

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

November 27, 2017

The annual meeting of the Members of the New York City Housing Development Corporation (the "Corporation" or "HDC") was held on Monday, November 27, 2017 at the offices of the Corporation, 110 William Street, 10th Floor, New York, New York 10038. The meeting was called to order at 11:03 a.m. by the Chairperson, Maria Torres-Springer, who noted the presence of a quorum. The Members present were Harry E. Gould, Jr., Jacques Jiha, Charles G. Moerdler, Denise Notice-Scott and Kyle Kimball. The Member absent was Dean Fuleihan. 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 September 19, 2017.

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

RESOLVED, to approve the minutes of such meeting.

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

Mr. Enderlin thanked the Chairperson and the Members in attendance and noted that some were returning from the Thanksgiving holiday to make this board meeting possible. He said that with the actions the Members were being asked to approve today, HDC would be able to provide financing for more homes where families would be able to celebrate holidays for generations to come.

Mr. Enderlin stated that earlier this month he was pleased to join Mayor de Blasio, Deputy Mayor Glenn and Housing Commissioner Torres-Springer in announcing that the Administration's *Housing New York* plan is not only ahead of schedule but would be accelerated and expanded with new initiatives – many of which would prominently feature HDC. He said that from building more senior housing, to preserving more Mitchell Lamas, to ensuring more nonprofit and community engagement, the common denominator is more affordable housing.

Mr. Enderlin stated that unfortunately, a shadow has been cast by the uncertainty of federal tax reform – particularly as it relates to the future of private activity bonds. He said that HDC and The City have been working actively with nationwide coalitions to advocate for the preservation of these bonds. He said that just as importantly, HDC, HPD, and our partners in the banking and development communities have been putting greater strategy and creativity into our collective work. He said that as part of that planning, the Members would be asked today to approve actions that would continue to provide us with the maximum flexibility to act quickly in response to a changing environment.

Mr. Enderlin stated that when HDC's Senior Vice President for Development, Anthony R. Richardson, presents for the Members' approval the Corporation's latest issuances under the Open Resolution, he will explain that there is more optionality than usual.

Mr. Enderlin stated that the Series G bonds would enable the Corporation to close on 8 new construction projects by year end, although you will note that 9 projects are included. He said that this is to secure advance approval of all 9 in the event an unexpected obstacle arises for one of the others, or if additional tax-exempt bond resources should become available from the State.

Mr. Enderlin stated that the Series H and Series I bonds, as proposed, would be issued as Convertible Option Bonds or COBS, and would broadly cover both an advance pipeline and the existing portfolio of the Corporation. He said that the Series H COB would enable HDC to maximize potential tax-exempt recycling opportunities from projects that may prepay their current bond-financed loans. He said that the Series I COB would allow HDC to preserve any surplus tax-exempt resources that might be made available by the State without sufficient time to be utilized by year's end. He said that the COB would protect those resources for use in 2018 in the event that tax reform eliminates private activity bonds.

Mr. Enderlin stated that separate from these tax-exempt bond issuances, the Open Resolution proposal would also seek approval for a taxable loan to support the stabilization of a distressed portfolio in The Bronx. He said that this portfolio would retain its non-profit participation, while bringing in for-profit partners and new management to sustain the improvements and stability that HDC's financing plan would provide.

Mr. Enderlin stated that continuing today's theme of flexibility and innovation, Robert Sanna, Project Manager for Preservation Finance for the Corporation, would request the Members' approval of a refinancing opportunity for a project in the portfolio, using a new tax-exempt loan (or TEL) structure with our federal partners at Freddie Mac, augmented by new subordinate financing from HDC. He said that the Corporation's Chief Operating Officer, Executive Vice President and General Counsel, Richard M. Froehlich, would add to Mr. Sanna's presentation and more fully describe how this structure meets several objectives: lowering costs for the borrower, improving efficiency for the project, while increasing HDC's overall contribution to the City's Affordable Housing Plan.

Mr. Enderlin stated that there's a lot of strategic planning behind the scenes as well, and we will hear an update from the Board's Vice Chairperson, Harry E. Gould, Jr., on the status of HDC's Audit Committee. He said that later the Members would hear from HDC's Senior Vice President and Treasurer, Cathleen A. Baumann, as she presents our proposed operating budget for Fiscal Year 2018. He said that as always, we've worked to balance a budget that would give the Corporation the flexibility to stay nimble and creative, but with an eye on the responsibility and efficiency that should be expected of a public corporation. He said that as with much of what we are presenting today, the shadow of tax reform looms. He said that we believe we have built the proposed budget conservatively to weather whatever changes may come, but we will be watching closely and briefing the Members regarding any potential budgetary impacts.

Mr. Enderlin stated that he mentioned earlier how important our industry partners are to the Corporation's evolving strategy and creativity. He said that today he would like to single out

one individual who is retiring at the end of this year, after being a trusted advisor and friend to HDC for over three decades. He said that a partner at HDC's bond counsel firm (Hawkins, Delafield & Wood LLP), Howard I. Berkman has personally managed the firm's relationship with HDC for more than thirty years. He said that in that time, he has helped HDC interpret and apply complex tax law and strategize creative solutions to continue financing affordable housing throughout changing times and evolving markets. He said that at a time when our national discourse seems to devalue qualities of professional expertise, thoughtful language, and even personal integrity, Mr. Berkman has embodied such principles.

Mr. Enderlin said that he'd like to pause for a minute to turn it over to the Chairperson to make a special presentation.

