ii) the execution by an authorized officer of the Corporation of any and all documents necessary to effect this pledge.

The Chairperson stated that the next item for consideration by the Members would be the approval of an Authorizing Resolution relating to the Capital Fund Grant Program Revenue Bonds (New York City Housing Authority Program), Series 2013A and Series 2013B and called upon Ms. Duffy to advise the Members regarding this financing.

Ms. Duffy referred the Members to the memorandum before them entitled “Capital Fund Grant Program Revenue Bonds (New York City Housing Authority Program), Series 2013A and Series 2013B,” dated July 17, 2013 (the “NYCHA Memorandum”) and the attachments thereto including (i) the Resolution Authorizing Execution and Delivery of Instruments Governing the Issuance of Capital Fund Grant Program Revenue Bonds (New York City Housing Authority Program) and Certain Other Matters in Connection Therewith (the “Authorizing Resolution”), (ii) the Master Trust Indenture, (iii) the First Supplemental Trust Indenture, (iv) Second Supplemental Trust Indenture, (v) the Loan Agreement (2013A Refunding Loan) and the Loan Agreement (2013B New Money Loan), (vi) the Preliminary Official Statement, and (vii) 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 Capital Fund Grant Program Revenue Bonds (New York City Housing Authority Program), Series 2013A and Series 2013B. She said that it was anticipated that the Series 2013A Bonds, in an amount not expected to exceed $225,000,000, and the Series 2013B Bonds, in an amount not expected to exceed $255,000,000, would be issued as fixed rate tax-exempt bonds with a true interest cost that does not exceed 6%. She said that the interest on the Bonds would be exempt from Federal, state and local income tax.

Ms. Duffy stated that the proceeds of the 2013A Bonds would be loaned to the New York City Housing Authority (“NYCHA”) to defease and advance refund the Corporation’s Capital Fund Program Revenue Bonds Series 2005A which are optionally redeemable on or after July 1, 2015.

Ms. Duffy stated that the proceeds of the 2013B Bonds would be loaned to finance necessary capital improvements for up to 39 NYCHA developments. She said that such funds would provide NYCHA with an immediate funding source to address critical repairs including brick work, roof, elevators, bathrooms, kitchens, intercoms, heating, plumbing and electrical systems.

Ms. Duffy stated that NYCHA had submitted a proposal to HUD for approval under HUD’s Capital Fund Financing Program under which a public housing authority (“PHA”) may incur debt that is secured by a pledge of a percentage of its future federal assistance. She said that as it did in 2005, NYCHA was participating in the CFFP Program to accelerate the modernization of its aging public housing stock and improve existing public housing. She said that the program would allow NYCHA to plan and execute multi-year construction initiatives that would address critical needs in a comprehensive manner.

Ms. Duffy stated that HUD was expected to agree to forward Capital Fund Grant Monies (“Capital Funds”) directly to the Trustee to the extent necessary to pay Loan Debt Service. She said therefore, with respect to the payment of Loan Debt Service, the Trustee would have a first priority claim against all Capital Funds to be made available to NYCHA in any fiscal year and no expenditures for other projects or purposes could be made by NYCHA that would reduce delivery of such moneys to the Trustee in less than the full amount of Loan Debt Service. She said that HUD was further expected to agree that no subsequent change in the permissible use of Capital Funds and no administrative sanction regarding NYCHA would affect the eligibility of expenditures for Loan Debt Service or reduce Capital Funds to NYCHA, except as required by law, below the levels needed to pay such Loan Debt Service.

Ms. Duffy stated that the main risks associated with this bond issuance are annual appropriations risk and expenditure risk. She said that the source of repayment of the debt was the Capital Funds which are subject to annual appropriations from the Federal Government. She said that estimated debt service on the $700 million of anticipated Bond proceeds was less than 20.4% of NYCHA’s expected 2013 Capital Funds allocation. She said that this equates to a debt service coverage ratio of approximately 4.9 times coverage, exceeding the HUD requirement of 3 times coverage for the entire amount to be borrowed. She said that the proposed bond structure also reaches a minimum of 2x coverage under Standard and Poor’s stress appropriation Debt
Service coverage test. Lastly, she said that a debt service reserve fund equal to maximum semi-
annual debt service is expected to be funded by Bond proceeds in an expected amount of $27
million.

Ms. Duffy stated that in its capital funds program, HUD applies the Obligation and
Expenditure Requirements to the appropriations received by the PHA, which requires that funds
are obligated within two years and expended within four. She said that HUD anticipates
applying the Expenditure Requirement to proceeds from the Bonds as well. She said that under
the Capital Funds Program, NYCHA is currently in compliance with the Obligation and the
Expenditure Requirements. She added that internal control and monitoring systems were in
place to ensure that NYCHA meets or exceeds the Obligation and Expenditure Requirements in a
timely manner. She said that over the past 10 years, NYCHA has complied with the Obligation
and the Expenditure Requirements.

