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

October 29, 2020

A meeting of the Members of the New York City Housing Development Corporation (the "Corporation" or "HDC") was held on Thursday, October 29, 2020 via teleconference. The meeting was called to order at 2:50 p.m. by the Chairperson, Louise Carroll, who noted the presence of a quorum. The Members present were Harry E. Gould, Jr., Jacques Jiha, Charles G. Moerdler, Denise Notice-Scott and Kyle Kimball. The Member absent was Melanie Hartzog. A list of observers is appended to these minutes.

The Chairperson stated that the next item on the agenda would be the approval of the minutes of the meeting held on August 5, 2020.

Upon a motion duly made by Mr. Jiha, and seconded by Ms. Notice-Scott, the Members unanimously:

RESOLVED, to approve the minutes of such meeting.

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

Mr. Enderlin thanked the Chairperson and the Members in attendance for our second virtual board meeting. He said that he wanted to thank the HDC staff who had worked hard to make it possible for the Corporation to have this meeting virtually, and allow us to be incredibly productive for what has become a sustained period of time in a remote working environment. He said that the Corporation is operating in uncertain times, but there continues to be reason for hope, and our mission to create affordable housing for New Yorkers is a big part of that.

Mr. Enderlin stated that as our city continues efforts to keep cases from spiking while rebuilding our economy and reopening essential services like schools, we are acutely aware of the important role we play as an affordable housing finance agency. He said that since the pandemic began, we have demonstrated and should be proud of the fact that New York City has been able to open construction safely and at scale, creating jobs when other sectors are not. He said that affordable housing, both new construction and preservation, will continue to play a critical role in the city's economic recovery.

Mr. Enderlin stated we know that our city had a shortage of affordable housing before the pandemic, and the ongoing economic downturn makes this even more acute. He said that the items we bring to you today will result in safe, stable, affordable homes for thousands of New Yorkers, many of whom belong to communities hit hardest by the pandemic, including NYCHA residents and people with low incomes.

Mr. Enderlin stated that we are starting to see the impact of our strong partnership with NYCHA on the ground, and the results are impressive. He said that to date, nearly 8,000 NYCHA apartments across 33 developments have converted to Section 8 through the PACT program, which brings comprehensive repairs to residents under a more stable funding source. He said we are proud to share that the first such development that HDC partnered with NYCHA on, Baychester Murphy, is nearing completion. He said residents at this development in the Bronx have new kitchens, bathrooms, building exteriors, bright new hallways, clean grounds, and other amenities. Mr. Enderlin stated that there's starting to be materials that we could share and will share with the Members and others over time which show these improvements in terms of quality of life, but also visually; in short, PACT is working, and working well.

Mr. Enderlin stated that after reports from the Audit and Governance Committees, we will share for your review and approval the next group of developments in the PACT program. He said that our Executive Director for Public Housing Finance and Lending Strategies, Hannah Blitzer, will present more details on the next issuance of Housing Impact Bonds to bring the benefits of the PACT program to residents in over 1,700 NYCHA apartments as part of the Manhattan Bundle.

Mr. Enderlin stated that our work on the *Housing New York* plan also continues in earnest. He said that you will hear presentations from Executive Vice President Anthony R. Richardson, Senior Vice President of Development Ruth Moreira, and Senior Project Manager Julie Gonzalez on important preservation and new construction initiatives as we seek to provide long-term stability and affordability to more New Yorkers.

Mr. Enderlin stated that HDC remains in close contact with our partners to monitor the financial health of the properties in our portfolio. He said that to date, our properties continue to perform relatively well. However, he said, as more time passes since the fiscal stimulus, and as federal income supports run out, and the pandemic drags on, we need a real stimulus package from the federal government that includes strong investment in multifamily housing.

Mr. Enderlin stated that we continue to work with representatives in Washington and our colleagues across the country to call for rent relief for tenants, support for multifamily landlords, and tools to increase affordable housing production so that we can continue to get people back to work and keep people in stable housing.

