

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

January 27, 2020

A meeting of the Members of the New York City Housing Development Corporation (the “Corporation” or “HDC”) was held on Monday, January 27, 2020 at the offices of the Corporation, 110 William Street, 10th Floor, New York, New York 10038. The meeting was called to order at 10:33 a.m. by the Chairperson, Louise Carroll, who noted the presence of a quorum. The Members present were Harry E. Gould, Jr., Jacques Jiha, Charles G. Moerdler, Kyle Kimball and Denise Notice-Scott. The Member absent was Melanie Hartzog. 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 26, 2019.

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

RESOLVED, to approve the minutes of such meeting.

The Chairperson stated that the next item of business 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 stated that as always, the work that you do here today will have a large and lasting impact on New Yorkers in need of safe, high quality affordable housing, and we are grateful to you for your efforts.

Mr. Enderlin stated that in November, at our last board meeting of 2019, we highlighted the importance of our burgeoning partnership with the New York City Housing Authority – an undertaking that we’re very proud of. He said that now in our first meeting of 2020, our work will focus on our longstanding partnership with the Department of Housing Preservation and Development (“HPD”) and how we are jointly working to bridge affordable housing with other important policy goals: providing permanent housing for the homeless, improving energy and water efficiency in affordable housing, and ensuring that our City’s seniors are able to remain in their homes and communities with greater peace of mind.

Mr. Enderlin stated that this morning, the Members will be presented with two items by Luke Schray, HDC’s Vice President of Development, where HDC is partnering closely with HPD in achieving these goals, including the use of corporate reserves to fund the acquisition of cluster site housing and furthering investments in preserving and upgrading the City’s existing affordable housing stock.

Mr. Enderlin stated that following that, HDC’s Senior Vice President for Debt Issuance and Finance, Ellen Duffy, would present for the Members’ approval proposed underwriters for

debt issuance, which will allow us to continue to finance all of the work we bring before the Members, followed, finally, by our investment report.

Mr. Enderlin stated with that, he will turn it back over to the Chairperson to proceed with today's 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 of business 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 prior to this meeting at which time the Members approved the Corporation's Fiscal Year 2019 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. Mr. Gould stated that also at the meeting the 2019 Annual Audit Committee Report and the 2020 Internal Audit Schedule were approved by the Members. And finally, he said, investment, debt, credit and internal audit reports were also reviewed. He stated this concludes his report.

The Chairperson stated that the next item on the agenda would be the Approval of Corporate Reserves to Fund HPD Cluster Sites Loans and called upon Mr. Schray to advise the Members regarding this agenda item.

Mr. Schray referred the Members to the memorandum before them entitled "Approval of Corporate Reserves to Fund HPD Cluster Sites Loans" dated January 21, 2020 (the "HPD Cluster Sites Loans Memorandum"), which is appended to these minutes and made a part hereof.

Mr. Schray stated that he was pleased to recommend that the Members approve the Corporation's use of unrestricted corporate reserves in an amount not to exceed \$27,140,000 for the purpose of participating in a funding swap with the New York City Department of Housing Preservation and Development ("HPD") to facilitate the next three phases of acquisition of property by the City for permanent supportive housing for formerly homeless families. He said that for the last twenty years, due to limited space in its homeless shelters, the City of New York has housed some of the homeless population in need of shelter within privately owned apartments rented by the City and known as "Cluster Sites". He said that because of ongoing issues with the condition of these apartments, the Mayor announced in 2016 and in the report "Turning the Tide on Homelessness" that the City would end the use of Cluster Sites for temporary housing and convert these buildings into permanent affordable housing by 2021. He said that the first phase of this effort was enabled by the Members' approval on March 28, 2019 of the use of \$6.6 million in corporate reserves to help fund the acquisition of 729 units within 21 buildings. He said this proposed action represents a continuation of that effort, which is expected to be completed in three phases which together will acquire roughly 35 buildings containing 1,400 housing units in Manhattan and the Bronx. He said the HPD financings were expected to follow the model set by the first phase of Clusters financing which entailed the City, acting through HPD, financing a not-for-profit corporation's acquisition of selected properties in order to subsequently fund the

rehabilitation and restructuring of such buildings to become supportive housing projects that would then permanently house formerly homeless families. He said that to make this possible, HDC has been asked to use corporate reserves to fund non-capitally eligible costs associated with these closings, including both reserves and certain soft costs that cannot be paid for directly with City capital subsidy. He said that the City will then subsequently replace HDC's \$27,140,000 in corporate reserves by funding capitally eligible costs on HDC Project Loans that would have otherwise been paid for with HDC's corporate reserves.

