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

April 8, 2010

A meeting of the Members of the New York City Housing Development Corporation (the "Corporation" or "HDC") was held on Thursday, April 8, 2010, at the offices of the Corporation, 110 William Street, 10th Floor, New York, New York 10038. The meeting was called to order at 10:18 a.m. by the Chairperson, Rafael Cestero, who noted the presence of a quorum. The Members present were Felix Ciampa, Harry E. Gould, Jr., Denise Notice-Scott and Charles G. Moerdler. Shortly after the start of the meeting, at 10:22 a.m., Mark Page arrived. The Member absent was David M. Frankel. A list of observers is appended to these minutes.

The Chairperson called for the approval of the minutes of the meeting held on February 24, 2010.

Upon a motion duly made by Mr. Gould, 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 greeted the Members and others in attendance. He said that at the last meeting on February 24, 2010, the Members approved an historic bond commitment that enabled the New York City Housing Authority ("NYCHA") to "federalize" 21 NYCHA developments, comprised of 20,139 apartments. He said that under a provision of the Federal American Recovery and Reinvestment Act of 2009, better known as the "Stimulus" bill, a window was opened to NYCHA to bring a substantial number of developments originally financed and subsidized by the City and State, and never funded by the Federal government, under the Federal Annual Contributions Contract ("ACC".) He said that to qualify, using a mix of financing, the developments had to be sold to a third party, and, at the completion of construction, meet certain minimum federal standards of good repair. He added that this sale and financing had to occur by no later than March 17, 2010.

Mr. Jahr stated that he was certain that most, if not all, in attendance were aware that after lenders, program staff, and lawyers worked through the weekend of March 13 and 14 and into the week of March 15, the NYCHA Federalization closed. He said that to get to that point, the State legislature -- the Senate and the Assembly -- had to pass and the Governor had to sign into law enabling legislation; the Mayor and the City Council had to pass comparable legislation; the State Division of Budget had to agree to provide a forward commitment of $410 million in tax-exempt volume cap; the Federal Department of Housing and Urban Development ("HUD") had to approve the final form of the deal; Citi, the lender and investor in the deal, had to obtain credit approval from the highest levels of the bank; and, HDC, NYCHA and Citi had to reach agreement on a mountain of legal documents. He said that remarkably, all that was accomplished, and for that we owe a debt of gratitude to a multitude of elected officials, local, State and Federal, as well as staff at the banks, including the Corporation's underwriters, and at every level of government.

Mr. Jahr stated that reduced to the simplest numbers, the outcome of all these labors will be $225 million in rehabilitation work, supported in part by $210 million in equity, and an annual flow of federal subsidies to NYCHA of between $65-$75 million, helping to substantially eliminate NYCHA's structural deficit.

Mr. Jahr stated that the Members could take great pride in their role in enabling this truly strategic project to take place. He added that later in the meeting, one further action related to this development would be presented to the Members for their consideration: an HDC guaranty of the yield on Citi's tax credit investment, a guaranty which, if approved, would yield a substantial fee to the Corporation.

Mr. Jahr stated that this proposed guaranty would not be the only action on the agenda today. He said that the Corporation would ask the Members to consider two projects: a 501 (c)(3) CUNY development for faculty and graduate student apartments, and a mixed income project proposed for the Lower Eastside. He said that he would leave it to staff to present these to the Members in full. However, Mr. Jahr stated, they're the tip of a pipeline that, despite the dislocations in the credit and real estate markets, remains quite substantial. He said that presently, the Corporation's June pipeline includes 15 projects, containing 1,735 apartments, and requiring approximately $134 million in tax-exempt volume cap, $129 million in recycled bonds, and $46 million in HDC corporate subsidy. He said that for December, the pipeline is comprised of 41 projects, containing 11,350 units. He said that reflecting market conditions and the plan's emphasis on preservation, half of these projects are preservation deals, including Mitchell Lama Preservation; and, even more impressive, 8,060 apartments or 71% of all the units in the December pipeline are in these deals. He said that of course, between now and June, and December, there would be substantial flux and attrition in these pipelines; nonetheless, they are representative of the continuing ferment in the affordable housing arena, and demand for HDC financing.