Mr. Enderlin stated that by way of background there's about $6 trillion in stimulus that has occurred, about $4 trillion of that through various bills including the Cares Act and about $2 trillion dollars in liquidity, and some of that has been very useful in supporting the multifamily sector. But, he said, all of that at this point is not any kind of permanent relief or even granted relief, direct relief that does not have to be repaid. He said that tenants at this point in multifamily housing are expected to negotiate with their landlord after the end of the eviction moratoria to repay that. He said that borrowers are supposed to negotiate with lenders to repay any type of forbearance that has happened, and so there is a cliff coming on the multifamily side and we're not ignoring that fact. He said that we have been paying much attention to it and that we have talked to as many people as we can about it.

Mr. Enderlin stated that he was going to pause his presentation at this moment to give Richard Froehlich, HDC's First Executive Vice President and Chief Operating Officer, and/or Ellen Duffy, HDC's Senior Vice President for Debt Issuance and Finance, a chance to talk about the capital markets and a little bit about liquidity and what they have seen, and after that he would jump back in for the balance of his presentation.

Mr. Froehlich stated that the issues in the capital markets are clear. He said that the city has been downgraded and there are some questions about that and there's a question about revenues and the like. He said that with respect to housing, the market has been strong, because people need to have a home. He said that our performance and our ability to disclose how our portfolio is performing, and it's been performing well, has given us market access. He said that we've been in the market several times since the beginning of COVID. He said that there's been a lot of intervention, as Mr. Enderlin has pointed out, in the capital markets from the federal reserve and the like that has provided stability. He said that there have been some choppy times and we do have a little bit of a concern about future choppy times depending on, generally, what happens in the next few weeks but hopefully we'll have market access and we'll be able to continue doing what we do and do well. He added that it's been a lower rate environment and that has impacted us as an investor, so we're conscious of that as well but on the flip side we can offer lower rates and that will be part of hopefully what we'll be financing later this year including the transaction before you today.

Mr. Enderlin stated he would like to make a brief a public service announcement. He said that when we all look back on this era, one thing will stand out sharply, and it's this. He said while one can debate the efficacy of a single mask and whether it provides an individual user with 60 or 80 percent protection when COVID has been allowed to circulate freely, it's also been clear for months that the collective use of masks in public places – I wear a mask to protect you, you wear a mask to protect me – provides over 99 percent protection by reducing both transmission and the circulating level of the virus, allowing our society and economy to re-open safely. He said that acting together, we can drive the circulating level of COVID down and out in a matter of weeks, while safely bridging more Americans to a vaccine. He said the failure of our federal government to lead and to communicate this clearly, and at times intentionally misleading people on this, has cost tens of thousands of lives and trillions of dollars in lost productivity and will stand out as an absolute low point in our history. He said with that, he reminds everyone to please vote.

Finally, Mr. Enderlin stated, before we move into today's agenda, HDC would like to take some time to honor the memory of an important partner, colleague and friend, Joe Rogers. He said that Mr. Rogers was a tax attorney who played a crucial role in helping to establish the Open Resolution, among many other contributions. He said it is with sadness that he shares the news of Mr. Rogers' passing last week, and that Mr. Froehlich would like to share a few words in his honor.

Mr. Froehlich stated that he just wanted to say a few words about Joe Rogers who spent many years providing sage tax advice to HDC amongst other multifamily and single-family bond issuers at our bond counsel, Hawkins, Delafield & Wood. He said that Mr. Rogers' nickname was Buck, like in the science fiction comic character, but he bore a lot more in common with the other Mr. Rogers. Mr. Froehlich said yes, he was a man like that: kindly, thoughtful, soft-spoken and respectful. He said he was also smart and creative. He said that he was the dean of housing tax lawyers and even wrote the book on Housing Bonds with his partner at Hawkins, Howard Zucker. He said that when news of his passing last week was shared with the HDC team and alumni, as well as some of our finance colleagues, stories were shared about how instrumental he was in transactions that seeded the financial engine of HDC that we know today.