Mr. Schray stated that the Corporation's involvement in this funding will be pursuant to an interagency Memorandum of Understanding ("MOU") with HPD. He said the MOU will provide that the Corporation make the Cluster Loans in an amount not expected to exceed \$27,140,000 in the aggregate from unrestricted corporate reserves to be used to fund reserve accounts for each of the Cluster Sites (the "Cluster Reserve Accounts") and other related costs. He said that the Corporation would hold the Cluster Reserve Accounts and service them at the direction of HPD on behalf of the not for profit borrowers. He said HPD will underwrite, perform due diligence and close each transaction. He said for each site HPD will enter into a regulatory agreement that places income restrictions on a portion of the units to be determined by HPD.

Mr. Schray stated that the Cluster Loans will be made in the Corporation's name and will be assigned to HPD immediately at the acquisition closing. He said that all interest and debt service payments, if any, on the Cluster Loans will be paid to HPD. He said that the risks, fees, and mechanics of the loans and reserve accounts are laid out in the HPD Cluster Sites Loans Memorandum.

Mr. Moerdler stated that he believes that the proposal is laudable as to its purpose and is something that is long overdue, and he congratulates the Chairperson and the President for it. He said that he does, however, have significant problems with the terms of the proposed so-called swap and for that reason he will abstain from voting.

Mr. Schray then described the actions the Members were being requested to approve.

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

RESOLVED, to authorize the use of up to \$27,140,000 of the Corporation's unrestricted reserves to fund the making of the Cluster Loans and the execution by an Authorized Officer of the Corporation of mortgage-related documents and any other documents necessary to accomplish the making of the Cluster Loans.

The Chairperson stated that the next item on the agenda would be the Approval of Corporate Reserves to Fund HPD Special Initiatives Loans and again called upon Mr. Schray to advise the Members regarding this agenda item.

Mr. Schray noted that a blacklined version of the material showing changes was placed before the Members, and then referred the Members to the memorandum before them entitled "Approval of Corporate Reserves to Fund HPD Special Initiatives Loans" dated January 21, 2020

(the “HPD Special Initiatives Loans Memorandum”), which is appended to these minutes and made a part hereof.

Mr. Schray stated that he was pleased to recommend that the Members approve the Corporation’s use of unrestricted corporate reserves in an amount not expected to exceed \$25,000,000 for the purpose of participating in a funding swap with the New York City Department of Housing Preservation and Development (“HPD”) relating to an expanded set of initiatives (“HPD Special Initiatives”), to improve energy and water efficiency in affordable housing, to rehabilitate former Low Income Housing Tax Credit projects and to modify apartments to optimize their use by senior citizens and disabled tenants. He said that these initiatives will initially be funded by the Corporation and in exchange the Corporation will receive an equal amount of City Capital funds from HPD to be used for one or more HDC project loans on capitolly eligible costs.

Mr. Schray stated that on September 30, 2015, the Members approved a proposal that the Corporation finance non-capitolly eligible energy efficiency and water conservation upgrades (“Green Initiatives Loans”), pursuant to an interagency Memorandum of Understanding with HPD that provided that the Corporation would establish a dedicated account from unrestricted corporate reserves to be used to fund Green Initiatives Loans.

Mr. Schray stated that HPD is now requesting that the Corporation authorize an additional \$25,000,000 in unrestricted corporate reserves in order to fund an expanded set of HPD Special Initiatives with this same dedicated account. He said that the size of the request was based on a pipeline of projects that can close within the next two years, and these projects are expected to be similar in type to the projects funded with the Green Initiatives Loans and Year 15 HDC Reserve Loans that have been previously approved by the Members in 2015 and 2009, respectively. He said the pipeline for the HPD Special Initiatives includes projects from the Green Initiatives, the Low-Income Housing Tax Credit Preservation Program and Aging-in-Place modifications. He said that the two funding programs that will be given new access to this dedicated account are:

- First, the HPD Year 15 Program which makes capital loans for moderate rehabilitation work available to projects reaching the end of their tax credit compliance period. HDC’s dedicated account will be used by this program to fund necessary maintenance work and to capitalize operating and replacement reserves.
- Second, the Aging in Place program announced in Housing New York 2.0 will enable interior unit modifications to assist seniors and people with disabilities to live more comfortably in the units they currently inhabit. All preservation projects receiving rehabilitation loans will be required to survey all existing tenants living in a project to determine whether there is need for Aging-in-Place modifications.

