

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

December 10, 2008

A meeting of the Members of the New York City Housing Development Corporation (the "Corporation" or "HDC") was held on Wednesday, December 10, 2008, at the offices of the Corporation, 110 William Street, 10th Floor, New York, New York 10038. The meeting was called to order at 11:34 a.m. by the Chairperson, Shaun Donovan, who noted the presence of a quorum. The Members present were Felix Ciampa, Harry E. Gould, Jr. and Mark Page. The Member absent was Charles G. Moerdler. Shortly after the start of the meeting, at 11:39 a.m., Martha E. Stark arrived, followed by Michael W. Kelly. A list of observers is appended to these minutes.

The Chairperson called for the approval of the minutes of the meeting held on October 31, 2008.

Upon a motion duly made by Mr. Gould, and seconded by Mr. Ciampa, 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, and called upon Marc Jahr, President of the Corporation, to make this presentation.

Mr. Jahr thanked the Chairperson and stated that there was a full agenda that he wanted to preview for the Members; among other things, the Corporation would seek the Members' authorization to form a Governance Committee, ask for their approval of revised investment guidelines, seek approval of the staff's recommendations for managing underwriters of the Corporation's bond issuances, ask that the Members approve the Corporation's proposed 2009 budget, and seek approval of a set of resolutions that would enable the Corporation to proceed with a set of new deals, as well as securitize an existing set of projects, allowing the Corporation to replenish its corporate reserves and its ability to subsidize future projects.

Mr. Jahr stated that he would like to talk briefly about three of the agenda items, and noted that later in the meeting, Richard M. Froehlich, Executive Vice President and General Counsel for the Corporation, would present to the Members HDC's recommendations for Managing Underwriters. Mr. Jahr said that earlier this year, he and Mr. Froehlich had discussed the possibility of issuing a request for proposals for underwriters and that he had spoken with a board Member about that possibility; he recommended that the Corporation issue one, reasoning that it had been quite some time since the Corporation had last vetted its underwriters, and advising that it could prove to be an instructive, educational process for the Corporation's staff. Mr. Jahr stated that for a couple of months, HDC left it at that; then the credit crunch hit with a vengeance and what had appeared to be something of a luxury, given all the other demands on

the Corporation's time, became an imperative. He said that it was clear that the firms that were here today might be gone tomorrow, and that to protect the Corporation from the enormous upheaval within the financial services industry it was critical that the Corporation rethink the structure and members of its underwriting pool. Mr. Jahr stated that issuing a request for proposals for underwriters was the prudent and equitable step to take, and as the board Member predicted, it had been an instructive, educational process for the Corporation. He said that the Corporation had been exposed to the best analyses and thinking in the housing finance industry and had a chance to listen to a range of suggestions as to how HDC could strengthen its efforts.

Mr. Jahr stated that after soliciting proposals from 45 firms, the request for proposals was publicly advertised in *The Bond Buyer*; by the deadline of July 9, the Corporation had received 28 written responses. Mr. Jahr stated that six months later, during which time the markets had continued to punish the financial services industry, and after evaluating these responses and interviewing a number of the firms who submitted proposals, the Corporation was prepared to submit its recommendations to the Members for their consideration. He said that the Corporation believed that its proposal would provide HDC with the breadth and diversity of experience, skills, and market and geographic reach that would serve the Corporation well during this tumultuous time.

Mr. Jahr stated that the Corporation would also be presenting to the Board its proposed 2009 budget. He said that the Corporation thinks it is a budget that in a measured way targets additional resources to critical core functions. Mr. Jahr stated that the Corporation had experienced enormous growth over the past seven years. He said that HDC's bonds outstanding had more than doubled, increased almost 120% to more than \$7 billion. He said that from 2007 to 2008 alone, they increased 17.4%; assets, liabilities and net assets have all ramped up, for instance, net assets over the past fiscal year are up 3.3% and now stand at close to \$1.1 billion; the number of projects has also significantly increased, and HDC's Asset Management department now supervises approximately 127,000 units of affordable housing, the equivalent of a mid-size American city. Mr. Jahr stated that the budget the Corporation would be presenting today attempts to take into account this growth and address its concern that it not outstrip the Corporation's resources: its staff and its technological infrastructure. He stated that it also seeks to balance this effort with the imperatives of the austere environment we've entered into. He said that the Corporation was seeking to make modest increases to staff in core areas, most notably accounting and asset management. He added that the Corporation was proposing to accelerate its acquisition of software that would enhance its ability to generate sophisticated reports and analyses across departments, and communicate more effectively with one another.

Mr. Jahr stated that finally, he'd like to share some recent activities and close to year-end numbers with the Members. He said that at the last board meeting, he stated that the Corporation would close on the construction financing for the Tapestry project on East 124th Street in East Harlem. He said that the Corporation did, issuing the remaining \$40 million in volume cap that the State had allocated to HDC. In addition, Mr. Jahr stated, the Corporation had a request pending before the State for an additional \$93.6 million in volume cap that would allow HDC to finance another four (4) projects containing 808 units. Mr. Jahr stated that he was pleased to report that, subsequently, the State's Division of Budget provided the Corporation with the full

amount of its request, drawing upon a portion of the \$604 million in additional cap allocated to the State under the Housing and Economic Recovery Act of 2008 or “HERA”.