Mr. Froehlich stated that the ability to issue tax exempt bonds comes with many rules and responsibilities. He said this was particularly true with Private Activity bonds for housing as issuers like HDC lend to private entities and individuals. He said that among the many rules come certain limitations on how much an agency can make on its loans and its refunding of existing debt. He said that Mr. Rogers was a very capable lawyer and figured out ways for HDC to retain profits on transactions that helped make HDC a wealthy agency while complying with the strict IRS rules. He said that nowadays we have an easier time with the tax limitations because HDC simultaneously subsidizes housing with its earnings. He said that nevertheless, the wealth created has meant that HDC can play an important role in subsidizing and enhancing affordable housing in New York City.

Mr. Froehlich stated that everyone who worked with him at HDC and throughout the affordable housing bond industry have fond memories of him. He said that he was smart and capable, and he will be missed. He said he worked on HDC transactions for almost 40 years as an attorney and Partner and Counsel at Hawkins. He said that he officially retired a few years ago but was still a resource we tapped on with questions until recently. Mr. Froehlich said Joe, we did not get to say thank you and goodbye, but I know that he knows that we truly appreciated him and may he rest in peace. He said that we extend our condolences and sympathy to his wife Laurene and their family.

Mr. Enderlin thanked Mr. Froehlich for a lovely tribute to our friend and colleague; he is missed.

Mr. Enderlin stated that he would now turn it back to the Chairperson for the rest of today's agenda.

The Chairperson thanked Mr. Froehlich for speaking about Mr. Rogers, and thanked all for the 8,000 units for NYCHA, noting that 8,000 units is an impressive achievement.

The Chairperson stated that pursuant to the Public Authorities Accountability Act, and for purposes of discussing the next items on the agenda, the Corporation would now commence the meeting of HDC's Finance Committee.

The Chairperson stated that the next item on the agenda would be the Report of the Audit Committee and called upon Mr. Gould to make this presentation.

Mr. Gould stated that he agreed with Mr. Enderlin's comments regarding the failure of this administration and that Mr. Enderlin's comments were well placed. The other thing, Mr. Gould said, on a more positive note, is that he would recommend to anyone who hasn't done it yet to see the PACT video which gives a very warm feeling going forward as to this program.

Mr. Gould stated that the Audit Committee met prior to this meeting at which time Ernst & Young presented their audit plan for the upcoming audit of the Corporation's annual financial statements. He said that the Members also reviewed the third quarter financial statements and other investment, debt, credit, and internal audit reports. He stated that concludes his report.

The Chairperson asked if the PACT video was on the HDC website. Mr. Gould said that Mr. Enderlin had sent him a link to the video. Mr. Enderlin said that the video was not up on the website for public consumption yet, but that it was shared with Board Members. He said that at some point when it is more broadly released, it will be available. He said that there were some really great images coming out of the work that we're doing. He said people have seen NYCHA sites and know how monolithic they can look, but there is starting to be a lot of really interesting work that's happening on the exteriors of buildings, and landscaping and lighting that's really making a huge difference. He said that he would see when HDC could get the link up and advertise where it goes. He added that NYCHA was more in control of that than we are at this point. The Chairperson said that when it goes up, she recommends a viewing for everyone.

The Chairperson stated that the next item on the agenda would be the Report of the Governance Committee and called upon Mr. Gould to make this presentation.

Mr. Gould stated that the Governance Committee met prior to this meeting at which time we received an update on Jim Quinlivan's new position, Senior Policy Advisor, HPD and HDC. He said that in this new role, Mr. Quinlivan will serve as a liaison coordinating efforts between HPD and HDC and will no longer be an Officer of HDC. He stated that concludes his report.

The Chairperson thanked Mr. Enderlin and the Corporation for letting her have Mr. Quinlivan back and said that he makes such a difference for her at HPD. She said that he heads all of her senior policy efforts and added that HDC has tremendous staff and she is grateful that HDC let her have one of them.