Mr. Schray stated it is proposed that the Corporation will again finance these HPD Special Initiatives pursuant to an interagency Memorandum of Understanding with HPD that provides that the Corporation establish a dedicated account totaling \$25,000,000 from unrestricted corporate reserves that would be used to fund loans for the initiatives. He said Loans originated pursuant to the HPD Special Initiatives will be subject to HPD program terms. He said HPD will underwrite and close each transaction, with a form notification to the Corporation to release the funds at closing. He said Loans will be made in the Corporation’s name and will be assigned to HPD at construction completion. He said all investment earnings and debt service payments on the HPD

Special Initiative Loans, minus the servicing fees paid to HDC, will go back to the dedicated account prior to construction completion, and will be paid to HPD once the loan has converted to permanent status. He said HPD or a participating senior lender will be responsible for compliance and construction monitoring on the HPD Special Initiatives Loans. He said for each project that receives an HPD Special Initiatives Loan, HPD will enter into a regulatory agreement that places income restrictions on a portion of the units to be determined by HPD. He said the risks, fees, and mechanics of the loans and reserve accounts are laid out in the HPD Special Initiatives Loans Memorandum.

Mr. Moerdler stated that this even more than the prior one is a most laudable, innovative and long overdue initiative which is really very good and in the public interest, but unfortunately, he has the same problem with this item regarding the terms of the swap and accordingly he will abstain rather than vote against it.

Mr. Schray then described the actions the Members were being requested to approve.

Ms. Notice-Scott asked whether, with regard to the city capital funds, the only risk was a timing one, rather than a decision that had to be made. Mr. Froehlich said yes.

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

RESOLVED, to authorize the use of up to \$25,000,000 of the Corporation's unrestricted reserves to fund the HPD Special Initiatives Dedicated Account for the making of HPD Special Initiatives Loans and the execution by an Authorized Officer of the Corporation of mortgage-related documents and any other documents necessary to accomplish the making of the HPD Special Initiatives Loans.

The Chairperson stated that the next item on the agenda would be the Approval of Underwriters for the Corporation's Debt 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 the Corporation's Underwriters for Debt Issuances" dated January 21, 2020 (the "Underwriters Memorandum"), which is appended to these minutes and made a part hereof.

Ms. Duffy stated that the Corporation periodically reassesses the composition of our bond underwriter group and the services they provide.

Ms. Duffy stated that the Corporation issued a Request for Proposal for Managing Underwriters ("RFP") which was broadly distributed in July 2019 to the leading investment banking firms in housing finance, including minority and women-owned firms ("MWBE"), Service-Disabled Veteran Owned Business ("SDVOB") and firms that had previously expressed an interest in becoming a managing underwriter. She said that the Corporation received 34 written responses by the deadline of August 13, 2019. She said that of these responses, 17 firms sought a

role as Senior Manager, while the remaining firms proposed to serve as a Co-Manager or Selling Group member for the Corporation's debt issuance.

Ms. Duffy stated that in making recommendations for selection to the Members, the Committee considered the Corporation's likely financing needs over the next several years and concluded that there are three categories of financing for which the Corporation would need the services of a Senior Manager:

- (1) the Corporation's Multi-Family Housing Revenue Bond resolution (the "Open Resolution") issuances,
- (2) the Corporation's upcoming Housing Impact Bond resolution for NYCHA financings (the "Impact Resolution"), and
- (3) Other issuances of the Corporation including the Multi-Family Secured Mortgage Revenue Bond resolution (the "Mini-Open") and stand-alone conduit ("Stand-Alone") issuances.

She said that a summary chart of the Committee's recommendations for each of the services was provided in Appendix A of the Underwriters Memorandum.

Ms. Duffy stated that the Committee recommends the following firms for the position of Senior Manager Pool for the Open Resolution and the Impact Resolution:

- BofA Securities
- Barclays
- Citi
- J.P. Morgan
- Jefferies LLC ("Jefferies")
- Morgan Stanley
- Ramirez*
- Wells Fargo

She said that the Committee is recommending that the following firms be considered for Co-Senior Manager:

- Goldman Sachs & Co. LLC ("Goldman")
- Raymond James
- RBC
- Siebert*
- UBS Financial Services Inc. ("UBS")

She said that the Committee recommends that any of the firms that are listed as a Senior or Co-Senior Manager are eligible to be a Senior Manager for the Mini-Open and/or Stand-Alone

* Denotes MWBE Firm

issuances. She said additionally, the Committee is recommending Loop Capital to be added to the pool for the Mini-Open and Stand-Alone debt.