Finally, Mr. Jahr stated, although to date it has received little, if any, notice in the press, another major accomplishment occurred on March 29, 2010; on that date, after prolonged negotiations, the Board of the Battery Park City Authority ("BPCA"), the New York City Comptroller and the Mayor reached agreement on the use of BPCA monies for affordable housing. He said that from the perspective of HPD and HDC, the agreement would result in the infusion over time of an additional $400 Million in capital to support affordable housing development in New York City. He said that during a time of a severely constrained HPD capital budget, and when HDC must also carefully husband its corporate reserves—over the past three years we've provided approximately a half a billion dollars in project subsidies from our reserves, a pace that is not supportable over the long-term—this capital infusion is critical if we are to sustain our efforts. He said that beyond that, apart from the Corporation's needs and the need for affordable housing, the agreement would provide both the State and City with immediate financial relief at a time when both are experiencing financial duress.

Mr. Jahr stated that given the pressures of the moment, reaching an agreement was a formidable challenge. He said that while each of the parties deserves credit for finding common ground, he would like to acknowledge the great tenacity that HDC's Board Chair, Rafael Cestero, brought to this effort. Mr. Jahr said that he was certain that the Chairperson would join him in expressing sincere gratitude to Mark Page and his Deputy Director, Michael Dardia, for their equally great commitment and creativity in bringing this agreement to fruition. He said that this was a deal that couldn't have been done without their persistent efforts.

Mr. Jahr stated that 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 then stated that he wanted to publicly acknowledge that the NYCHA federalization transaction would not have happened within the timeframe it needed to occur without the great work of Marc Jahr, Richard Froehlich, Mathew Wambua, Joan Tally and the entire team at HDC, noting that they were able to pull the financing together and bring Citibank to the table, and said that the transaction was a remarkable achievement for the City and for NYCHA.

Mr. Page stated that he wanted to echo the Chairperson's statements; it was extraordinary that the NYCHA transaction was able to have been completed within the time frame which is was and that it was a huge accomplishment.

Mr. Moerdler stated that he hopes the money will be used to put the NYCHA projects into decent shape as soon as possible.

The Chairperson stated that the next item on the agenda for consideration by the Members would be the approval of an Authorizing Resolution for the Corporation's Multi-Family Mortgage Revenue Bonds (101 Avenue D Apartments), 2010 Series A. He called upon Elizabeth Oakley, Senior Project Manager for the Corporation, to advise the Members regarding this item.

Ms. Oakley referred the Members to the Memorandum before them entitled "Multi-Family Mortgage Revenue Bonds (101 Avenue D Apartments), 2010 Series A" dated April 1, 2010 (the "101 Avenue D Apartments Memorandum") and the attachments thereto including (i) the Resolution Authorizing Adoption of the Multi-Family Mortgage Revenue Bonds (101 Avenue D Apartments) Bond Resolution and Certain Other Matters in Connection Therewith (the "Authorizing Resolution"), (ii) the Multi-Family Mortgage Revenue Bonds (101 Avenue D Apartments) Bond Resolution (the "Bond Resolution"), (iii) the Official Statement and (iv) the Bond Purchase Agreement, all of which are appended to these minutes and made apart hereof.

Ms. Oakley stated that she was pleased to recommend that the Members approve the issuance of the Corporation's Multi-Family Mortgage Revenue Bonds, (101 Avenue D Apartments) 2010 Series A (the "Bonds") in an amount not to exceed $28,000,000. She said that interest on the Bonds was anticipated to be exempt from Federal, state and local income tax; approximately $11,360,000 of the Bonds would be subject to the Private Activity Bond Volume

Cap, and up to $16,640,000 would be tax-exempt recycled bonds which were not subject to the Private Activity Bond Volume Cap.

Ms. Oakley stated that the Borrower and Mortgagor would be 101 Avenue D Associates, LLC and 101 Affordable LLC, both New York limited liability companies. She said that the members of 101 Avenue D Associates are Dermot 101 LLC, whose principals are Stephen Benjamin and William P. Dickey, as well as GIM PA Partners LP whose members are Grosvenor Investment Management US and the Commonwealth of Pennsylvania State Employee Retirement System. She said that Mr. Benjamin and Mr. Dickey are principals of The Dermot Company, Inc. which owns more than 5,000 multi-family housing units throughout the country including 3,000 in New York City, and added that this was Dermot's third project with financing from the Corporation. She then noted the presence at the meeting of Drew Spitler from The Dermot Company representing the borrower entities.