The Chairperson stated that next the Members would consider the approval of Housing Impact Bonds, 2020 Series C and D for the NYCHA PACT Manhattan Bundle and approval of Mortgage Loan and called upon Ms. Blitzer to advise the Members regarding this item.

Ms. Blitzer noted that a blacklined version of the material showing changes was provided to the Members, and then referred the Members to the memorandum before them entitled Housing Impact Bonds, 2020 Series C and D for the NYCHA PACT Manhattan Bundle I and Approval of Mortgage Loan" dated October 22, 2020 (the "Housing Impact Bonds Memorandum") and the attachments thereto including (i) the Resolution Authorizing Adoption of the Third Supplemental Resolution Authorizing the Issuance of Housing Impact Bonds, 2020 Series C, and the Fourth Supplemental Resolution Authorizing the Issuance of Housing Impact Bonds, 2020 Series D and Certain Other Matters in Connection Therewith (the "Authorizing Resolution"); (ii) the Third Supplemental Resolution Authorizing the Issuance of Housing Impact Bonds, 2020 Series C, and the Fourth Supplemental Resolution Authorizing the Issuance of Housing Impact Bonds, 2020 Series D, (each, a "Supplemental Resolution" and together, the "Supplemental Resolutions"); (iii) the Bond Purchase Agreement); and (iv) the Preliminary Official Statement, all of which are appended to these minutes and made a part hereof.

Ms. Blitzer stated that she was pleased to recommend that the Members approve the adoption of the Housing Impact Bond Resolution and the origination of a permanent loan in an amount not to exceed $317,975,000, and that the Members approve the origination of a permanent, Senior Un-Enhanced Non-accelerating, or "SUN" Loan in an amount not to exceed $77,000,000, for the Manhattan Bundle I development. She said that Manhattan Bundle I is part of the "Permanent Affordability Commitment Together," or "PACT" strategy outlined in the 2018 NYCHA 2.0 strategic plan, which describes how the City will reinvest and reposition public housing through Section 8 conversions.

Ms. Blitzer stated that under PACT, housing operating subsidies will shift to Section 8 voucher subsidy from Section 9 public housing subsidies, enabling borrowing that will finance significant rehabilitation. She stated that apartments will be converted to Section 8 through various tools of the United States Department of Housing and Urban Development, including the Rental Assistance Demonstration ("RAD"), Section 18 of the Housing Act of 1937, and 2 CFR Part 200. She said that upon conversion to Section 8, property management will transfer to a third-party management company with extensive experience managing scattered site developments. She said that NYCHA will maintain control and decision rights by retaining fee ownership of the land and by acting as a member of the borrowing entity. She said that NYCHA will guarantee certain resident protections and residents will pay no more than 30% of their incomes towards rent, with the balance covered by Section 8.

Ms. Blitzer stated that subject to HUD and Fannie Mae approval, the Housing Impact Bond proceeds are expected to fund a Mortgage Loan not to exceed $317,975,000. She said that the Mortgage Loan is expected to be secured by supplemental security in the form of a standby credit enhancement agreement issued by Fannie Mae. She said that HDC will be obligated to cover losses on the top 10% of the Mortgage Loan, which will be a general obligation of the Corporation and will be outlined in a Loss Share Agreement between HDC and Fannie Mae.

Ms. Blitzer stated that the Mortgage Loan is expected to have a 30-year term and will be interest-only for three years, after which it will amortize over a 40-year amortization schedule, with an interest rate of 4.357%.

Ms. Blitzer stated that the Corporation also expects to originate a $77,000,000 SUN Loan, funded with its unrestricted reserves or available funds of the Open Resolution. She said that a $30 million portion of the SUN Loan will be funded by NYCHA, evidenced by a participation agreement.

Ms. Blitzer stated that the SUN Loan will be senior, un-enhanced, and non-accelerable with fixed principal and interest payments that are designed to mimic real estate taxes. She stated that the SUN Loan will have a 40-year term and will fully amortize after a three-year interest-only period.