Mr. Jahr stated that as an aside, he, Mr. Froehlich and Mathew M. Wambua, Executive Vice President for Real Estate and External Relations of the Corporation, were in Washington, D.C. yesterday and met with representatives of Senator Schumer’s and Congressman Rangel’s offices at which time HDC thanked them for all their assistance in ensuring that the HERA legislation met HDC’s specific needs. He said that they were also pleased to learn that HDC was quickly putting to use the resources they put in its hands—more cap and the ability to recycle bonds. He said that they were also receptive to a new set of requests the Corporation presented to them, and were clearly aware of the difficulties in the bond market, challenges that extend beyond the housing finance realm and deep into the realm of tax exempt municipal finance. Mr. Jahr stated that he’d opened a discussion with them around HDC’s requests and was optimistic that some of them would find their way into the new economic recovery bill and other legislation that the 2009 Congress may enact.

Mr. Jahr stated that as earlier noted, the HERA cap allowed the Corporation to close the 428 unit “Bruckner by the Bridge” and the 83 apartment “Hewitt House” projects. He said that the former absorbed \$68.5 million in volume cap, while the latter required \$11 million in volume cap. Mr. Jahr said that given the state of the 421-a negotiable certificate market and the bond market, closing the Bruckner deal required a great deal of flexibility on the part of all the parties—the developer, HPD and HDC. He said that today, the Corporation would seek the Members’ approval of the two additional deals that would consume the remaining balance of the cap allocated to HDC by the State: “Maria Lopez”, a Section 8 preservation project that would use \$16 million of the bond allocation and “Sons of Italy”, a Section 202 preservation project that would require \$8 million of volume cap. Mr. Jahr stated that as a matter of fact, this was a remarkable amount of activity given the remarkably inhospitable bond market that we are working within. He said that despite these circumstances, the Corporation had submitted a request to the State for an additional \$52 million in volume cap that would allow HDC to proceed with an additional set of projects that it would seek the Members’ approval of today.

Mr. Jahr stated that if the Corporation were to close Sons of Italy, Maria Lopez and Tanya Towers (a Mitchell Lama Repair Program project which HDC would also seek the Members’ approval of today) and receive this new allocation from the State, it would add to its calendar year production, but if 2008 ended today HDC would have issued \$1.157 billion in bonds in 2008, including \$427 million in volume cap; \$203.9 million in Liberty Bonds; and \$69.8 million in 501c(3) bonds. He said that in total, HDC would have financed 7,852 units of housing in 41 developments. Mr. Jahr said that if you project those bond numbers on to the national stage—and HDC still had time left in the year to add to them—they make HDC, as of December 3, not only the #1 issuer of multi-family housing bonds in the United States but also the #1 issuer of single family and multi-family housing bonds in the United States.

Mr. Jahr stated that netting out the New York State Housing Finance Agency, the #2 issuer of multi-family bonds, HDC has issued more than the next 5 highest ranked States taken as a whole. He said that after those, if you add up the remaining 48 States and localities that have issued multi-family bonds, including the States of Illinois, Wisconsin, Maryland, Texas,

Florida, Hawaii, Kansas, Washington, Louisiana, Kentucky, North Carolina, Nebraska, Mississippi and more, HDC has issued more multi-family housing bonds than all of their issuances combined. Mr. Jahr stated that frankly, on the multi-family side, that's how it should be. He said that given the scale of rental housing in New York City -- we have roughly 2 million rental housing units in New York City -- HDC should always be the #1 issuer or close to it. But, Mr. Jahr stated, being #1 in the issuance of both single-family and multi-family housing bonds is startling; that, perhaps it is a measure of how dislocated the bond market is -- there is no such thing as a fixed rate long term housing bond these days, and that has badly damaged the efforts of our colleagues in other States of the Union. He said that it shouldn't, however, completely overshadow the Corporation's accomplishments in New York City; they're a measure of the Mayor's commitment as well as the Members' to this affordable housing effort, the fine work of HDC's and HPD's staff, and the strong partnerships the Corporation has both within and outside this room in the development community.

The Chairperson noted that this was an incredibly difficult time in so many ways and that it was an amazing testament to the efforts of everyone at HDC, as well as those who have partnered with HDC, for its work to continue despite enormous hurdles, and that the track record and credibility of HDC around the country in the financial community and beyond was also a testament to the work HDC has done.

The Chairperson stated that the next item on the agenda would be the appointment of Members to the Governance Committee and called upon Mr. Jahr to make that presentation.

Mr. Jahr stated that pursuant to the Public Authorities Accountability Act of 2005 the Corporation established a Governance Committee and the Members established its charter; at this point, the Members should select the participants on the Committee. He said that pursuant to the Committee charter, the Governance Committee would be composed of three (3) of the Corporation's independent (not *ex-officio*) Members, one (1) of which would be the Corporation's Vice Chairperson. He said that based on these requirements, Mr. Ciampa, Mr. Moerdler and Mr. Gould were requested to be the Governance Committee Members, and he believed that they had accepted that request as well.