The Chairperson stated that she would be reading a Certificate of Recognition from Mayor de Blasio, which states as follows:

"On the occasion of your retirement as Bond Counsel and advisor for the New York City Housing Development Corporation you have helped our City create and preserve affordable housing and worked hard to develop innovative solutions to make the five boroughs stronger and more equitable for all New Yorkers. Your knowledge and expertise has guided HDC for more than three decades through ever changing times and I'm proud to join in applauding all that you've accomplished and wish you a very happy and healthy retirement signed Bill de Blasio, Mayor of New York City, November 27, 2017."

Mr. Enderlin thanked Mr. Berkman and said that he had made the last year so great for him, as well. He said that it's a reminder that although our work may be condensed into several pages of memos or minutes of speaking points, behind it are years and even decades of personal care and dedication. He said that's true of Mr. Berkman and of many people in this room; it's true of many people on the incredible HDC staff. He said that cumulative commitment gives us the internal foundation and stability we hope that our programs will bring to our communities.

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

Ms. Notice-Scott asked if the Corporation had taken a look at what the worst case impact would be in the event that the proposed changes to the federal tax law are enacted. Mr. Enderlin said yes, we are looking at it, we have some sense of it and we have some ideas about where that might go. He said that it was premature to talk about that because we are working so hard to make sure that we don't go down that avenue, but that would involve a lot of conversations with HDC and the City more broadly.

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 prior to this meeting at which time the Members reviewed investment, debt and credit reports. He said that in addition, internal reports were presented and the 2018 Internal Audit schedule was approved.

The Chairperson stated that the next item on the agenda would be the Approval of an Authorizing Resolution relating to the Multi-Family Housing Revenue Bonds, 2017 Series G, H and I and Approval of a Mortgage Loan, and called upon Mr. Richardson to advise the Members regarding this item.

Mr. Richardson noted that the Members have been presented with black-lined documents for their reference that include changes to more specifically describe the affordability of each project to be financed in December and updates to the list of projects to be potentially funded with the proceeds of the convertible option bonds. Mr. Richardson referred the Members to the memorandum before them entitled "Multi-Family Housing Revenue Bonds, 2017 Series G, H and I and Approval of a Mortgage Loan" dated November 17, 2017 (the "Open Resolution Memorandum") and the attachments thereto including (i) the Resolution Authorizing Adoption of the Two Hundred Fifty-Fifth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2017 Series G-1, the Resolution Authorizing Adoption of the Two Hundred Fifty-Sixth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2017 Series G-2, the Resolution Authorizing Adoption of the Two Hundred Fifty-Seventh Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2017 Series G-3, the Resolution Authorizing Adoption of the Two Hundred Fifty-Eighth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2017 Series G-4, the Resolution Authorizing Adoption of the Two Hundred Fifty-Ninth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2017 Series H, and the Resolution Authorizing Adoption of the Two Hundred Sixtieth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2017 Series I and Certain Other Matters in Connection Therewith (the "Authorizing Resolution"); (ii) the Two Hundred Fifty-Fifth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2017 Series G-1, the Two Hundred Fifty-Sixth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2017 Series G-2, the Two Hundred Fifty-Seventh Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2017 Series G-3, the Two Hundred Fifty-Eighth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2017 Series G-4, the Two Hundred Fifty-Ninth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2017 Series H, and the Two Hundred Sixtieth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2017 Series I, (each, a "Supplemental Resolution" and collectively, the "Supplemental Resolutions"); (iii) the Bond Purchase Agreements; and (iv) the Preliminary Official Statement, all of which are appended to these minutes and made a part hereof.

Mr. Richardson stated that he was pleased to recommend that the Members approve the issuance of the Corporation's Multi-Family Housing Revenue Bonds, 2017 Series G-1, 2017 Series G-2-A, 2017 Series G-2-B, 2017 Series G-3, 2017 Series G-4, 2017 Series H and 2017 Series I Bonds (collectively, the "2017 Bonds" or the "Bonds") in an amount not expected to exceed \$755,720,000 to finance the construction, acquisition, rehabilitation and/or permanent

financing of the certain projects and other activities as described in the Open Resolution Memorandum.

Mr. Richardson stated that the Members were further being asked to approve the purchase of an interest rate hedge in a notional amount not expected to exceed \$60,000,000 to manage its interest rate risk relating to the index rate 2017 Series G-2-B Bonds (should they be issued).

Mr. Richardson stated that in addition, he was pleased to recommend that the Members authorize the Corporation to originate a taxable construction and permanent Preservation loan for the acquisition and rehabilitation of one (1) development.

Mr. Richardson stated that interest on the 2017 Series G, H, and I Bonds, was expected to be exempt from Federal, state and local income tax and would qualify as tax-exempt private activity bonds with a combination of an allocation of new private activity bond volume cap, and an allocation of "recycled" volume cap in accordance with the Housing and Economic Recovery Act of 2008 and the refunding of certain outstanding bonds or obligations of the Corporation.