Ms. Duffy stated that both internal and external control mechanisms have been or are
anticipated to be implemented along with this transaction to minimize the risk of NYCHA failing
to meet its Expenditures Requirements.

Ms. Duffy stated that NYCHA had put in place a number of programmatic controls to
ensure that projects financed with the Series 2013B Bonds are delivered on-time and within
budget. She said that in connection with HUD approval of the transaction, HUD would require
that NYCHA request the Corporation to engage a construction monitor to inspect the work and
provide periodic reports. She said that the Corporation would review the reports and monitor the
transaction as loan disbursements are made and debt service is repaid. She said that in addition,
HUD was expected to require NYCHA to work with the Department of Investigation (“DOI”) to
hire an integrity monitor to inspect for fraud or abuse by contractors or subcontractors during the
rehabilitation.

Ms. Duffy stated that the Corporation was currently in discussions with the Standard and
Poor’s Rating Services and it is expected that the Bonds would be rated “AA-”. She said that
the fees and underwriting team were outlined in the NYCHA Memorandum.

Ms. Duffy stated that the Corporation plans to move forward with the transaction as soon
as HUD issued its approval letter which is expected next week.

Mr. Moerdler asked to be provided with the name and address of each specific NYCHA
project involved, as well as a description of the repairs to be made to each project to the extent it
has been prepared by NYCHA. Mr. Jahr stated that HDC had that information and would
provide it to Mr. Moerdler.

Mr. Moerdler then stated that he did not wish to burden the record with a repeat of his
negative comments made on a previous occasion regarding NYCHA’s management of its
premises, but said if he were still buildings commissioner, he would condemn half of the
properties NYCHA has; they are badly maintained.

Mr. Jahr stated that since 1998 or so, when the Faircloth Amendment was passed
forbidding the Federal government from creating any new public housing in the United States,
HUD’s budget has been progressively reduced, and the amount of funding flowing to NYCHA has been systematically constricted. He said that NYCHA has had to work under tremendous budgetary constraints in trying to maintain a portfolio of approximately 179,000 units in as prudent and creative manner as possible. He said this is a huge problem facing NYCHA and confronting the City and this action is designed to try to address part of that problem. Mr. Jahr stated that if Mr. Moerdler would like to sit down with NYCHA—with Chairman Rhea and his staff—and be briefed on what they are attempting to do and what their plans are for the future, he was certain that Chairman Rhea would be open to such a meeting. Mr. Moerdler stated that he would be happy to do that at any time. He then said that the reason he would be voting in favor of this item is because he knows NYCHA has problems, stating for example he could provide a list of projects where elevators are stuck forever or out for days without any adequate response. He said he is not blaming Chairman Rhea or NYCHA management directly for the problems, but he is critical of NYCHA the institution which he thinks is badly structured and badly administered, with problems at all levels.

The Chairperson stated that if we were collectively satisfied with the state of maintenance and the resources allocated to NYCHA we wouldn’t be here addressing these issues now, and the fact that this item is being presented to the Members for a vote is a testament to our recognition that there needs to be ongoing maintenance and more resources committed to such maintenance.

Ms. Notice-Scott stated that she thought a NYCHA briefing by Chairman Rhea was a good idea and said she would like to be in attendance at such a briefing. Mr. Jahr stated that he would arrange it.

Mr. Moerdler stated that he would like to disclose for the record that Members of his firm, but not he, represent JPMorgan Chase, Citibank and Goldman Sachs from time to time, but pursuant to an opinion of the Conflicts of Interest Board, his disclosure of that fact suffices, and he need not recuse himself from voting on this item.

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

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

RESOLVED, to approve the Authorizing Resolution which provides for (i) the execution of the Bond Purchase Agreement regarding the sale of the Bonds, (ii) the distribution of the Preliminary Official Statement and the Official Statement in connection with the financing, (iii) execution of the Master Trust Indenture, (iv) execution of the First Supplemental Trust Indenture and Second Supplemental Trust Indenture, (v) execution of the 2013A Loan Agreement and 2013B Loan Agreement, (vi) execution of a defeasance escrow agreement, and (vii) execution of any other documents necessary to accomplish the issuance of the Bonds and the financing of the loan.

The Chairperson stated that the next item of business would be the Approval of Loans to Lindville Housing and the Washington. He called upon Teresa Gigliello, Senior Vice
President—Portfolio Management for the Corporation, to advise the Members regarding this agenda item.

Ms. Gigliello referred the Members to the memorandum before them entitled “Approval of Loans to Lindville Housing and the Washington” dated July 17, 2013 (the “Lindville and Washington Memorandum”).