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

**RESOLVED**, to appoint Mr. Ciampa, Mr. Moerdler and Mr. Gould as the Governance Committee members.

The Chairperson stated that the next item of business would be the approval of managing underwriters for the Corporation's bond issuances. He called upon Mr. Froehlich to advise the Members regarding this item.

Mr. Froehlich referred the Members to the memorandum before them entitled "Report Regarding Request for Proposals for Underwriters" dated December 3, 2008 (the "RFP Memorandum"). He stated that as the Members were aware, the Corporation issued a Request for Proposal ("RFP") for managing underwriters in June. He said it was necessary that the

Corporation consider the composition of its underwriter group and the services they provide. Mr. Froehlich stated that the Corporation created a committee which reviewed and analyzed the written responses and selected the firms to be invited for an interview. He stated that the committee then evaluated the oral presentations of those firms selected to be interviewed, and, after much discussion, came to a recommendation for underwriters. He noted that the RFP Memorandum detailed HDC's criteria and the staff's recommendations regarding the selection of managing underwriters.

Mr. Froehlich stated that in making recommendations for selection to the Members, the committee considered the Corporation's likely financing needs over the next several years and concluded that there are two distinct categories of financing for which the Corporation would need the services of a senior manager: the Corporation's Open Resolution and stand-alone debt.

Mr. Froehlich stated that based on a combination of the written presentations, strong performance at the interviews, and clearly demonstrated knowledge of the Corporation and the issues it faces, the review committee recommends that both J.P. Morgan Securities Incorporated ("JPMorgan") and Goldman Sachs & Company ("Goldman Sachs") be senior managers for the Open Resolution.

Mr. Froehlich stated that the review committee determined that Banc of America Securities LLC ("Banc of America"), Merrill Lynch & Co. ("Merrill Lynch"), and Morgan Stanley should be included as co-senior managers for the Open Resolution. He said that they made superior proposals which were well presented and relevant to the needs of the Corporation. He said that irrespective of the planned merger of Merrill Lynch and Banc of America, the review committee was impressed by presentations from both, and the review committee recommends both firms. He added that all three firms had the technical capability to act as "book running" senior manager for an Open Resolution bond issue, should JPMorgan and Goldman Sachs be unable to act in that capacity.

Mr. Froehlich stated that the review committee agreed that RBC Capital Markets, Citigroup Global Markets Inc., Ramirez & Co., Inc. and M.R. Beal & Co. should be selected as co-managers for the Open Resolution and that such firms could provide HDC with a variety of access to their retail client base, institutional client base, local presence and/or national scope. He said that in addition, for the Open Resolution, the Corporation would consider adding members of the co-manager group recommended for stand-alone issuance, should market conditions necessitate and subject to the Members approval.

Mr. Froehlich stated that the Corporation had met with great success with this roster of senior managers for stand-alone debt and the review committee recommends that each of JPMorgan, Goldman Sachs and Merrill Lynch be reinstated to the senior manager pool. He said that in light of recent conditions, however, the review committee agrees that this group should be enlarged to include the addition of Banc of America and Morgan Stanley as senior managers for HDC's stand-alone issuances. He said that the five firms had substantial experience underwriting and remarketing both tax-exempt and taxable variable rate debt. Mr. Froehlich said that the Corporation would also benefit from the addition of RBC Capital Markets, Citibank, and M.R. Beal and Company as co-senior managers for our stand-alone issues.

Mr. Froehlich stated that if the Corporation were to issue fixed rate debt for a large transaction, or require a broader distribution network, HDC may need a management group comprised of a variety of firms to serve as co-managers for our stand-alone issues. He said that the review committee had agreed that the following firms would provide the range and capacity the Corporation may require for future issuance: Barclay Capital, Cabrera Capital Markets, LLC; Fifth Third Securities, Inc.; George K. Baum and Company; Lebenthal & Co.; Loop Capital Markets, LLC; Morgan Keegan & Co., Inc.; Ramirez & Co., Inc.; Raymond James & Associates, Inc.; Roosevelt and Cross Inc.; Siebert Brandford Shank and Company, LLC and Wachovia Securities, LLC.

Mr. Froehlich stated that while the Corporation would not require the inclusion of all co-managers, co-senior managers and senior managers for a particular issuance of stand-alone debt, HDC would recommend a management group from the managers approved to underwrite the Corporation's debt. He said that also as an extension of HDC's current practice, should a co-manager generate a unique and innovative financing structure that would result in significant savings for HDC, that co-manager should have the opportunity to be promoted to senior or co-senior manager for that particular offering; similarly, if a co-manager brings a potential project to the Corporation (not currently in the pipeline) that is ultimately financed through the Corporation, that underwriter should have the opportunity to serve as senior or co-senior manager for that transaction. He added that the committee also recommends the extension of the flexibility to add any firm not currently selected as underwriter to participate in a financing if that firm brings a project to the Corporation that was not in the current pipeline.

Mr. Froehlich stated that the Members are requested to approve the recommendations of the review committee pertaining to the selection of senior managers, co-senior managers, and co-managers for the issuance of the Corporation's Open Resolution and stand-alone debt, and additional recommendations as set forth in the RFP Memorandum.