Ms. Oakley stated that the Bonds would be used for the purpose of paying a portion of the costs of constructing and equipping a multi-family rental housing development to be located at 101 Avenue D in Manhattan (the "Project"). She said that the Project would contain 78 rental units financed under the Corporation's Mixed Income Program; three of the residential units would be affordable to families earning no more than 40% of the Area Median Income (or "AMI"), which was currently $30,720 for a family of four, thirteen of the units would be affordable to families earning no more than 50% of AMI, which was $38,400 for a family of four, and twenty-three of the units would be affordable to families earning 130% of AMI, which was $99,840 for a family of four, with the remaining 38 units to be rented at market rates. She said that the Project would include approximately 4,700 square feet of net rentable retail space. She said that the Lower East Side Girls Club of New York, Inc. would develop a separately financed facility at the Project's base that would close on construction core and shell financing including equity provided through New Markets Tax Credits and HPD Reso A funds. She said that Bank of America ("BOA") and HDC require that 100% of the funding for the Lower East Side Girls Club core and shell be available to BOA prior to Bond pricing.

Ms. Oakley stated that the Corporation also anticipates making an additional subordinate loan from unrestricted reserves of $2,535,000, or $65,000 per low and moderate income unit, in accordance with Mixed Income Program guidelines. She said that the Project would also be financed with borrower equity which may be partially replaced by tax credit equity generated by the sale of Federal low-income housing tax credits after the construction loan closing.

Ms. Oakley stated that during the construction and lease-up period, the Bonds would be secured by an irrevocable direct pay Letter of Credit to be issued by Bank of America and delivered to the trustee for the bondholders concurrently with the issuance of the Bonds. She said that the trustee would draw on the Letter of Credit to make all payments of principal and interest due on the Bonds. Ms. Oakley stated that at the end of the construction and lease-up period, it was anticipated that the Corporation would refund the Bonds into the Open Resolution as fixed-rate tax-exempt obligations with permanent Mortgage Insurance from REMIC. She said that prior to the refunding, the Borrower must meet the Corporation's and REMIC's criteria and approvals. She said that alternatively, the Borrower may secure a permanent credit enhancement instrument acceptable to the Corporation. Ms. Oakley stated that as a result, the Corporation believes that the financing is structured to effectively insulate the Corporation from credit, market and real estate risks. She said that the Bonds would initially be issued as seven-day variable-rate obligations. She said that the interest rate on the Bonds would be reset weekly by Morgan Stanley, the remarketing agent, and the Bonds would be subject to an absolute maximum interest rate of 15%, in accordance with the provisions of the Bond Resolution. She noted that all risks and fees were outlined in the 101 Avenue D Apartments Memorandum, and that it was expected that the Bonds would be initially rated A+ by Standard and Poor's Ratings Services.

Richard M. Froehlich, Executive Vice President and General Counsel for the Corporation, 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. Moerdler, and seconded by Mr. Ciampa, the Members unanimously:

RESOLVED, to approve (A) the Authorizing Resolution which provides for (i) the adoption of the Bond Resolution, (ii) the execution of the Bond Purchase Agreement regarding the sale of the Bonds, (iii) the distribution of the Official Statement in connection with the financing, and (iv) the execution of mortgage related documents and any other documents necessary to accomplish the issuance of the Bonds and the financing of the loan; and (B) the making of a subordinate loan to be funded by the Corporation's unrestricted reserves in an amount not to exceed $2,535,000, 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 approval of an Authorizing Resolution relating to the issuance of the Corporation's Multi-Family Housing Revenue Bonds, 2010 Series C. He called upon Joan Tally, Senior Vice President for Development of the Corporation, to advise the Members regarding this item.