Ms. Gigliello stated that the Corporation seeks the Members’ approval to make two loans in the aggregate amount of $4,225,000 to Lindville Housing, and a repair loan in the amount of $1,824,515 to the Washington.

Ms. Gigliello stated that the Lindville was a 143-unit cooperative located at 3555 Olinville Avenue in the Williamsbridge section of the Bronx. She said that the project was regulated by HPD under the Mitchell-Lama Program. She said that approximately 57% of the shareholders’ incomes are at or below 80% of area median income.

Ms. Gigliello stated that the Members were requested to approve a senior loan in the amount of $3,225,000 at 6.00% and a subordinate loan for $1,000,000 at 1.00%, both for a term of 30 years. She said that the proceeds of the Lindville Loans would be used to pay off the existing senior mortgage loan with Wells Fargo, satisfy a Judgment of Foreclosure and Sale, and pay other aged payables as well as soft costs associated with the transaction. She said that the transaction was necessary to prevent a foreclosure action brought on by a contractor and to preserve this asset as affordable housing.

Ms. Gigliello stated that the Loan would be made conditional upon Lindville entering into a Regulatory Agreement with affordability restrictions for 20 years, five years longer than the current requirements.

Ms. Gigliello state that the Washington was a 103-unit cooperative development located at 231, 239 and 255 West 148th Street, financed by the Corporation under its New Housing Opportunities Program. She said that the project was originally financed by the Corporation in 2004 with a $6,760,000 senior loan funded with proceeds from the Corporation’s Multi-Family Housing Revenue Bonds, 2004 Series G. She said that the current senior loan had a 4.5% interest rate and matures in 2029, at which time a $3.9 million balloon payment is due.

Ms. Gigliello stated that over the past several years, the project had suffered from roof leaks and damage to the building’s facade. She said that additional funding was needed to correct the problems and prevent future damage. She said that the Corporation’s engineers had concluded that it is not possible to determine if the damage was due to construction defects, poor maintenance practices, or both. She said that according to a third party engineer’s report, the roof needed to be repaired as soon as possible.

Ms. Gigliello stated that the Members’ approval was sought for a repair loan in the amount of $1,824,515. She said that the Loan would self-amortize at an interest rate not to exceed 5.50% with a term of 30 years. She said that HDC would require a 10-year prepayment
lockout and a 12.5% maintenance increase. She noted that the risks to the Corporation were outlined in the Lindville and Washington Memorandum.

Ms. Notice-Scott asked whether the Corporation was comfortable with management. Ms. Gigliello responded yes; the management at The Washington has changed since all the problems at that project occurred. Mr. Jahr stated that the same is true for Lindville, where a particularly negligent manager was removed and a new manager put in place.

Mr. Moerdler asked whether The Washington would have trouble getting a 12.5% maintenance increase. Mr. Froehlich responded no; since it was a low to moderate income coop, the people could afford it.

With respect to Lindville, Mr. Moerdler asked whether HDC was comfortable that everything was done to get proper notice of the lien and judgment, and more broadly, are there mechanisms in place to provide adequate notice of such events? Mr. Froehlich stated that as a Mitchell Lama project, there should be—and are—in place, by law, special provisions that require notice, and it was due to the lack of adequate notice being given to the City that we were able to get a postponement of the auction and sale. Mr. Jahr stated that part of the problem in Lindville was that management misrepresented to the board of directors the relationship with the contractor, and whether they had been paid or not, and so it percolated under the surface and once it surfaced it was very late in the game. Mr. Moerdler stated he was concerned about whether there are adequate steps are in place to prevent HDC from being sandbagged at the eleventh hour. Mr. Froehlich stated that was a fair point, and said that the supervisory department at HPD plays a very important role with respect to Mitchell Lamas; however the problem arises when you have a manager who lies and makes it difficult to determine what the underlying facts are, which is what happened in Lindville. Mr. Moerdler asked whether there is a system in place to prevent bad players from participating in future transactions. The Chairperson stated yes, that there is an HPD/HDC sponsor review process, as well as an underwriting review process and a due diligence process for participants, including managers, in a financing, which allows for weeding out of those who have a bad history and those who don’t successfully complete the review process.

Ms. Gigliello stated that the Members were requested to approve the Lindville Loan in an amount not to exceed $4,225,000 and to approve a subordinate repair loan to The Washington in an amount not to exceed $1,824,515, both to be funded by the Corporation’s unrestricted reserves. She said that the Members were also asked to approve the execution by an authorized officer of the Corporation of mortgage-related documents and any other documents necessary to accomplish the senior and subordinate financings described in the Lindville and Washington Memorandum.