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

**RESOLVED**, to adopt the recommendations of the review committee pertaining to the selection of senior managers, co-senior managers, and co-managers for the issuance of the Corporation's Open Resolution and stand-alone debt, and additional recommendations as set forth in the RFP Memorandum.

The Chairperson stated that the request for proposal process was an enormous amount of work and effort for Mr. Jahr and Mr. Froehlich and he expressed thanks for their outreach to the Members prior to today's meeting, noting that the prior interaction was very helpful.

The Chairperson stated that the next item on the agenda for consideration would be the approval of an Authorizing Resolution for the Corporation's Multi-Family Mortgage Revenue Bonds (Sons of Italy Apartments), 2008 Series A. He called upon Kerry Yip, Project Manager for the Corporation, to advise the Members regarding this transaction.

Ms. Yip referred the Members to the memorandum before them entitled “Multi-Family Mortgage Revenue Bonds (Sons of Italy Apartments), 2008 Series A” dated December 3, 2008\* (the “Sons of Italy Memorandum”) and the attachments thereto including (i) the Resolution Authorizing Adoption of the Multi-Family Mortgage Revenue Bonds (Sons of Italy Apartments) Bond Resolution and Certain Other Matters in Connection Therewith (the “Authorizing Resolution”); (ii) the Multi-Family Mortgage Revenue Bonds (Sons of Italy 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 a part hereof.

Ms. Yip stated that she was pleased to present for the Members’ approval, the issuance of the Corporation’s Multi-Family Mortgage Revenue Bonds, Sons of Italy Apartments, 2008 Series A (the “Bonds”) in an amount not to exceed \$8,000,000. She stated that interest on the Bonds would be exempt from Federal, State and local income tax, and that the Bonds would be subject to the Private Activity Bond Volume Cap.

Ms. Yip stated that the proceeds of the Bonds would be utilized by SOI Preservation L.P. (the “Borrower”), a New York limited partnership, whose general partner was Order Sons of Italy in America Preservation GP Corp., to fund the refinancing and rehabilitation of Sons of Italy Apartments, a 106-unit multi-family senior housing facility located in the Gravesend neighborhood of Brooklyn (the “Project”). She said that by financing the Project with tax-exempt bond proceeds and thus qualifying it for the as of right 4% federal low income housing tax credits, the Borrower would be able to rehabilitate the premises and improve living conditions for existing low-income senior residents.

Ms. Yip stated that the Project consisted of a seven-story elevator building, plus 16 on-site parking spaces, a laundry room, lobby area and community room. She said that currently, the Project was fully occupied and included 106 units reserved for low-income seniors earning less than 60% of the New York City area median income. She said that all of the units, excluding the superintendent’s unit, currently receive subsidy under a HUD Housing Assistance Payments Contract. Ms. Yip added that as part of the proposed transaction, the Borrower would acquire the property and complete approximately \$3,500,000 in needed repairs, including improvements to kitchens, baths, common areas, doors, windows, roofs, parking and landscaping.

Ms. Yip stated that the Bonds would be secured by an irrevocable direct-pay letter of credit (the “Letter of Credit”) to be issued by Wachovia Bank, National Association (“Wachovia”) and delivered to Deutsche Bank Trust Company Americas as trustee for the bondholders concurrently with the issuance of the Bonds. She said that Red Stone Partners, L.L.C. (“Red Stone”) was the Credit Issuer Representative for the Project, and that Red Stone had arranged for the Letter of Credit through Wachovia and had an agreement under which Wachovia would credit enhance the Bonds for three years. Ms. Yip stated that pursuant to a Reimbursement Agreement to be entered into between Red Stone and the Borrower, Red Stone would be required to extend or replace the Letter of Credit throughout the full term of the Bonds. Ms. Yip said that if at any point Red Stone was unable to obtain a letter of credit, Red Stone

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\* Memorandum was incorrectly titled “Multi-Family Rental Housing Revenue Bonds (Sons of Italy Apartments), 2008 Series A”.

(through Prudential Financial, Inc.) would be required, without conditions, to purchase and hold the Bonds at a rate equal to the published weekly tax exempt Securities Industry and Financial Markets (SIFMA) index. She said that as a result, the Corporation believed that the financing was structured to effectively insulate the Corporation from credit, market and real estate risks.

Ms. Yip stated that the Bonds would initially be issued as seven-day variable-rate obligations but may also be issued as daily rate obligations. She said that on the basis of prevailing financial market conditions, J.P. Morgan Securities, Inc., the Senior Manager and Remarketing Agent for the Bonds, would establish the weekly or daily rate at the minimum interest rate that it determines would be necessary to market the Bonds at par. Ms. Yip stated that it was expected that the Bonds would be rated Aa1 by Moody's Investors Service, Inc., and noted that the risks and fees associated with this Project were described in greater detail in the Sons of Italy Memorandum.