Ms. Tally referred the Members to the memorandum before them entitled "Multi-Family Housing Revenue Bonds, 2010 Series C" dated April 1, 2010 (the "Open Resolution Memorandum") and the attachments thereto including (i) the Resolution Authorizing Adoption of the One Hundred Thirty-Second Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2010 Series C and Certain Other Matters in Connection Therewith (the "Authorizing Resolution"), (ii) the One Hundred Thirty-Second Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2010 Series C (the "Supplemental Resolution"), (iii) the Preliminary Official Statement and (iv) the Bond Purchase Agreement, all of which are appended to these minutes and made a part hereof.

Ms. Tally stated that she was pleased to recommend that the Members approve the issuance of the Corporation's Multi-Family Housing Revenue Bonds, 2010 Series C in an amount not to exceed $16,000,000 (the "2010 Series C Bonds" or the "Bonds"). She said that interest on the 2010 Series C Bonds would be exempt from Federal, state and local income tax; however, because the Bonds were to be issued on behalf of a §501(c)(3) organization, they did not require an allocation of Private Activity Bond volume cap. Ms. Tally stated that the 2010

Series C Bonds would be issued on a fixed-rate basis at an annual interest rate not to exceed 6.00% and with a final maturity of May 1, 2047.

Ms. Tally stated that the Supplemental Resolution relating to the 2010 Series C Bonds constitutes the 132nd Supplemental Resolution approved under the Corporation's Open Resolution. She said that the proceeds of the 2010 Series C Bonds would be used to provide first position construction and permanent financing for the new construction of a 77 unit graduate student and faculty housing development to be located on East 118th Street in Manhattan (the "Project"), and to be owned by the Graduate Center Housing Foundation Corporation, a 501(c)(3) entity formed to promote the City University of New York ("CUNY") Graduate Center. She then noted the presence at the meeting of Don Farley representing CUNY.

Ms. Tally stated that the risks and fees were outlined in the Open Resolution Memorandum, and that it was expected that the financing would be rated AA by Standard & Poor's Ratings Services and Aa2 by Moody's Investors Service, Inc.

Ms. Tally stated that additionally, the board packages the Members received included an authorizing resolution which provides for amendments to the 2006 Series J-1 supplemental resolution; however, at this time the authorizing resolution has been withdrawn until a later meeting, to reflect additional modifications still under review by staff.

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. Gould, and seconded by Ms. Notice-Scott, the Members unanimously:

RESOLVED, to approve the Authorizing Resolution which provides for (i) the adoption of the Supplemental Resolution to the Open Resolution providing for the issuance of the 2010 Series C Bonds, (ii) the distribution of a Preliminary and final Official Statement for the 2010 Series C Bonds, (iii) the execution of bond purchase agreements with the Underwriters of the 2010 Series C Bonds or a direct purchaser of any or all of the 2010 Series C Bonds, (iv) the use of the Corporation's unrestricted reserves to fund capitalized interest and mortgage reserves for the 2010 Series C Bonds, as may be required, (v) the use of the Corporation's general obligation as a "Cash Equivalent" (under the Open Resolution) to satisfy the Debt Service Reserve Account requirement with respect to the 2010 Series C Bonds, and (vi) the execution by the President or any Authorized Officer of the Corporation of any and all documents necessary to issue the 2010 Series C Bonds and to make the mortgage loan relating to the 2010 Series C Bonds.

The Chairperson stated that the next item on the agenda would be the approval of a Forward Loan Commitment relating to Low Income Housing Tax Credit Yield. He called upon Mr. Jahr to advise the Members regarding this item.

Mr. Jahr referred the Members to the memorandum before them entitled "Forward Loan Commitment Relating to Low Income Housing Tax Credits Yield" dated April 1, 2010 (the "Forward Loan Commitment Memorandum").

Mr. Jahr stated that he was pleased to recommend that the Members approve a forward loan commitment relating to the yield on the Low Income Housing Tax Credit ("LIHTC") investment in connection with the New York City Housing Authority ("NYCHA") federalization transaction. He said that the transaction entails the federalization of 21 NYCHA developments, comprised of 20,139 apartments, originally financed by the State or City, which were never eligible for annual operating subsidy under the federal Annual Contributions Contract ("ACC.") He said that the transaction qualifies these developments for $65-$75 million of annual federal operating and capital subsidies, and would support approximately $225 million in rehabilitation work at the developments.