Ms. Blitzer stated that the SUN Loan is non-accelerating, with only the annual amount due in senior position, and will be evidenced by a separate mortgage for each of the 40 years in the term. She said that the SUN Loan will not require external credit enhancement because of its high debt service coverage and particularly low repayment risk. She added that the Corporation developed the SUN Loan structure to leverage resources and save on costs such as third-party credit enhancement fees.

Ms. Blitzer stated that the proceeds of the Mortgage Loan and the SUN Loan will be used for the acquisition, rehabilitation, and permanent mortgage for a 1,718-unit multifamily rental housing development known as Manhattan Bundle I, consisting of forty-one (41) buildings located at 16 New York City Housing Authority owned properties in the Washington Heights, Central Harlem, East Harlem, Upper West Side, Kips Bay, and Manhattanville neighborhoods of Manhattan. She said that the 16 developments that comprise Manhattan Bundle I will all convert to Section 8 operating subsidy, through a variety of conversion methods, all mentioned previously.

Ms. Blitzer stated that the combined development will include up to 28 long term project-based Section 8 Housing Assistance Payment Contracts. She said that as a requirement of the HAP contract, residential units will be reserved for households earning no more than 50% of area median income. She said that the overwhelming majority of existing residents meet this income restriction; nonetheless all residents will have the right to remain in their homes after the subsidy conversion.

Ms. Blitzer stated that in February 2019, NYCHA issued a request for proposals for a co-developer partner for the Project and in June 2019, a joint committee of NYCHA and HDC selected PACT Renaissance Collaborative LLC, a joint venture between Monadnock Development LLC, Lemor Development Group, and Kalel Holdings LLC, as developer members, the Community Preservation Corporation and the Community Development Trust, as investor members, and the Community League of the Heights as nonprofit member. She said that Monadnock Development will provide day to day decision making responsibilities. She said that NYCHA will also be a part of the Borrowing entity.

Ms. Blitzer stated that NYCHA will continue to hold fee title to the development, with the Borrower as Lessee under a 99-year ground lease. She said that upon conversion, the property management duties will transition to Cornell Pace, Inc., pursuant to an agreement between the two entities acceptable to the Corporation and NYCHA. She added that the general contractor of the rehabilitation work will be Monadnock Construction.

Ms. Blitzer stated that the proposed rehabilitation work is extensive and is expected to bring significant quality of life improvements to residents, promote energy efficiency, and enhance the development's physical appearance.

Ms. Blitzer stated that the comprehensive scope will address the development's 20-year capital needs as required by HUD, including, among other items: upgraded kitchens and baths, mechanical and electrical upgrades; lead testing and abatement; and roof and façade repair. She said that the tenant-in-place rehabilitation period is anticipated to be 36 months.

Ms. Blitzer stated that at closing, HDC will fund a mortgage loan in an amount not expected to exceed $317,975,000. She said that the loan will be secured by the leasehold mortgage and will be subordinate to the annual payments of the SUN Loan in an amount not to exceed $77,000,000.

She added that the risks and fees associated with the development are described in greater detail in the Housing Impact Bonds Memorandum.

Mr. Moerdler stated that he had a question and then a comment. He said that as Mr. Enderlin is aware, he believes that this is something that is applicable to more than just this resolution. He asked whether he is correct that under no circumstances whatsoever can NYCHA engage in any infill construction on any of these projects without first coming back to HDC for approval. Ms. Blitzer replied that was correct. Mr. Moerdler said he just wanted to have it memorialized for the record since he has no confidence in NYCHA, he does not believe it, and he believes that the tenants ought to take over these projects and that was his view. The Chairperson stated this was duly noted.