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. Kelly, and seconded by Mr. Gould, the Members unanimously:

**RESOLVED**, to approve 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.

The Chairperson stated that the next item on the agenda would be the approval of an Authorizing Resolution for the Corporation's Multi-Family Housing Revenue Bonds, 2008 Series J, K, L and M. He called upon Joan Tally, Senior Vice President of Development for 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, 2008 Series J, K, L and M" dated December 3, 2008 (the "Open Resolution Memorandum"), noting that a revised Open Resolution Memorandum was in the packages before the Members, and the attachments thereto including (i) the Resolution Authorizing Adoption of the One Hundred Fourth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2008 Series J, the One Hundred Fifth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2008 Series K, the One Hundred Sixth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2008 Series L and the One Hundred Seventh Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2008 Series M, and Certain Other Matters in Connection Therewith (the "Authorizing Resolution"); (ii) the One Hundred Fourth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2008 Series J, the One Hundred Fifth Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2008 Series K, the One Hundred Sixth Supplemental Resolution Authorizing the Issuance of Multi-Family

Housing Revenue Bonds, 2008 Series L, and the One Hundred Seventh Supplemental Resolution Authorizing the Issuance of Multi-Family Housing Revenue Bonds, 2008 Series M (each, a “Supplemental Resolution” and collectively, the “Supplemental Resolutions”); (iii) the Preliminary Official Statement; (iv) the Bond Purchase Agreement; and (v) the Placement Agent 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, 2008 Series J, 2008 Series K, 2008 Series L and 2008 Series M (the “2008 Series J Bonds”, the “2008 Series K Bonds”, the “2008 Series L Bonds” and the “2008 Series M Bonds”, respectively, and collectively, the “2008 Bonds”) in an amount not expected to exceed \$228,000,000.

Ms. Tally said that interest on the 2008 Series J Bonds and the 2008 Series K Bonds would not be exempt from Federal income tax, but would be exempt from state and local income tax. She said that interest on the 2008 Series L Bonds and the 2008 Series M Bonds was expected to be exempt from Federal, state and local income tax, and that the 2008 Series M Bonds would be subject to the Private Activity Bond Volume Cap.

Ms. Tally stated that the 2008 Series J Bonds and the 2008 Series K Bonds were expected to be issued as variable rate index bonds to be directly placed with the Federal Home Loan Bank of New York (“FHLBNY”) at a maximum interest rate not to exceed 15%. She stated that as described in the Open Resolution Memorandum, the Federal Home Loan Bank would have the right to give notice, on a quarterly basis, to put the 2008 Series J and 2008 Series K Bonds back to the Corporation, to be effective six months from the date of such notice. She said that this right to put was only available after an initial six (6) month period. She said that if the Corporation could not repay the principal remaining on such 2008 Series J and 2008 Series K Bonds put then the Corporation would repay FHLBNY the principal amount over a period not expected to exceed seven years from excess cash in the Open Resolution.

Ms. Tally stated that the 2008 Series L Bonds and the 2008 Series M Bonds were each expected to be issued on a fixed-rate basis with a maximum annual interest rate not to exceed 7.5%, noting that due to rising fixed rates as we approach year end, the maximum interest rate had recently been increased by 75 basis points. Ms. Tally said that even so, continued uncertainty in the market may require that the 2008 Series L and 2008 Series M Bonds be issued as convertible option bonds, which would be issued as variable rate obligations but would bear a fixed rate not to exceed 4.50% until June 30, 2009, unless earlier redeemed or called for tender.

Ms. Tally stated that the Supplemental Resolutions relating to the 2008 Bonds constitute the 104th through 107th Supplemental Resolutions approved under the Corporation’s Multi-Family Housing Revenue Bonds Bond Resolution originally adopted by the Members in 1993 (the “Open Resolution”).

Ms. Tally stated that the 2008 Series J Bonds would be issued in an amount not expected to exceed \$35,000,000 and have an approximate final maturity of November 1, 2043. She said that the proceeds thereof were expected to be utilized to refund or refinance certain of the Corporation's outstanding 2008 Series C and 2008 Series G Housing Revenue Bonds that were

originally issued pursuant to the Corporation's Mitchell Lama Restructuring Program ("MLRP") with a standby bond purchase agreement provided by Dexia Credit Local ("Dexia"). She said that Standard & Poor's Ratings Services ("S&P") recently lowered its ratings on these Dexia liquidity facility-backed issues to AA/A-1 from AA/A-1+ and placed the ratings on CreditWatch with developing implications. She said that S&P had indicated that the short-term components of the ratings were based solely on a liquidity facility provided by Dexia, and would not affect the long-term ratings on the bonds. She said that Dexia's ratings were downgraded by S&P to A+/A-1 from AA-/ A-1+, and that due to the downgrade, the Corporation's staff had determined that it was advisable to redeem these bonds rather than pay the high interest rates that have resulted.