Mr. Jahr stated that the NYCHA federalization transaction was previously approved by the Members on February 24, 2010 and the initial tranche of bonds relating to such transaction were issued and delivered by the Corporation on March 16, 2010.

Mr. Jahr stated that the Corporation's loan would be in an amount not to exceed $80 million, and facilitates the acquisition and rehabilitation of 13 of the State-City developments that are receiving federal Low Income Housing Tax Credits (the "NYCHA Tax Credit Transaction.")

Mr. Jahr stated that the Corporation's staff was recommending that the Members approve a forward loan commitment with an entity created by Citi that would effectively guaranty the yield on Citi's tax credit investment pursuant to the NYCHA Tax Credit Transaction for which the Corporation would receive a fee of approximately $21.5 million. He said that this would serve to bolster the Corporation's corporate reserves, which are essential to our efforts to subsidize affordable housing developments.

Mr. Jahr stated that to effectuate a guaranty of tax credit yield, the Corporation would make a forward loan commitment to an upper tier entity (the "Beneficiary") created by Citibank and Carreden Group, Inc. ("Carreden"). He said that Carreden, founded in 1990, is a specialty investment banking firm and FINRA registered broker/dealer focused on tax credit advice and corporate finance. He said that Carreden specializes in advising on the creation of tax credit guaranty funds, having advised 19 different guarantors and raised over $3.5 billion of guaranteed equity since 1995.

Mr. Jahr stated that the loan would have conditions to fund that are consistent with the terms of a guaranty of the yield on the LIHTC investment in the NYCHA transaction. He said that as lender, the Corporation would provide the Beneficiary with a loan that guaranties a pre-defined level of after-tax benefits over the tax credit compliance period plus the audit exposure period, limited to a maximum exposure of $80 million. He said that the Corporation would not be obligated to lend for changes in tax law or the ability of the Beneficiary to utilize the tax benefits. He said that the Corporation's obligation would be behind developer guaranties and reserves, which would be the first recourse to pay.

Mr. Jahr stated that pursuant to The Housing New York Program Act (Laws of New York 1986, chapter 32), the loan commitment would be made based on the Members' determination that such loan would further the general housing purposes of the Corporation, specifically to achieve the preservation and rehabilitation of affordable dwelling units in New York City by the making of loans, programs or activities. He said that the Housing New York Program Act has also been the statute pursuant to which HDC has provided over $900 million in subordinate financing to projects financed under the Mayor's New Housing Marketplace Plan.

Mr. Jahr stated that there were three triggers for a payment, subject to the prior application of additional guaranties and reserves, including a $15 million Collateral Guarantee Account, already established pursuant to the NYCHA LIHTC transaction: (i) credit adjusters due to shortfalls in qualified basis or delays in reaching qualified occupancy, (ii) compliance due to units rented to over-income households and/or at rents exceeding regulatory requirements, and (iii) foreclosure.

Mr. Jahr stated that in general, based upon a review of Citibank's Tax Credit investment performance and other industry-wide reviews of tax credit performance, the Corporation believes the risk of making a payment under the loan commitment is minimal. He said that Citibank reported that it had LIHTC investments in approximately 3,800 projects consisting of approximately 225,000 units. He said that the investments were in 175 funds, representing $4.25 billion in commitments, of which over $3 billion closed in the last five years. He said that 10% of the portfolio, or $406 million, was invested with a third-party guarantor. He said that Citibank provided the guaranty on 4% of the portfolio, or $170 million. He said that to date, Citibank had never called on the guarantor to make a payment on a guaranty, and this was consistent with performance throughout the tax credit industry.

Mr. Jahr stated that as compensation for making the loan commitment, the Corporation would earn a fee of $21.5 million, which was equal to the value spread between the LIHTC market yield and the yield of the Corporation's AA-rated credit. He said that the fee would be received as cash at the time of the loan commitment. He said however, the fee income would be accrued annually by the Corporation based on straight line amortization over the life of the tax credits. He said the forward loan commitment would be booked as a contingent liability. He said that as such, its accounting treatment would be based on the standards established by the Governmental Accounting Standards Board ("GASB"). He said that the GASB did not require the loan to be carried on the Corporation's books as anything other than a full footnote disclosure to the financial statements. He said that the liability was not recorded on the financial statements.