As you know, Mr. Richardson stated, recently proposed tax reform legislation in the U.S. House of Representatives would, if enacted, eliminate Private Activity Bonds. He said that financing for certain developments were approved by the Members and structured as funding loans. He said that private activity volume cap was allocated to the projects when originally financed but each project was also structured as drawdown loans in which each draw was treated as the issuance of tax exempt bonds. He said that in order to ensure that the full amount of the loan would be considered tax exempt it was expected that each of these projects would draw all remaining amounts under the loan prior to the end of 2017. He said that in addition, the financing for each of these developments was structured to be financed with the issuance of refunding bonds into the Open Resolution upon completion of construction and conversion to permanent financing. He said that this refunding would not be tax exempt under the proposed legislation. He said that in light of the proposed legislation, the Members were further being requested to authorize the Corporation to (a) modify documents for developments financed with existing funding loan agreements to preserve their tax exempt status and (b) make other changes to the financing and documents for those developments that are necessary or desirable in light of the proposed legislation.

Mr. Richardson stated that approval of this Resolution would authorize the 255th through 260th Supplemental Resolutions under the Corporation's Open Resolution.

Mr. Richardson stated that it was anticipated that the 2017 Series G Bond proceeds, in an amount not expected to exceed \$545,720,000, would be used to finance mortgage loans for as many as nine projects: six ELLA, two Mix/Match, and one Mixed-Middle (M2) consisting of more than 1,900 units of rental housing, located in the Bronx, Brooklyn, and Queens.

Mr. Richardson stated that five ELLA developments, two Mix/Match developments and one Mixed-Middle Income (M2) development are expected to receive subordinate financing from the 2017 Series G Bonds and/or the Corporation's unrestricted reserves. He said that the aggregate amount of such subordinate financing was not expected to exceed \$126,355,000. He said that all subordinate loans were expected to bear an interest rate equal to the Applicable

Federal Rate as recently published by the Internal Revenue Service (“AFR”), with set lower monthly payments, to be advanced during construction and to remain in the projects as permanent loans.

Mr. Richardson stated that as a way to facilitate a more efficient use of private activity volume cap, certain of the projects have a bifurcated structure that enables those projects to satisfy Federal low-income housing tax credit requirements with a smaller allocation of new private activity bond volume cap from the Corporation but would also receive allocations of recycled bonds.

Mr. Richardson stated that the Series G-1 and G-2-A Bonds were expected to be issued as tax-exempt fixed-rate bonds in an initial Fixed-Rate Term with convertible options. He said that if issued, the Series G-2-B Bonds were expected to be issued as tax-exempt variable-rate index bonds. She said that it was anticipated that the Series G-3 and G-4 Bonds would be issued as tax-exempt variable-rate demand bonds.

Mr. Richardson stated that for more information on the individual projects to be financed with the Series G proceeds, please see Attachments 2 through 10 to the Open Resolution Memorandum.

Mr. Richardson stated that it was anticipated that the 2017 Series H 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.

Mr. Richardson stated that to manage uncertainty arising from the potential elimination of Private Activity Bonds under the proposed tax reform legislation, the Members were being asked to authorize the 2017 Series H Bonds to maximize the amount of tax-exempt “recycled” volume cap by including the additional prepayments anticipated to be made by March 2018. He said that if issued, the proceeds of the 2017 Series H Bonds were expected to provide construction and permanent financing for the new construction or acquisition and rehabilitation of certain developments, all of which are listed on Attachment 11 to the Open Resolution Memorandum and which would meet the affordability requirements for federal low-income housing tax credits. He said that the mortgage loans for these developments were expected to close in 2018 at which point the 2017 Series H Bonds would be refunded or remarketed to match the terms of the applicable mortgage loans.

Mr. Richardson stated that most of the developments listed would not be funded from the 2017 Series H Bond proceeds but all would be eligible for such financing. He added that the Series H Bonds were expected to be issued as tax-exempt variable rate obligations initially in the Term Rate mode.

Mr. Richardson stated that it was anticipated that the 2017 Series I Bonds would be issued as a COB to preserve private activity volume cap in the event the Corporation determines a mortgage loan authorized by the Members would not be ready to close this December or if the Corporation receives tax-exempt new private activity volume cap in excess of the amounts needed to finance mortgage loans this December.

Mr. Richardson stated that to manage the uncertainty arising from the potential elimination of Private Activity Bonds under the proposed tax reform legislation, the Members were being asked to authorize a not-to-exceed amount of \$100,000,000 for the 2017 Series I Bonds to preserve tax-exempt new volume cap authority in the event the State allocates its surplus volume cap to the Corporation and such amount cannot be carried over into next year due to the potential elimination of Private Activity Bonds. He said that if issued, the proceeds of the 2017 Series I Bonds were expected to provide construction and permanent financing for the new construction or acquisition and rehabilitation of certain developments, inclusive of all developments listed in Attachment 2 through 11 to the Open Resolution Memorandum and which will the affordability requirements for federal low-income housing tax credits. He said that these projects were expected to close in 2018, at which point the 2017 Series I Bonds would be remarketed to match the term of the applicable mortgage loan.

Mr. Richardson stated that most of the projects listed would not be funded from the 2017 Series I Bond proceeds but all would be eligible for such financing. He said that the Series I Bonds were expected to be issued as tax-exempt variable rate obligations initially in the Term Rate mode.

Mr. Richardson stated that it was anticipated that the Corporation would originate a taxable construction loan for the acquisition and rehabilitation of a portfolio of existing affordable developments originally owned by affiliates of The Mount Hope Housing Company, Inc. (collectively referred to as the "Mt. Hope Development"). He said that the Mt. Hope Development would contain approximately 497 units in aggregate located in thirteen (13) buildings in the Bronx. He said that it was anticipated that upon origination HDC would sell a 100% participation interest in the construction loan to JPMorgan Chase Bank N.A. He said that it was also anticipated that upon construction completion, the Corporation would re-purchase the bank's participation interest in the construction loan and convert such loan to permanent phase with the Corporation's unrestricted reserves. He said that the permanent loan may be included in a future Open Resolution securitization transaction and pledged to the Open Resolution or pledged to a previously issued series of Open Resolution bonds. He said that if included in a future transaction, such securitization would be brought to the Members for approval at that time. He said that the loan would be made in an amount not to exceed \$40,000,000. He said that for more information on the project, please see Attachment 1 to the Open Resolution Memorandum.