Ms. Tally stated that the 2008 Series K Bonds would be issued in an amount not expected to exceed \$110,000,000 and have an approximate final maturity of November 1, 2043. She said that the proceeds were expected to be used to for a number of purposes: to redeem the Corporation's Multi-Family Housing Revenue Bonds, 2008 Series B, issued under the General Resolution; to reimburse the Corporation for the amounts advanced to redeem all or a portion of the Corporation's Multi-Family Housing Revenue Bonds, 1994 Series A, 1995 Series A, 1997 Series A, 1997 Series B and 2000 Series A, all issued under the General Resolution, and finally to acquire approximately 59 loans made to projects in the Affordable Housing Permanent Loan Program ("AHPLP"), the Low-Income Affordable Marketplace Program ("LAMP"), the New Housing Opportunities Program ("New HOP"), Section 8 and other miscellaneous portfolios originally funded by the Corporation. She said that the issuance of the 2008 Series K Bonds would allow for replenishment of the Corporation's reserves, which could then be re-lent to new developments in furtherance of the Corporation's commitment to the Mayor's *New Housing Marketplace Plan*.

Ms. Tally stated that the tax-exempt 2008 Series L Bonds would be issued in an amount not expected to exceed \$12,000,000 and would have an approximate final maturity of May 1, 2039. Ms. Tally stated that \$7,500,000 of 2008 Series L Bond proceeds would be used to refinance and restructure permanent mortgage loans for "Tanya Towers" pursuant to the Corporation's Mitchell Lama Restructuring Program. She said that the refinancing of Tanya Towers would preserve affordability in a 138-unit rental development in Manhattan, bringing the total number of units preserved since the Program began in 2004 to more than 18,000 units in 38 developments. Ms. Tally stated that \$4,500,000 of 2008 Series L Bond proceeds would be used to refund certain of the Corporation's Multi-Family Housing Limited Obligation Bonds ("MFHLOB") associated with "Tivoli Towers," a project that the Corporation anticipated refinancing and restructuring in the Mitchell Lama Restructuring Program in June 2009, at which time details of the transaction would be brought to the Members for approval.

Ms. Tally stated that the tax-exempt 2008 Series M Bonds would be issued in an amount not expected to exceed \$71,000,000 and would have an approximate final maturity of November 1, 2045. She said that the proceeds would be used to provide first position construction and permanent financing under the Corporation's LAMP program for the new construction or rehabilitation of up to four developments with a total of approximately 560 units located in Brooklyn and the Bronx. She said that due to the fluid market conditions, the Corporation's staff recommends that the Members approve the financing for a fifth project that may be substituted

for one or more of the projects expected to be funded with the proceeds of the 2008 Series M Bonds. She said that the use of this substitute project would provide assurance that if any of the approved projects cannot be financed in a timely manner that the Corporation would not waste the allocation of private activity bond volume cap.

Ms. Tally stated that all of the units in the LAMP developments were anticipated to be rented to households earning no more than 60% of the AMI which was currently \$46,080 for a family of four, with the exception of 18 units in one LAMP development that would be affordable to households earning up to 80% of the AMI which was currently \$61,440 for a family of four. Ms. Tally stated that each of the LAMP Developments would also receive subordinate financing (each a "Subordinate Loan") from the Corporation which would bear an interest rate of 1% and would be funded from the Corporation's unrestricted reserves. She said that the Corporation anticipated utilizing approximately \$21,000,000 of unrestricted corporate reserves to finance the Subordinate Loans.

Ms. Tally stated that the 2008 Bonds were expected to be issued in the modes just described; however the Supplemental Resolutions relating to each series of 2008 Bonds would permit that a senior officer of the Corporation may determine that the 2008 Bonds be issued in one of a number of modes (including convertible option bonds, variable rate demand obligations, fixed rate and term rate). She said that furthermore, a senior officer of the Corporation may determine to issue the 2008 Bonds in multiple issuances pursuant to the same Supplemental Resolutions. Ms. Tally stated that the risks and fees were outlined in the Open Resolution Memorandum and that the 2008 Bonds were expected to be rated AA by S & P and Aa2 by Moody's.

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 Ms. Stark, and seconded by Mr. Kelly, the Members unanimously:

**RESOLVED**, to approve (A) the Authorizing Resolution which provides for (i) the adoption of Supplemental Resolutions to the Open Resolution providing for the issuance of the 2008 Bonds; (ii) the distribution of a Preliminary and final Official Statement for the 2008 Bonds; (iii) the execution of bond purchase agreement(s) with the Underwriter(s) of the 2008 Bonds or a direct purchaser of any or all of the 2008 Bonds; (iv) placement agreements, if required, with the FHLBNY and the Placement Agent for the 2008 Series J Bonds and the 2008 Series K Bonds, (v) the use of the Corporation's unrestricted reserves to fund capitalized interest and mortgage reserves for 2008 Bonds, as may be required; (vi) 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 2008 Bonds; (vii) the execution of amendments to the existing Participation Agreement with the City relating to the MLRP and existing Purchase and Sale Agreements with the City relating to MLRP; (viii) the execution of a Program Agreement, Servicing Agreement and related documents with Fannie Mae to provide credit enhancement on the MLRP Phase VIII properties; and (ix) the execution by the President or any Authorized Officer of the Corporation of any and all documents necessary to issue the

2008 Bonds and to make the mortgage loans relating to the 2008 Bonds; and (B) the making of Subordinate Loans for any of the developments to be financed with the proceeds of the 2008 Series M Bonds in an amount not expected to exceed \$21,000,000 to be funded by using the Corporation's unrestricted reserves and the execution by an Authorized Officer of the Corporation of mortgage related documents and any other documents necessary to accomplish each subordinate financing.