Upon a motion duly made by Mr. Moerdler, and seconded by Ms. Notice-Scott, the Members of the Finance Committee unanimously:
RESOLVED, to (A) approve the Lindville Loan to be funded by the Corporation’s unrestricted reserves in an amount not to exceed $4,225,000 in order to (i) fund the payoff of Lindville’s senior debt held by Wells Fargo, (ii) pay off the funds owed to Jerrick by Lindville thus satisfying the judgment and preventing foreclosure and (iii) fund the payoff of Lindville’s other aged payables; (B) approve a subordinate repair loan to The Washington to be funded by the Corporation’s unrestricted reserves in an amount not to exceed $1,824,515; and (C) to approve the execution by an authorized officer of the Corporation of mortgage-related documents and any other documents necessary to accomplish the senior and subordinate financings described herein.

The Chairperson stated that the next item on the agenda would be the approval of a Declaration of Intent Resolution. He called upon Joan Tally, Executive Vice President for Real Estate and Chief of Staff for the Corporation, to advise the Members regarding this agenda item.

Ms. Tally first reminded the Members that Declaration of Intent Resolutions were solely for tax code purposes, allowing any expenditures incurred by a project’s developer within 60 days prior to the date of passage of the Declaration of Intent Resolution to be eligible for tax exempt bond financing. She said that before HDC were to actually finance this project, the specifics of the transaction would be presented to the Members for review and approval.

Ms. Tally then referred the Members to the memorandum before them entitled “Resolution of Declaration of Intent, 1380 University Avenue, Bronx, New York, Block 2534/Lot 8” dated July 17, 2013 and the Declaration of Intent Resolution attached thereto, which is appended to these minutes and made a part hereof.

Ms. Tally stated that the inducement today was for a project consisting of the rehabilitation of a 139 unit rental building located at 1380 University Avenue in The Bronx using approximately $19.5 million in tax exempt bonds. She said that the project was to be developed by a single purpose entity to be formed by Workforce Housing Advisors.

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

RESOLVED, to approve the Declaration of Intent Resolution for 1380 University Avenue, Bronx, New York, Block 2534, Lot 8.

The 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 Ms. Notice-Scott, the Members unanimously:

RESOLVED, to ratify and adopt each of the preceding approvals of the Finance Committee.
At 11:16 a.m., there being no further business, upon a motion duly made by Mr. Moerdler, 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

July 25, 2013

ATTENDANCE LIST

<table>
<thead>
<tr>
<th>Name</th>
<th>Organization</th>
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<tbody>
<tr>
<td>Howard I. Berkman</td>
<td>Hawkins Delafield &amp; Wood LLP</td>
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<tr>
<td>R. Gregory Henniger</td>
<td>JPMorgan</td>
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<tr>
<td>Kent Hiteshew</td>
<td>Goldman Sachs</td>
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<tr>
<td>Peter Vujasin</td>
<td>OMB</td>
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<tr>
<td>Jennifer Steinberg</td>
<td>Loop Capital Markets</td>
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<td>Jung Lee</td>
<td>Raymond James</td>
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<tr>
<td>Joe Tait</td>
<td>BOA Merrill Lynch</td>
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<td>Margaret Guarino</td>
<td>Harris Beach</td>
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<td>Doron Bar-Levav</td>
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<td>Eric Taylor</td>
<td>Citi</td>
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<td>Doug Auslander</td>
<td>Barclays</td>
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<td>Casey Biegelsen</td>
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<td>Albert Luong</td>
<td>Siebert Brandford Shank</td>
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<td>Zachary Thompson</td>
<td>NYC Department of Investigation</td>
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<td>Mark Price</td>
<td>Morgan Stanley</td>
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<td>Inna Spector</td>
<td>Wells Fargo Securities</td>
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<td>Geoff Proulx</td>
<td>RBC</td>
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<td>Julie Burger</td>
<td>M.R. Beal</td>
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<td>Sean Cullen</td>
<td>Ramirez</td>
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<td>Samphes Chhea</td>
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<td>Amy Bartoletti</td>
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<td>Matt McVay</td>
<td>Alliant Asset Management Co.</td>
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<td>Jennifer Steinberg</td>
<td>New York City Housing Development Corporation</td>
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<td>Peter Brodic</td>
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<td>Marc Jahr</td>
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<td>Richard M. Froehlich</td>
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<td>Joan Tally</td>
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<td>Ellen K. Duffy</td>
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<td>Diane J. Pugacz</td>
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<td>Melissa Barkan</td>
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<td>Miriam Osner</td>
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<td>Liz Oakley</td>
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<td>Shirley Jarvis</td>
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<td>Susannah Lipsyte</td>
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<td>Ted Piekarski</td>
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<td>Will Martin</td>
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