Mr. Richardson stated that the Mt. Hope Development was also expected to receive a restructured subordinate mortgage loan pursuant to a Purchase and Sale Agreement with the City of New York.

Mr. Richardson stated that more detail on the developments, as well as the Bond underwriters, Risks, Fees and Credit Ratings associated with the 2017 Bonds, were outlined in the Open Resolution Memorandum.

Mr. Kimball said that on page 12 of the Open Resolution Memorandum he noticed that the Series H Bonds did not have the same AA+ rating as the other series of bonds did and questioned why. Ellen K. Duffy, Senior Vice President of Debt Issuance and Finance for the Corporation, explained that the Series G-4 Bonds were variable rate demand bonds and the rating on those Bonds would be based on the rating of the liquidity, but the Series H Bonds were the COB and would be based on a short-term rating.

Mr. Moerdler disclosed that Members of his firm but not he act for JP Morgan, Morgan Stanley, Citigroup, Jefferies, L&M, and for members of the Durst family in connection with the Robert Durst saga which has nothing to do with this.

Mr. Moerdler stated that on page 2 of the Open Resolution Memorandum he had concern with clause (ii) of the last sentence of the paragraph at the top of the page which states “(ii) make other changes to the financing and documents for those developments that are necessary or desirable in light of the proposed legislation”. He said he had problems with that clause, both under Perkins Brodsky and his fiduciary duty as a Member of this board in that such an authorization would be a blank check which is proscribed under State conflicts of interest rules and that he couldn’t give a blank check. He said that if there were changes prior to the end of the year he has no problem with having another meeting and approving them. Mr. Froehlich said that the intent was not to be a blank check; the potential is that a modification in interest rates could create a reissuance issue so were just trying to give ourselves the flexibility to avoid that. Mr. Moerdler said that he was not quarreling with the intent but he was quarreling with the language which he thinks may be open to legal challenge and urged that HDC consider removing the broad language. Mr. Jiha asked if they could list possible actions to be taken. Mr. Froehlich said that we don’t yet know as we are still in the process of reviewing the documentation. The Chairperson asked Mr. Moerdler if including some more descriptive language would give him more comfort. Mr. Moerdler said yes. The Chairperson asked Mr. Froehlich if there was a way that they could do that. Mr. Froehlich said that at the end of the last sentence of the first paragraph on page two instead of saying “in light of the proposed legislation” we could say “to maintain the tax exempt status of the funding loans”, which would be more limited.

Mr. Moerdler stated that his second point was not based at all on the question as to what is affordable and what is not affordable. He said that its purpose is to ask that a meeting be convened of the board and of those people within HDC that the Chairperson thinks are appropriate to brief us on the following question. He said that he worries about two things. He said that the Open Resolution Memorandum proposes that at least seven of the nine or ten developments set forth in the appendices are 100% affordable, and he worries about creating tomorrow’s ghettos. He said he worries about it, having visited so many sites over the course of the years, and because he is a supporter of progressive income integration. He said that 80/20 and 70/30 achieves a little bit of that goal. He said that Mr. Froehlich says that goal is achieved by the ranges of affordability. He said that he was not comfortable that we do that kind of analysis here in terms of sending people to that community to make sure. He said that he wants to be sure that we are preserving and expanding the opportunities for progressive income integration. He said that he’s not sure that we are fully focused on that point. He said that’s an issue that’s been around for many years. He said that what he would ask HDC to do, sometime next year, is to convene a group to tell us what we are doing in terms of looking at the neighborhoods involved to make sure that we are not running afoul of creating tomorrow’s ghetto. He said that if we are, then the idea is to focus on how to get away from that.

The Chairperson stated that she thought she could speak on behalf of the team of HDC and certainly HPD that our commitment to investing in and supporting mixed income projects, mixed income neighborhoods in diverse communities across the City is a very profound one and one that we take very seriously. She said that she would be more than happy to set up a discussion with the board to make sure that the full slate of programs including the items that come before this board but are really exemplified in the entire plan are described in detail. She

said that both the record and the mission of all of our organizations is to ensure that we are building affordable housing, making investments in a range of neighborhoods, highly distressed neighborhoods to higher opportunity neighborhoods in a range of different types of projects that is certainly something that, to the extent that more information is needed on how exactly we are doing that across the plan, we would be more than happy to set up a meeting to discuss.