Susannah Lipsyte, Senior Vice President and General Counsel for the Corporation, 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. Moerdler, and seconded by Mr. Gould, the Members of the Finance Committee unanimously:

RESOLVED, (A) to approve the Authorizing Resolution that provides for (i) the adoption of the Supplemental Resolutions providing for the issuance of the Bonds, (ii) the distribution of Preliminary and final Official Statement(s) for the Bonds, (iii) 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; (iv) the use of the Corporation's unrestricted reserves or a cash equivalent, including, but not limited to the Corporation's general obligation, 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 (v) 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 loan relating to the Bonds, including the Top Loss Agreement; (B) to authorize the use of the Corporation's general obligation pledge in an amount not to exceed 10% of the outstanding principal of the Mortgage Loan, plus costs associated with any delinquency resolution; and (C) to authorize the origination of the SUN Loan in an amount not to exceed $77,000,000, the use of the Corporation's unrestricted reserves in an amount not expected to exceed $47,000,000, and the execution by an Authorized Officer of the Corporation of the participation agreement with NYCHA and the mortgage-related documents and other documents necessary to accomplish the SUN Loan financing.

Mr. Moerdler stated that he was required by the Conflicts of Interest Board to disclose that Members of his firm, but not he, represent from time to time, JPMorgan, Wells Fargo, Citigroup, Jeffries and Goldman Sachs. He added that he did not have to recuse, just disclose.

The Chairperson stated that the next item on the agenda would be the Approval of Loans for Pratt Towers and Highbridge House and called upon Ms. Moreira to advise the Members regarding this item.

Ms. Moreira referred the Members to the Memorandum before them entitled "Approval of Loans for Pratt Towers and Highbridge House" dated October 22, 2020 (the "Pratt Towers and Highbridge House Memorandum"), which is appended to these minutes and made a part hereof.

Ms. Moreira stated that she was pleased to recommend that the Members approve the origination of a loan for the Pratt Towers development and the purchase of a participation interest in a loan originated by the New York Community Bank ("NYCB") for the Highbridge House development (each a "Loan" and together, the "Loans") in an amount not expected to exceed $14,238,000 to finance the acquisition, rehabilitation and/or permanent financing for the developments, as described in the Pratt Towers and Highbridge House Memorandum. She said that all, or a portion, of the Loans will be funded with the Corporation's unrestricted reserves.

Ms. Moreira stated that the proceeds of the loan for Pratt Towers will be used by the owner of Pratt Towers for the purpose of preserving a 327-unit Mitchell Lama cooperative. She said that it is anticipated that a portion of the proceeds of the loan for Pratt Towers will be used to fund substantial rehabilitation work and recapitalize project reserves. She said that the Pratt Towers loan will be structured as a senior permanent mortgage loan with a term of up to 35 years and a fixed interest rate.

Ms. Moreira stated that the proceeds of the loan for Highbridge House will be used by the owner of Highbridge House, a 400-unit rental development, to fund the purchase of a participation interest in an existing senior permanent mortgage loan originated by NYCB pursuant to a participation agreement between the Corporation and NYCB and costs related to acquisition to facilitate the long-term preservation of the project.

Ms. Moreira stated that the NYCB loan has a ten-year term with principal amortization over a 30-year schedule, an initial fixed interest rate period for the first five years and a variable rate period for the remaining five years. She said that the Highbridge House loan is conservatively underwritten with a higher than normal debt service coverage ratio thereby mitigating the balloon balance upon maturity of the loan. She said that the terms of the existing senior mortgage loan will remain unchanged after the Corporation's purchase of the participation interest.

Ms. Moreira stated that the Highbridge House development is expected to benefit from a new HUD Project Based Voucher Section 8 contract. She said that the Corporation's credit committee determined that the addition of the contract and a concurrent restructuring of the registered legal rents of those residential units included in the contract are necessary for the project to generate sufficient rental income to support the existing financing. She said that after closing on the proposed loan, HDC will direct the owner to re-register legal rents with the New York State Department of Homes and Community Renewal to enable the project to benefit from the full value of the voucher payments under the contract without increasing the tenant's share of the rental income.