Mr. Jahr stated that to mitigate the risk of the Corporation making a payment under the guaranty, the fee would be held in the Corporation's reserves in a manner consistent with reserves kept for rating agency purposes and for other designated obligations of the Corporation, and released to the Corporation's corporate services account, subject to the satisfaction of rating agency guidelines, as the NYCHA Tax Credit transaction projects achieve the following milestones:

- Credit Allocation (delivery of IRS Form 8609)
- Stabilization
- Annual operating thresholds and review of potential guaranty liability on an annual basis

Mr. Jahr stated that as previously noted, the primary risks associated with the forward loan commitment to the Beneficiary were: foreclosure, construction, lease-up and ongoing compliance. He said that he would discuss these in greater detail:

1. Foreclosure Risk:

Mr. Jahr stated that while the financial impact of a foreclosure was most severe, its likelihood was also the most remote. He said that historically, tax credit properties have consistently outperformed all other asset classes, with an annualized foreclosure rate of 0.09%. He said that in New York City, since the inception of the tax credit in 1986, there has never been a foreclosure of a tax credit property.

Mr. Jahr said that as the senior lender, the Corporation controls the decision to foreclose after the property converts to permanent status. He said that appropriations and budget shortfalls would have to wipe out all the reserves provided in the guaranty provided by NYCHA to the Borrower, which include: operating reserves (up to $55 million) ("Operating Reserve"), and a collateral guaranty fund (up to $15 million available for LIHTC yield maintenance) ("Collateral Guaranty.")

Mr. Jahr stated that with the additional layers of HDC, Citibank and its third party asset manager, "The Richman Group", as well as Enterprise Community Partners' ("Enterprise") experienced oversight and monitoring, the Corporation staff believes that the portfolio would be managed appropriately and the risk of foreclosure is exceedingly remote.

2. Construction Risk:

Mr. Jahr stated that unlike new construction projects, the construction risk associated with the loan was low. He said that the buildings are already fully constructed, and the planned rehabilitation is limited to building systems, not apartment upgrades. He said that NYCHA had a team of seven (7) experienced construction managers and had successfully demonstrated the capacity to meet targets and successfully oversee the construction of large projects.

Mr. Jahr stated that in addition to NYCHA, Citibank's retained construction monitor, IVI International, Inc., had over 35 years of experience in providing construction and real estate services with an aggregate project cost exceeding $50 billion. He said that as an added layer of oversight, the Corporation would deploy its experienced staff of engineers who, on a monthly basis, would review the bank engineering consultant's report and payment requests. He said that they would also conduct periodic, targeted inspections to ensure that the rehabilitation work was proceeding on time and according to specification. He said that this would position HDC to intervene in the event of significant delays.

Mr. Jahr stated that the Corporation had determined by applying a stress test that the *entire* delivery of the tax credits and capital could be delayed by more than two years before the $15 million Collateral Guaranty is exhausted and the Corporation would have to fund the loan.

3. Lease-Up Risk

Mr. Jahr stated that the Corporation's staff believes that lease-up risk is minimal because the developments are already 97% occupied. He said that in addition to having nearly full occupancy, NYCHA maintains large waiting lists of up to a 20 year wait time, representing the demand of approximately 100,000 families. He said furthermore, the planned rehabilitation scope of work is limited to building systems, not apartment upgrades, and will not require tenant relocation.

4. Compliance Risk: Units become non-compliant and credits will be recaptured

Mr. Jahr stated that the risk of non-compliance and tax credit adjusters relates to a change in qualified basis. He said that the risk was partially mitigated by the experience of the compliance monitoring team. He said that NYCHA was currently responsible for the compliance review for over 280,000 families in New York City, and has retained Enterprise to advise them in tax credit compliance, which was slightly different from their traditional Section 8 compliance review.

Mr. Jahr stated that the Corporation would serve as the tax credit compliance agency, receiving an annual compliance fee to provide the designated staff and resources for the NYCHA tax credit portfolio, allowing HDC to quickly identify problems and help solve them if they arise in this area. He said that the Corporation was a highly experienced tax credit compliance agency currently responsible for 229 projects comprising 21,985 units.