Mr. Jiha asked about the timeline in terms of the interplay between closing this transaction and the enactment of the proposed tax reform legislation. Mr. Froehlich said that the thing unfortunately about the proposed legislation is that it has in the house bill the end of private activity bonds effective December 31. He said that even if the senate does not act at that time that will be out there, so for us we have a lot of activity that we need to decide to do by year end. He said that the clearest thing would be if they pass a bill and private activity bonds are protected, then it would be business as usual on some level, although it will have impacts on the City and State and on our work as well. He said that if it is not passed then there is uncertainty and that is why we have to act by year end. He said that the funding loan agreements that are outstanding need to be basically fully drawn down so that they are fully issued. He said that all the other transactions we do are considered fully issued when we issue the bonds so that the funds are made available and so that is not a challenge for us with respect to that. He said that with the uncertainty some things can happen, for instance the State could give us additional volume cap, it's not likely but it's possible, and we are setting up to give ourselves flexibility to use that for the projects that are listed in the Open Resolution Memorandum. He said that in addition, with respect to other opportunities to recycle and to perhaps reuse bond proceeds that get paid down from this transaction, we are giving ourselves some flexibility there to remarket those bonds in the future. He said that even if tax exempt bonds do go away we still can continue to remarket as long as it's not considered a reissuance. So once again, he said, we've built in a lot of flexibility in order to do all those things. He said that it's not to limit your authority; it's really to respond to the concerns that are set up by the IRS. He said that was what we are trying to address in a time of uncertainty and that is why we list many more projects than you are used to seeing in an effort to be as creative and responsive as possible while also being considerate of what the laws are. He said that the best case scenario is that it will all go away but we can't predict that and when you are on the table as we currently are it is a risk, so that's what we're trying to address.

Mr. Gould commented that this may be much ado about nothing.

Mr. Froehlich 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. Jiha, and seconded by Ms. Notice-Scott, and with Mr. Moerdler recusing himself as to the projects described in Attachments 3 and 9 to the Open Resolution Memorandum, the Members of the Finance Committee:

RESOLVED, (A) to approve the Authorizing Resolution that provides for (a) the adoption of Supplemental Resolutions to the Open Resolution providing for the issuance of the Bonds, (b) the distribution of Preliminary and final Official Statement(s) for the Bonds, (c) the execution of bond purchase agreement(s) with the Underwriter(s) of the Bonds or a direct purchaser of any or all of the Bonds, (d) the use of the Corporation's unrestricted reserves to fund costs of issuance for the Bonds and to fund all or a portion of the debt service reserve

account requirement in connection with any or all of the series of Bonds, as may be required, and (e) the execution by the President or any Authorized Officer of the Corporation of any and all documents necessary to issue the Bonds and to make the mortgage loans relating to the Bonds; (B) to approve the making of subordinate loans for one (1) Mixed-Middle Income (M2) development, two (2) Mix & Match developments and five (5) ELLA developments from the Corporation's unrestricted reserves in an amount not expected to exceed \$126,335,000, and the execution by an Authorized Officer of the Corporation of mortgage-related documents and any other documents necessary to accomplish the subordinate financing; (C) to approve the origination of a taxable construction loan in an amount not to exceed \$40,000,000, the subsequent purchase by the Corporation of JPMorgan Chase Bank, N.A.'s 100% participation interest in such loan for the Mt. Hope development and the execution by an Authorized Officer of the Corporation of mortgage related documents and any other documents necessary to accomplish such financings; (D) to approve entering into a Purchase and Sale Agreement with the City of New York relating to the existing subordinate debt on the Mt. Hope development; (E) to approve the purchase of an interest rate cap or swap for a notional hedge amount not expected to exceed \$60,000,000 using the Corporation's unrestricted reserves in an amount not to exceed \$400,000 and the execution by the President or any Authorized Officer of the Corporation of any and all documents necessary to enter into an interest rate cap or swap agreement; and (F) in light of the proposed tax reform legislation, to authorize the Corporation to (i) modify documents for developments financed with existing funding loan agreements to preserve their tax exempt status and (ii) make other changes to the financing and documents for those developments to maintain the tax exempt status of the funding loans.

The Chairperson stated that the next item on the agenda would be the Approval of an Authorizing Resolution relating to the Multi-Family Mortgage Revenue Debt Obligations (1133 Manhattan Avenue Development) and called upon Mr. Sanna to advise the Members regarding this item.

Mr. Sanna referred the Members to the memorandum before them entitled "Multi-Family Mortgage Revenue Debt Obligations (1133 Manhattan Avenue) dated November 17, 2017 (the "1133 Manhattan Avenue Memorandum") and the attachments thereto, including (i) the Resolution Approving the Funding Loan Agreement, Authorizing the Issuance of the Multi-Family Mortgage Revenue Debt Obligations (1133 Manhattan Avenue Development) and Certain Other Matters in Connection Therewith (the "Authorizing Resolution") and (ii) the Funding Loan Agreement, which is appended to these minutes and made a part hereof.

Mr. Sanna stated that he was pleased to recommend that the Members authorize the refinancing of a 210-unit multi-family rental housing development located at 1133 Manhattan Avenue in Brooklyn using a new structure with the Federal Home Loan Mortgage Corporation, or Freddie Mac, based on the Freddie Mac Tax Exempt Loan, or TEL, structure. He said that the Project was originally financed in 2012 under the Corporation's Mixed Income (50/30/20) Program with Multi-Family Rental Housing Revenue Bonds, 2012 Series A, and a subordinate mortgage loan from the Corporation's unrestricted reserves.