The Chairperson stated that the next item on the agenda would be the presentation and approval of the Fiscal Year 2009 Operating Budget. He called upon Eileen M. O'Reilly, Senior Vice President and Chief Financial Officer of the Corporation, to advise the Members regarding this item.

Ms. O'Reilly referred the Members to the memorandum before them entitled "Proposed FY 2009 Budget" dated December 3, 2008 (the "Budget Memorandum"). She noted that the Budget Memorandum had been amended slightly, and that a black-lined copy was included in the packages before the Members.

Ms. O'Reilly stated that she was pleased to present the Corporation's proposed Fiscal Year 2009 Budget. She said that the Corporation had experienced yet another year of substantial growth, in spite of recent events that had caused tremendous market turbulence. She said that in the last fiscal year, HDC had issued \$1.12 billion in bonds, a slight increase from its fiscal year 2007 issuance of \$1.08 billion, while continuing to maintain both the Corporation's strong AA credit rating as well as the same rating on the Corporation's Open Resolution. She said that the Corporation already had a successful start to FY 2009 by issuing \$228 million in bonds in November 2008, versus an issuance of \$121 million in November of 2007.

Ms. O'Reilly stated that HDC closed fiscal year 2008 with approximately \$9.2 billion in assets, which represents 12.2% growth from the previous year. She said that the Corporation continues to pay close attention to cost management, with Assets per employee also increasing, from \$55 million in 2007 to \$60.4 million for 2008. She said that this increased efficiency stems from the Corporation's long term plan to invest in its employees, physical plant and information systems. She stated that the Corporation's budget for 2009 reflects the continuation of this effort, tempered with the reality of bond and credit markets in flux and concerns regarding the strength of the local economy. She said that HDC's projected revenue stream remains strong, as does the future pipeline of housing production overall. Ms. O'Reilly stated that an important challenge for the Corporation was to ensure that its growth in assets, projects under supervision and the velocity of transactions does not outstrip its capacity to manage them.

Ms. O'Reilly stated that the Corporation's dedicated and hardworking staff remains the foundation of its success. She said that careful attention would continue to be paid to ensure that hiring meets the strategic needs of the Corporation for today, and for the future. She added that during the last three years, the Corporation had increased the budget relating to staff expenditures across a wide variety of job functions to enhance HDC's performance, which had been reflected in its financial results.

Ms. O'Reilly stated that this year's proposal provides for an increase of seven positions or 4.5% over HDC's current headcount. She said that this small addition to personnel was required to keep pace with continued growth across the Corporation, which includes two additional asset managers to oversee an ever-increasing portfolio, a new project manager in Development, two staff accountants and a junior cash management administrator to deal with the increased volume of transactions.

Ms. O'Reilly stated that HDC remains focused on its employees to ensure that they have the tools they need to accomplish their work. She said that with this in mind, the Corporation's Equipment and Maintenance budget includes important investments in technologies that will strengthen the Corporation's information systems capabilities in years to come, for use by all HDC employees. She noted that without these expenditures, HDC's proposed budget shows an increase of 3.41% from its 2008 budget. She said that if the Corporation includes these enhancements, the budget increase was still a modest 4.76%. She said that while HDC had made every effort to cut expenses where possible, the ongoing health of the Corporation must be assured.

Mr. O'Reilly stated that the Corporation ended FY 2008 with an excess of revenues over expenses, on a cash basis, of \$57.11 million, an increase of \$17.66 million over the budgeted amount of \$39.45 million. She said that this improvement was largely due to better-than-expected performance in the Open Resolution surplus, higher servicing fees and higher loan origination fees.

Ms. O'Reilly stated that since Mayor Bloomberg announced the *New Housing Marketplace* Plan in 2003, the Corporation has been striving to reach the ambitious goals set to preserve or create affordable housing. She said that this past July marked the halfway point for the Plan, with 83,000 affordable housing units added or preserved. She said that the Corporation has financed approximately 39,500 of those units, attaining almost 95% of HDC's goal of 42,000 units created or preserved. She stated that this performance is strong confirmation of the Corporation's past and continuing success. She stated that the seismic changes in the financial landscape over the last year have created new challenges for the Corporation, but HDC was well positioned to continue its efforts to reach the goals established in the Plan. She added that the proposed budget was reflective of the changing environment, pared down but focused on important issues for HDC in 2009 and the coming years.

Ms. O'Reilly stated that the Corporation's financial outlook for FY 2009 is cautious. She said that even though the proposed FY 2009 development demand pipeline appeared strong, with unabated interest in the Corporation's programs, the financial turmoil and displacement in the credit markets continues. She said that this volatility had extended across the globe, and unfortunately there was little sign of any improvement. She said that while the Corporation had stood up to the challenges encountered thus far, HDC's budget reflects a conservative expectation of future income, balanced against the needs of a strong and growing organization.

Ms. O'Reilly stated that as indicated, the Corporation's pipeline remains strong in the near term; a request for an additional \$52 million in volume cap was recently submitted to Albany for HDC's proposed December debt issuance, and requests for volume cap allocation

would again be sent to Albany in early 2009. She said that good relationships with the Governor's office, the Mayor's office and the Corporation's business partners have always been a key component of HDC's success. She expressed optimism that the Corporation and its mission remain an important aspect of City and State planning going forward, but it will be an area to monitor carefully.