Mr. Jahr stated that unlike market rate deals with for-profit sponsors, there was no incentive to be out of compliance. He said that NYCHA did not stand to benefit either from renting to over-income tenants or from charging rents in excess of those required under the tax credit law. He added that as a sensitivity test, HDC determined that 7.61% of the units, or 914 units, could become non-compliant for the *entire* 15 year tax credit compliance period before the $15 million NYCHA Collateral Guaranty would be exhausted and the Corporation would have to fund the loan.

Mr. Jahr stated that Citibank would be obligated to pay the Corporation a fee of $21.5 million at the time of the forward loan commitment. He said that the Corporation would use its fee to finance affordable housing units through its existing programs. He said that as a percentage of equity, as well as a percentage of HDC's maximum exposure, this fee conforms to industry standards, and is in some respects relative to maximum exposure a stronger fee than normally seen in the business.

Mr. Moerdler stated that before making his comment he wanted to disclose for the record that members of his firm act for Citibank from time to time, but that he does not, and that his ability to participate has been cleared by the Conflicts of Interest Board.

Mr. Moerdler stated that he would first like to congratulate the Chairperson, the President and the staff of the Corporation for their negotiation of the economics of this transaction, and with that said, he would vote against it. He said he would do so because he believed it was bad public policy. He said that he does not believe that it is appropriate for the Corporation to effectuate guaranties of tax credit yields. He said he does not believe that these kinds of adventures beyond the norm are the kinds of things that public agencies ought to do. He said that it was the kind of thing that, while it might make very good sense in the first instance and it may yield a great economic benefit in the first instance, we have all seen what happened with AIG and with other entities, and it is that first step that causes the problem and creates and generates the second, third and forth steps. He said it is for this reason and others that he was constrained to vote against this proposal, notwithstanding the superb efforts of staff, the Chair, the President and of all people involved and indeed the people of Citibank. He said that he just thinks it is bad, bad public policy.

Mr. Page stated that he would move to approve this item because he thought that this proposed action was consistent with the Corporation's overall purpose of supporting affordable subsidized housing. He said that he thought that the use of the credit of public borrowing entities such as this one was something that could certainly be done badly without looking at the amount of risk or the possible forward consequences, or it could also be done well in terms of analyzing and looking at the costs and benefits to us in a proposed transaction of this kind. He said that he believed that this Corporation and certainly other public borrowing entities that he was familiar with had from time to time entered into this kind of support transaction, and that notwithstanding the point made by his esteemed fellow board member he thought that there were distinctions to be made. He said that some of these transactions you wouldn't touch with a ten foot pole, and others, if you look at them carefully, he believed were worth doing. He said that he believed that this one fell into the second category and he would like to move the approval of this proposed transaction.

Mr. Gould stated that from his perspective, the risk involved was de minimis. He said that based on the track record of HDC he felt comfortable approving the proposal, which he thought was far removed from what occurred at AIG, and would second Mr. Page's motion to approve.

Upon a motion duly made by Mr. Page, and seconded by Mr. Gould, and notwithstanding one nay vote by Mr. Moerdler, the other Members:

RESOLVED, to approve: (i) the Corporation entering into the forward loan commitment in an amount not to exceed $80 million, and (ii) the execution by an Authorized Officer of loan related documents and any other documents necessary to accomplish the forward loan commitment.

The Chairperson stated that the next item of business would be the approval of the Investment Guidelines and the Fiscal Year 2009 Investment Report. He called upon Ellen K. Duffy, Senior Vice President for Debt Issuance and Finance for the Corporation, to advise the Members regarding this item.

Ms. Duffy referred the Members to the Memorandum before them entitled "2009 Annual Investment Report" dated April 1, 2010 and the attached Annual Investment Report for fiscal year 2009, which is appended to these minutes and made a part hereof.