Mr. Sanna stated that the Project consists of a building located at 1133 Manhattan Avenue between Box Street and Clay Street in the Greenpoint neighborhood of Brooklyn. He said that 44 of the units were reserved for tenants earning no more than 50% of Area Median Income which was approximately forty-two thousand nine hundred fifty dollars (\$42,950) annually for a

three person household. He said that of those 44 units, 7 were reserved for tenants earning no more than 40% of AMI which was approximately thirty-four thousand three hundred sixty dollars annually (\$34,360) for a three person household. He said that 61 units were reserved for tenants earning 130% to 175% of AMI which was approximately one hundred eleven thousand six hundred seventy dollars (\$111,670) to one hundred fifty thousand three hundred twenty-five dollars (\$150,325) annually for a three person household. He said that the remaining 105 units did not have income restrictions and are rented at market rents. He said that the Project also contains 8,066 square feet of commercial space and 123 parking spaces. He said that in addition, the Borrower has designated 44 low-income units as inclusionary Affordable Housing Units in order to generate 44 additional units in additional density through the New York City Department of Housing Preservation and Development's Inclusionary Housing program.

Mr. Sanna stated that the developer and borrower is The Domain Companies, LLC ("Borrower"). He said that Domain's principals are Chris Papamichael and Matthew Schwartz. He said that founded in 2003, Domain owns and manages more than 2,600 multi-family units in New York and Louisiana, including 1,136 units in New York City. He said that this was Domain's third project with financing from the Corporation. He noted that Vincent Keeler, Executive Vice President and Chief Financial Officer of the Domain Companies was present today on behalf of the Borrower.

Mr. Sanna stated that to fund the proposed refinancing, the Members are requested to authorize the Corporation to enter into a funding loan agreement with Freddie Mac and to issue two or more of the Corporation's fixed rate, Multi-Family Mortgage Revenue Debt Obligations in a combined amount not to exceed sixty-seven million three hundred twenty thousand dollars (\$67,320,000) evidencing the Corporation's obligation under the Funding Loan Agreement to make payments due on one or more loans. He said that the proceeds of the Funding Loan would be used by the Corporation to finance a Senior Mortgage Loan to 1133 Manhattan Avenue LLC. He said that it was anticipated that the Obligations would be comprised of a Tax-Exempt Obligation of approximately forty-five million six hundred thousand dollars (\$45,600,000) to be exempt from Federal, state and local income tax. He said additionally, the Corporation expects to issue a Taxable Debt Obligation of approximately fifteen million six hundred thousand dollars (\$15,600,000) which would not be exempt from Federal income taxes, but would be exempt from State and Local income tax.

Mr. Sanna stated that the Members were further requested to authorize a not-to-exceed interest rate of 10% for the fixed-rate Obligations; however, the Loan and the related Obligations are expected to bear interest at a fixed rate of approximately 3.98%. He said that the Senior Loan and related Obligations would require interest only to be paid for the first three years of the ten-year term, followed by interest and principal payments for the remaining seven years, with the principal payments calculated based on a 35-year amortization schedule. He said that it was anticipated that the Senior Loan would be serviced by Jones Lang LaSalle, the current servicer of the 1133 Manhattan Avenue Project.

Mr. Sanna stated that the Members were also requested to authorize the making of a subordinate mortgage loan to the Borrower from unrestricted reserves in an amount not to exceed seven million four hundred eighty thousand dollars (\$7,480,000). Mr. Sanna stated that the Subordinate Loan would not be credit enhanced and would require interest only to be paid at an expected interest rate of 7.5% during its ten-year term with the entire principal amount due at

maturity. He said that the combined senior and subordinate loan are expected to achieve a weighted average interest rate of 4.34% for the project.

Mr. Sanna stated that this structure effectively converts the 1% Prior Subordinate Loan to a first loss position, with a higher risk adjusted return. He said that under the prior financing the Corporation had a similar risk, however forgoing the higher return to facilitate the broader policy goals of supporting the construction of affordable housing. He said that the success of the Project allows the Corporation to benefit from a higher rate of return without increasing the Corporation's risk exposure or adversely impacting the Project's affordability.

Mr. Sanna stated that the proceeds of the loans would be used to refund the existing bonds in the outstanding principal amount of forty-five million six hundred thousand dollars (\$45,600,000), prepay the existing subordinate loan, provide an equity take-out to the Borrower and pay certain costs related to the refinancing.

Mr. Sanna stated that the primary risk associated with the Funding Loan is the potential failure of the Borrower to make payments due under the Senior Loan, which are necessary to make payments to Freddie Mac under the Funding Loan Agreement. He said that this risk is mitigated by a credit enhancement facility on the Senior Loan in the form of a stand-by Credit Enhancement Agreement executed and delivered by Freddie Mac to the Fiscal Agent concurrently with the issuance of the Obligations.

Mr. Sanna stated that the primary risk associated with the Subordinate Loan is the potential failure of the Project to produce enough cash flow to fully support interest payments. He said that the Project has maintained stable operations since conversion in December 2015 and is projected to produce enough cash flow to fully support interest payments until the Subordinate Loan maturity. He said that the Funding Loan and Subordinate Loan are collectively sized by Freddie Mac based on a 1.15 debt service coverage ratio and a 75% loan-to-value ratio, which meets the coverage ratio required by the Corporation for similar transactions. He said that additionally, the Borrower and managing agent are in good standing with the Corporation's Asset Management department. Mr. Sanna said that Mr. Froehlich would now discuss the risks and benefits as well as present the Authorizing Resolution.

Mr. Froehlich stated that he wanted to go into greater detail about the risks related to this transaction and more importantly how the Corporation views risk sharing in the context of credit enhancement for projects financed by the Corporation. He said that generally, the projects financed by HDC are heavily subsidized with a combination of tax credits, real property tax exemptions and low interest government loans. He said that as a result, the economic risks in most projects financed by HDC are low. He said that since the Corporation's founding only one project has defaulted on an HDC mortgage and a claim was made at the direction of HUD on the FHA insurance.