Ms. Duffy stated that the following recommendations for firms to serve as Co-Manager will apply to all potential Corporation financings. She said that in addition to the firms recommended for Senior Manager and Co-Senior Manager, the following firms are recommended for the Co-Manager pool:

- Academy Securities, Inc. (“Academy”) **
- Drexel Hamilton, LLC (“Drexel”) **
- Bancroft Capital, LLC (“Bancroft”) **
- Stifel, Nicolaus & Company, Incorporated (“Stifel”) †
- Janney Montgomery Scott LLC (“Janney”)
- Oppenheimer & Co. Inc. (“Oppenheimer”)
- Rice Securities, LLC (“Rice”) *
- Roosevelt and Cross, Incorporated (“Roosevelt”)
- TD Securities (USA) LLC (“TD”)
- Stern Brothers & Co. (“Stern Brothers”) *

Ms. Duffy stated that Selling Group members will have the opportunity to sell HDC bonds but will not have any underwriter liability for unsold maturities. She said that the following firms are recommended for the Selling Group:

- 280 Securities LLC (“280 Securities”)
- American Veteran’s Group, PBC (“AVG”) **
- AmeriVet Securities, Inc. (“AmeriVet”) **
- Blaylock *
- BNY Mellon Capital Markets, LLC (“BNY Mellon”)
- M&T Securities, Inc. (“MTS”)
- Multi-Bank Securities, Inc. (“MBS”) **
- Roberts & Ryan Investments Inc. (“R&R”) **
- Rockfleet Financial Services, Inc. (“Rockfleet”) *

Ms. Duffy stated that the Committee recommends that we continue our practice of encouraging our Co-Senior Managers and Co-Managers to take an active stance in assisting the Corporation to structure financings for projects in our pipeline. She said that the Committee also recommends the continued flexibility to add any firm not currently selected as underwriter to participate in a financing if that firm generates a unique idea, financing structure or otherwise makes a contribution that benefits the Corporation. She said such underwriter’s participation shall

** Denotes SDVOB Firm

† Stifel acquired George K. Baum & Company, Municipal Finance Division (a former Co-Manager) on September 27, 2019.

* Denotes MWBE Firm

be subject to the Members' approval at the time, and that appointments will be effective upon approval by the Members.

Mr. Moerdler stated that he was required by the Conflicts of Interest Board to make the following disclosure, though it does not disable him from voting. He said that Members of his firm, but not he, represent a number of the entities here listed, including without limitation, the following: Citibank, JPMorgan, Morgan Stanley and Wells Fargo, noting that there are others, as well.

Mr. Jiha asked for clarification on whether Siebert Cisneros Shank was different from Siebert Williams. Ms. Duffy said it was the same firm which is now called Siebert Williams Shank & Co., L.L.C. as a result of Siebert's recent merger with Williams Capital.

Ms. Duffy then described the actions the Members were being requested to approve.

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

RESOLVED, to approve the selection of Underwriters recommended by the Committee pertaining to Senior Managers, Co-Senior Managers, Co-Managers and Selling Group members for the issuance of the Corporation's Open Resolution, Impact Resolution, Mini-Open Resolution, and Stand-Alone debt, and additional recommendations as set forth in Underwriters Memorandum.

The Chairperson stated that the next item on the agenda would be the Approval of NYCHDC's 2019 Annual Investment Report and again called upon Ms. Duffy to advise the Members regarding this item.

Ms. Duffy referred the Members to the 2019 Annual Investment Report (the "2019 Annual Investment Report" or the "Report"), which is appended to these minutes and made a part hereof. She 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 2019 Annual Investment Report, which includes:

- Data on investments made;
- Investment earnings and fees paid;
- Draft Copies of the Corporation's audited financial statements;
- The Investment Guidelines and;
- A Draft Report of Independent Auditors on Compliance with Investment Guidelines.

She said that the Report also includes descriptive information about the Corporation, the funds it has under management, and the various types of oversight and controls on the Corporation's investment practices.

Ms. Duffy stated that major points in the Report include:

- Earnings on investments totaled \$110.1 million in fiscal year 2019, an increase of \$47.3 million from fiscal year 2018, due mainly to an increase in investment proceeds during FY 2019. The interest rates across the shorter term maturities and a flatter yield curve environment are factors to consider in the Corporation's ongoing investment strategy.
- Because of the Corporation's commitments, the majority of investments must be held for the short term, which provides sufficient liquidity for the Corporation. In response to the current interest rate environment, the Corporation continued to invest primarily in collateralized demand deposits, certificates of deposit, guaranteed investment contracts, and direct purchases of U.S. Treasury and Agency obligations in order to optimize yield.
- As required by GASB No. 31 the Corporation has recorded a fair value adjustment in its investment portfolio. The Corporation recorded a net appreciation of \$29.4 million for fiscal year 2019. As part of the Corporation's investment policies, it looks to invest its bond and corporate related reserves in securities with the intent to hold the investment to maturity. As a result, any unrealized appreciation or depreciation is only reported as an accounting gain or loss at this time.
- HDC funds under management increased about 12.2% from fiscal year-end 2018 to fiscal year-end 2019, from \$5.26 billion to \$5.91 billion.
- Since the Corporation's fiscal year end in October 2019, short term rates have been relatively stable.
- HDC did not incur or pay any fees, commissions or charges for investment services. Treasury operations are conducted by the Corporation's Cash Management Division, which uses electronic and telephone bidding processes to competitively purchase securities that meet the Corporation's Investment Guidelines and funding needs.
- Oversight is provided internally by an Investment Committee and by various reviews by HDC's Credit Risk and Internal Audit units. There are also investment and credit risk reports presented at each meeting of the Corporation's Audit Committee, and an annual examination by our external auditors, Ernst & Young.
- The Corporation's Investment Guidelines were approved by the Members on September 26, 2019 with no changes at this time.

She said that upon approval by the Members, the Report will be submitted to the Mayor and to both the City and State Comptrollers, as required by the Public Authorities Law.

Mr. Moerdler asked who holds the underlying securities in the REPOs referenced in Chart D in the Report. Ms. Duffy stated the Federal Home Loan Bank pursuant to a tri-party agreement.

Ms. Duffy then described the actions the Members were being requested to approve.

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

RESOLVED, to approve the 2019 Annual Investment Report and readopt the Investment Guidelines without any changes at this time.

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. 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 11:00 a.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 MEETING OF THE
NEW YORK CITY HOUSING DEVELOPMENT CORPORATION**

January 27, 2020

ATTENDANCE LIST

R. Gregory Henniger	Hawkins Delafield & Wood LLP
Joe Tait	Raymond James
Geoff Proulx	Morgan Stanley
Gregory Borys	“ ”
Alex Vlamis	“ ”
Steve Splawinski	“ ”
Jaspreet Singh	“ ”
Gloria Boyd	J.P. Morgan Chase
Annie Lee	“ ”
Ashley Ding	“ ”
William Laverty	Academy Securities
Tim Rose	Drexel Hamilton
Pat O’Connor	“ ”
Bronson Martin	Caine Mitter
Jeff Sula	RBC Capital Markets
Joseph Monitto	BofA
Barbara Feldman	“ ”
Eileen Heitzler	Orrick, Herrington & Sutcliffe LLP
Paul Haley	Barclays
Albert Luong	“ ”
Damian M. Busch	“ ”
Peter Cannava	Wells Fargo
Lana Wong	DOI
Eric Johnson	“ ”
Jamiyl Flemming	Siebert
Pat Moran	“ ”
Pat O’Connor	Drexel Hamilton
Tim Rose	“ ”
Jacqueline Gold	DOF
Tom McCarthy	Loop Capital Markets
Edith Alfnas	“ ”
Amy Zhang	Ramirez & Co.
Ingrid Bethuel	“ ”
Michael Koessel	Citi
Susan Jun	“ ”

Eric Enderlin	New York City Housing Development Corporation
Richard M. Froehlich	“ ”
Anthony R. Richardson	“ ”
Ellen K. Duffy	“ ”
Ruth Moreira	“ ”
Cathleen A. Baumann	“ ”
Teresa Gigliello	“ ”
Elizabeth Strojan	“ ”
Diane J. Pugacz	“ ”
Susannah Lipsyte	“ ”
Moira Skeados	“ ”
Trisha Ostergaard	“ ”
Mary Hom	“ ”
Madhavi Kulkarni	“ ”
Jim Quinlivan	“ ”
Yaffa Oldak	“ ”
Jeffrey Stone	“ ”
Mica Wilson	“ ”
Hannah Blitzer	“ ”
Michael Rose	“ ”
Joseph Macaluso	“ ”
Molly Anderson	“ ”
Alison Glaser	“ ”
Lisa Wertheimer	“ ”
Jennifer Beamish	“ ”
Leroi Jiles	“ ”
Christina Clarke	“ ”
Julie Gonzalez	“ ”
Francis Yu	“ ”
Merin Urban	“ ”
Carol Micalizzi	“ ”
Uyen Luu	“ ”
Horace Greene	“ ”
Daniel Connelly	“ ”
Gene Yee	“ ”
Justin Matthew	“ ”
Asia Riddick	“ ”
Paul Cackler	“ ”
Mary John	“ ”
Cheuk Yu	“ ”
Claudine Brown	“ ”
Luke Schray	“ ”