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

**RESOLVED**, to approve the Fiscal Year 2009 Budget.

The Chairperson stated that the next item of business on the agenda would be the approval of the Corporation's Investment Guidelines. He called upon Mr. Froehlich to advise the Members regarding this item.

Mr. Froehlich referred the Members to the memorandum before them entitled "Approval of Revised Investment Guidelines" dated December 3, 2008 (the "Investment Guidelines Memorandum") and the Investment Guidelines attached thereto, which are appended to these minutes and made a part hereof. He stated that he was pleased to recommend that the Members approve the revised Investment Guidelines attached to the Investment Guidelines Memorandum. He said that the Corporation's Investment Guidelines were drafted to correspond with statutory authority granted to the Corporation pursuant to Article XII of the Private Housing Finance Law, as well as related sections of the Public Authorities Law and State Finance Law. He said that the Corporation had worked with the Office of Management and Budget to revise the Corporation's guidelines in a manner consistent with the approach used by the Water Authority and the Transitional Finance Authority. He said that overall, the Investment Guidelines also had been revised to reflect certain prudent restrictions previously incorporated in the Corporation's internal procedures regarding the Corporation's investments.

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

**RESOLVED**, to approve the revised Investment Guidelines in the form attached to the Investment Guidelines Memorandum.

The Chairperson stated that the next item on the agenda would be the approval of a Declaration of Intent Resolution, and called upon Ms. Tally to advise the Members regarding this item.

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

Ms. Tally then referred the Members to the memorandum before them entitled “Resolution of Declaration of Intent, 501 Ninth Avenue, Manhattan, Block 735, Lot 30” dated December 3, 2008 and the Declaration of Intent Resolution attached thereto, which is appended to these minutes and made a part hereof. She stated that the project being considered for a Declaration of Intent was a proposed 105-unit development utilizing approximately \$60 million in tax exempt bonds to be located at 501 Ninth Avenue in Manhattan, to be developed by a single purpose entity controlled by the Dermot Company, Inc. and Equity Residential.

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

**RESOLVED**, to adopt the Declaration of Intent Resolution for 501 Ninth Avenue, Manhattan, New York, Block 735, Lot 30.

At 12:11 p.m., there being no further business, upon a motion duly made by Mr. Kelly, and seconded by Ms. Stark, the meeting was adjourned.

Respectfully submitted,

Diane J. Pugacz  
Assistant Secretary

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

December 10, 2008

**ATTENDANCE LIST**

<b><u>NAME</u></b>	<b><u>AFFILIATION</u></b>
Howard I. Berkman	Hawkins Delafield & Wood LLP
R. Gregory Henniger	“ ”
Eileen Heitzler	Orrick, Herrington & Sutcliffe LLP
Eric Taylor	Winston & Straum
Marvin Marcus	Goldman Sachs & Co.
Alan Jaffe	“ ”
Ted Phillips	The Bond Buyer
Kimberly Hancy	Ernst & Young LLP
Larry Flood	MR Beal
Antoinette Maglione	Sons of Italy
Barbara Feldman	Merrill Lynch & Co.
James McIntyre	Morgan Stanley
Geoff Proulx	“ ”
Michael Baumrin	RBC Capital Markets
Nick Fluehr	Bank of America
William Evans	JP Morgan
Annie Lee	“ ”
Kent Hiteshew	“ ”
Catherine Riccards	NYC Department of Investigation
Joe Piazza	“ ”
Robert Goldrich	Mayor’s Office
Ellen Duffy	Bank of America Securities
Joseph Tait	Morgan Keegan
Diana Glanternik	NYC Office of Management & Budget
Eric Taylor	Winston & Straum
Elwood Hill	OSDC
Raymond High	Citi
Marc Jahr	New York City Housing Development Corporation
Richard M. Froehlich	“ ”
Mathew M. Wambua	“ ”
Joan Tally	“ ”
Diane J. Pugacz	“ ”

Eileen M. O'Reilly	“	“
Teresa Gigliello	“	”
Melissa Barkan	“	”
Cathleen Baumann	“	”
Jonah Ming Lee	“	”
Catie Marshall	“	”
Jeffrey Stone	“	”
Susannah Lipsyte	“	”
Claudine Brown	“	”
Ted Piekarski	“	”
Chanin French	“	”
Mary Hom	“	”
Urmaz Naeris	“	”
Bharat Shah	“	”
Peggy Joseph	“	”
Susan O'Neill	“	”
John Fagan	“	”
Simon Bacchus	“	”
Christina Barrios	“	”
Jerry Mascuch	“	”
Shirley Jarvis	“	”
Mary John	“	”
Mary McConnell	“	”
Ruth Moreira	“	”
Dwan Daniels	“	”
Aaron Eckerle	“	”
Rashida McGhie	“	”
Liz Oakley	“	”
Christina Sanchez	“	”
Kerry Yip	“	”
Marcus Randolph	“	”
Pellegrino Mariconda	“	”