Mr. Froehlich stated that HDC uses its own mortgage insurer, REMIC, and HDC also works with the State of New York Mortgage Agency and its mortgage insurer to enhance many of the projects that it finances. He said that in addition, HDC has an agreement with HUD through FHA to use its risk sharing program. He said that REMIC, SONYMA and FHA risk sharing are all priced at 50 bps annually or less. He said that in contrast the enhancement pricing

of Fannie Mae and Freddie Mac is often 100 bps or higher in order to give themselves, their lenders and their risk sharing investors a higher return that is risk adjusted.

Mr. Froehlich stated that in the FHA and REMIC models, HDC does take an explicit or implicit risk position that supports the lower cost structure and the Corporation participates in sharing of the insurance premium as well. He said that in each of REMIC, SONYMA and FHA the local, state and Federal governments are providing support for affordable housing by offering mortgage insurance at low cost.

Mr. Froehlich stated that even with lower cost, for certain transactions the enhancement offered by Freddie and Fannie was appealing, either in preservation transactions that can be made permanent instead of requiring a bank loan during construction or for larger new construction deals where the size of the transaction can be borne by the larger balance sheets of the GSEs. Also, he said that HDC tries to diversify its credit enhancement in order to avoid concentrating risk.

Mr. Froehlich stated that in this instance the project sought to pay off its loan with HDC and use conventional financing. He said that the Corporation saw this as an opportunity to negotiate with the Borrower and Freddie Mac to come up with the new structure. He said that this transaction with Freddie Mac was the first time in which HDC would take the first position loss position with Freddie and HDC would get a risk premium similar to what a Freddie first loss investor would get if HDC were not participating.

Mr. Froehlich stated that this transaction is reflective of an effort by the Corporation that has been included in Mayor de Blasio's recently announced Housing New York 2.0 for HDC to partner with banks, Fannie Mae and Freddie Mac to improve pricing and/or participate in risk sharing to achieve a higher return on investment that can then be used to finance more housing. He said that in this instance, HDC is converting its first loss position from its original subsidy loan to a new subordinate loan at a higher rate of interest with Freddie Mac as the senior lender. He said that as Mr. Sanna mentioned, the project has performed well and the new loans are underwritten prudently so that staff believes the risk sharing with Freddie Mac is appropriate.

Mr. Froehlich stated that the staff expects to bring additional transactions in the future that would involve risk sharing with both Freddie Mac and Fannie Mae. He said that in each case the Corporation's staff would make its recommendation based on the belief that the risk from participating with an enhancer like Fannie or Freddie is prudent and the return from such risk would help the Corporation make higher returns to support the housing plan.

Mr. Moerdler asked if there was a cap to the risk and if the Corporation could insure the risk. Mr. Froehlich stated that the risk was the size of the loan itself so the subordinate loan is the size of the risk, about 10% of the total transaction. He said that Corporation could co-insure but he said that we haven't thought about that yet. He said that if we were, we would come back to the board with that approach. Mr. Enderlin said that another good point, which Mr. Froehlich has just made, is that we have risk; we're just taking the risk that we already have and moving the position and getting a higher return. So basically, he said, whenever you're putting in the subordinate debt you're at risk as though it were equity anyway. He said that to Mr. Froehlich's last comment made about the plan, if you looked at page 31 we do talk about advancing some of

our relationships with some of our mutual partners in exactly the way which Mr. Froehlich just described, and everything we do ultimately goes back into the housing plan.

Mr. Jiha asked about the 7.5% interest rate and whether that was where the market is right now. Mr. Froehlich said that it's based on the examples that they gave us for a sole project financing. He said that if it were a pool, then in all likelihood it would be a higher return, more like 10 to 12 percent, since in pools the risk is basically the worst project in the pool. He said that because of the nature of the project that is performing so well and that is a sole project the risk is less. He said that they showed us examples of other transactions and we got comfortable with that level. He said that in other deals we may seek something higher. Also, he said, we were, in essence, competing with other financial terms, since the Borrower had other options, and so this was the result of that.

Mr. Froehlich 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. Gould, and seconded by Ms. Notice-Scott, the Members of the Finance Committee unanimously:

RESOLVED, (A) to approve the Authorizing Resolution that provides for (i) the execution of the Funding Loan Agreement, (ii) the refunding of the Prior Bonds, and (iii) the execution of mortgage-related documents and any other documents necessary to accomplish the issuance of the Obligations and the financing of the related loans; and (B) to approve the making of a subordinate loan to be funded by unrestricted reserves in an amount not to exceed \$7,480,000, and the execution by an Authorized Officer of the Corporation of mortgage-related documents and any other documents necessary to accomplish the subordinate financing.

The Chairperson stated that the next item on the agenda would be the Presentation and Approval of the Fiscal Year 2018 Operating Budget and called upon Cathleen A. Baumann, Senior Vice President and Treasurer for the Corporation, to advise the Members regarding this item.

Ms. Baumann referred the Members to the memorandum before them entitled "Proposed FY 2018 Budget", dated November 16, 2017 (the "FY 2018 Budget Memorandum") which is appended to these minutes and made a part hereof, and stated that she was pleased to present the Corporation's proposed Fiscal Year 2018 operating budget for the Members' approval.

Ms. Baumann stated that the operating budget demonstrates responsible and strategic fiscal planning, which allows HDC the flexibility to reach its goals while also containing administrative costs through operational innovations and efficient managerial controls.