Ms. Duffy stated that the New York State Public Authorities Law (PAL) requires HDC to provide an annual investment report and details the required contents of the report. She said that these requirements are met by the 2009 Annual Investment Report presented, which includes:

- Data on investments made;
- Investment earnings and fees paid;
- Copies of the Corporation's audited financial statements;
- The Investment Guidelines as approved by the Members on December 3, 2009; and
- 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. She said that major points in the report include:

- The Corporation's earnings on investments totaled $39.1 million in fiscal year 2009, a decline of $24.6 million from fiscal year 2008, which can be directly attributed to the precipitous drop in interest rates across maturities, but especially in short term rates, since October 2007 and continuing through 2009. Because of the Corporation's commitments, the majority of investments must be held for the short term, thus exacerbating the decline in earnings. Investment rates, already at historically low levels, continued to decline throughout 2009. In response to this low interest rate environment, the Corporation shifted investments from GICs and repos to collateralized demand deposits and direct purchases of U.S. Treasury and Agency obligations in order to optimize yield.

- HDC funds under management increased 5.26% from fiscal year-end 2008 to fiscal year-end 2009, from $2.34 billion to $2.47 billion. In addition, the Corporation as a whole saw significant growth in assets, liabilities and net assets of 9.1%, 9.6%, and 5.7% respectively over the year, in spite of market conditions.

- Since our fiscal year end, overall rates have remained low, with a slight increase in the first quarter of 2010.

- 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 December 3, 2009, and no amendments are proposed at this time.

Ms. Duffy stated that upon approval by the Members, the Report would be submitted to the Mayor and to both the City and State Comptrollers, as required by the Public Authorities Law. She said that she would be glad to answer any questions about the 2009 Annual Investment Report or the Investment Guidelines.

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

RESOLVED, to approve the 2009 Annual Investment Report and to readopt the Investment Guidelines without any changes at this time.

Mr. Gould then asked for an update on legislation to increase HDC's bond cap. Mathew M. Wambua, Executive Vice President of the Corporation, stated that HDC anticipated seeing something in June. The Chairperson also stated that it is being discussed in Albany, and that hopefully it will move in June.

At 10:53 a.m., there being no further business, upon a motion duly made by Mr. Moerdler, and seconded by Mr. Ciampa, the meeting was adjourned.

Sincerely,

Diane J. Pugacz
Assistant Secretary

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

April 8, 2010

ATTENDANCE LIST

NAME	AFFILIATION
Howard I. Berkman	Hawkins Delafield & Wood LLP
R. Gregory Henniger	“ ”
Samphas Chhea	MR Beal & Company
Alan Jaffe	Goldman Sachs & Co.
Marvin Markus	“ ”
Diana Glanternik	Office of Management & Budget
Patrice Mitchell	Morgan Stanley
Donal E. Farley	City University of New York (CUNY)
Drew Spitler	The Dermot Company, Inc.
Eileen Heitzler	Orrick, Herrington & Sutcliffe LLP
Margaret Guarino	Bank of America/Merrill Lynch
Kent Hiteshew	JP Morgan Chase
Annie Lee	“ ”
Nick Flueh	Ramirez & Co., Inc.
Inna Spector	NYC Department of Investigation
Marc Jahr	New York City Housing Development Corporation
Richard M. Froehlich	“ ”
Mathew M. Wambua	“ ”
Joan Tally	“ ”
Diane J. Pugacz	“ ”
Melissa Barkan	“ ”
Teresa Gigliello	“ ”
Cathleen Baumann	“ ”
Ted Piekarski	“ ”
Jeffrey Stone	“ ”
Susannah Lipsyte	“ ”
Catie Marshall	“ ”
Claudine Brown	“ ”
Chanin French	“ ”
Urmas Naeris	“ ”
Ellen K. Duffy	“ ”
Eileen M. O’Reilly	“ ”
Bharat Shah	“ ”

Kristen Smith	“	”
Mary John	“	”
Shirley Jarvis	“	”
Mary Hom	“	”
Jonah Lee	“	”
Marcus Randolph	“	”
Rashida McGhie	“	”
Sara Dobbs	“	”
Jerry Mascuch	“	”
Liz Oakley	“	”
Kerry Yip	“	”
Simon Bacchus	“	”
Pellegrino Mariconda	“	”
Jaclyn Moynahan	“	”
Cathy Foody	“	”
Moira Skeados	“	”
Mary McConnell	“	”
Cheuk Yu	“	”
Uyen Luu	“	”
Winnie Yeung	“	”
Mohammad Zaman	“	”
Ruth Moreira	“	”
Dwan Daniels	“	”
Sonia Medina	“	”