Ms. Baumann stated that due to the inherent uncertainty of proposed tax reform legislation this budget assumes no change in the Corporation's ability to issue tax exempt bonds. She said that if the authority to issue private activity bonds is repealed then there would be some potential changes to loan origination but it would not have a large effect for this budget. She said that over time there would be greater impacts on the Corporation that staff would address and consult with the Members; but overall profitability would continue for an extended period and the financial outlook for Fiscal Year 2018 continues to be positive.

Ms. Baumann stated that the Corporation ended Fiscal Year 2017 with an excess of revenues over expenses, on a cash basis, of \$86.9 million, an increase of \$9.7 million over the budgeted amount of \$77.2 million. She said that this improvement was largely due to better-than-expected performance in the Open Resolution surplus, higher servicing fees, and fees received on loan originations and refinancings.

Ms. Baumann stated that Fiscal Year 2018 revenues were budgeted to be \$114.2 Million, a \$6.4 million increase from the Fiscal Year 2017 adopted budget. She said that the projected increase was mainly due to three key factors: an increase in loan origination fees expected with more deals closing under the Housing Plan; an increase in HDC servicing fees due to more construction loans converting to permanent; and an increase in servicing fees from HPD financed loans due to more loans being serviced for HPD.

Ms. Bauman stated that Fiscal Year 2018 expenses were budgeted to be \$31.44 million. She said that this was an \$832,000 or 2.72% increase from the Fiscal Year 2017 adopted budget. She said that the increase from the Fiscal Year 2017 budgeted amounts revolves around certain budget lines decreasing or increasing from last year. She said that the largest increase was in the Equipment and Maintenance line as the Corporation continues to invest in its technology. She said that this year funds were being used to migrate our current reporting software, which would no longer be supported within the next few years, over to a new reporting software. She said that another technology investment includes the purchase of a new asset management software that will help the staff more efficiently evaluate and review the compliance of properties in the portfolio as well as expand its portfolio management database. She said that the increases were somewhat offset by smaller decreases in the legal, consulting, and leasehold improvement budget lines.

Ms. Baumann stated that the notes in Schedule A to the FY 2018 Budget Memorandum provide more details for each revenue and expense line item.

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

RESOLVED, to approve the Fiscal Year 2018 Operating Budget.

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

Mr. Froehlich referred the Members to the memorandum before them entitled "Annual Report on Property Disposal Guidelines" dated November 17, 2017 (the "Property Disposal Guidelines Memorandum") and the Property Disposal Guidelines and Report for Fiscal Year ending October 31, 2017 attached thereto, 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 Property Disposition Guidelines attached to the "Property Disposal Guidelines Memorandum. He said that pursuant to the Public Authorities Accountability Act of 2005, each public authority

is required to adopt comprehensive guidelines in connection with the disposition of property owned by each Authority and re-approve such guidelines on an annual basis. He said that the guidelines have not changed since originally approved by the Members in Fiscal year 2008. Also, he said, the Corporation does not currently own any real property nor did it dispose of any in the prior year as noted in the annual property disposition report in the Members' packages.

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

RESOLVED to approve the Property Disposition Guidelines.


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 11:57 a.m., there being no further business, upon a motion duly made by Mr. Moerdler, and seconded by Mr. Kimball, the meeting was adjourned.

Respectfully submitted,



Diane J. Pugacz
Assistant Secretary

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

November 27, 2017

ATTENDANCE LIST

Howard I. Berkman	Hawkins Delafield & Wood LLP
Kevin Murphy	“ ”
R. Gregory Henniger	“ ”
John Germain	Jefferies
Alan Jaffe	“ ”
Peter Weiss	J.P. Morgan
Cory Hoeppner	RBC Capital Markets
Jeff Sula	“ ”
Peter Cannava	Wells Fargo
Bill Yates	Citi
Marjorie Henning	“ ”
Mike Koessel	“ ”
Jose Yandun	Siebert Cisneros Shank
Geoff Proulx	Morgan Stanley
Samphas Chhea	Ramirez & Co.
Paul Haley	Barclays
Eileen Heitzler	Orrick, Herrington & Sutcliffe LLP
Andrew Rothbaum	Mohanty Gargiulo LLC
Joseph Monito	BofA Merrill Lynch
Joe Tait	Raymond James
Aaron Koffman	Hudson Companies
Alexandra Kaplan	“ ”
Casey Biegelsen	George K. Baum
Vincent Keeler	Domain Companies
Larry Mergentime	Rosenberg & Estis
Jacqueline Gold	DOF
Nate Vosbury	NYC Comm. Alliance for Workers Justice
Lee Kallman	“ ”
Juan Guevara	
George Jaeger	
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	“	”
Robert Sanna	“	”
Yaffa Oldak	“	”
Jonah Lee	“	”
Mica Wilson	“	”
Kate Gilmore	“	”
Shirley Jarvis	“	”
Madhavi Kulkarni	“	”
Trisha Ostergaard	“	”
Mary Hom	“	”
Luke Schray	“	”
Chris Antonelli	“	”
Clarissa Wertman	“	”
Ruth Moreira	“	”
Amy Dehuff	“	”
Jennifer Beamish	“	”
Amy Boyle	“	”
Josephine Logozzo	“	”
Cheuk Yu	“	”
Mary John	“	”
Justin Mathew	“	”
Stephanie Mavronicolas	“	”
Libby Rohlfing	“	”
Shira Gidding	“	”
Patricia Halling	“	”
Moira Skeados	“	”