Ms. Moreira stated that the primary risk associated with each loan is a payment default by the borrower. She said that the Corporation's staff believes that this risk is mitigated by strict underwriting, each borrower's financial strength and experience, and the Corporation's ongoing asset management and monitoring of the developments. She said the Members should see

Attachments A-1 and A-2 to the Pratt Towers and Highbridge House Memorandum for a more detailed description of each development. In addition, she said, more information concerning the risks and mitigating factors was included in the Pratt Towers and Highbridge House Memorandum. Ms. Moreira then described the actions the Members were being requested to approve.

Mr. Moerdler reminded the Members of his earlier disclosure as required by the Conflicts of Interest Board and noted that the disclosure continues to be applicable through today's agenda.

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

RESOLVED, to authorize the Corporation to (i) make the Pratt Towers Loan; (ii) purchase a participation interest in the existing NYCB Highbridge House Loan and enter into a participation agreement with NYCB for the Highbridge House Loan; (iii) use the Corporation's unrestricted reserves in an amount not to exceed $14,238,000; and (iv) permit the execution by an Authorized Officer of the Corporation of related documents and any other documents necessary to accomplish the financing and participation.

The Chairperson stated that the Members would next consider the approval of an Amendment to Amended and Restated Multi-Family Mortgage Revenue Bonds (101 Avenue D Apartments) Bond Resolution Authorizing Multi-Family Mortgage Revenue Bonds (101 Avenue D Apartments), 2010 Series A and called upon Julie Gonzalez, Senior Project Manager for Development, to advise the Members regarding this agenda item.

Ms. Gonzalez referred the Members to the memorandum before them entitled "Amendment to Amended and Restated Multi-Family Mortgage Revenue Bonds (101 Avenue D Apartments) Bond Resolution Authorizing Multi-Family Mortgage Revenue Bonds (101 Avenue D Apartments), 2010 Series A" dated October 22, 2020 (the "101 Avenue D Memorandum") and the attachments thereto including (i) the Resolution Authorizing Adoption of the Supplemental Resolution to the Amended and Restated Multi-Family Mortgage Revenue Bonds (101 Avenue D Apartments) Bond Resolution and Certain Other Matters in Connection Therewith (the "Authorizing Resolution"); and (ii) the Supplemental Resolution to the Amended and Restated Multi-Family Mortgage Revenue Bonds (101 Avenue D Apartments) Bond Resolution (the "Supplemental Resolution"), all of which are appended to these minutes and made apart hereof.

Ms. Gonzales stated that she was pleased to present for the Member's approval, the supplemental resolution of the Corporation's Multi-Family Mortgage Revenue Bonds (101 Avenue D Apartments) Bond Resolution, originally adopted by the Members on April 8, 2010 and issued on June 3, 2010 for the purpose of financing a mortgage loan in the amount of $25,000,000 to 101 Avenue D Associates, LLC and 101 Affordable, LLC for construction of 101 Avenue D Apartments, a 78-unit multi-family rental housing development in Manhattan developed under the Corporation's NewHOP Mixed Income "50/30/20" program. She said that a subordinate loan from the Corporation's unrestricted reserves in the amount of $2,535,000 was also funded.

Ms. Gonzalez stated that on June 1, 2016 the Corporation adopted the Amended and Restated Multi-Family Mortgage Revenue Bonds (101 Avenue D Apartments) Bond Resolution amending and restating the Original Bond Resolution, and on September 8, 2016 the then-outstanding Bonds in the amount of $22,700,000 were purchased from existing bondholders by Capital One Municipal Funding, a subsidiary of Capital One, pursuant to a Remarketing Purchase Contract. She said that a Mortgage Purchase Agreement with respect to the Bonds was entered into by Capital One and the Corporation.

Ms. Gonzalez stated that the Project originally comprised two condominium units in a three-unit condominium, consisting of a LITHC Unit (16 low-income apartments and one superintendent apartment) and a Market/Middle Unit (consisting of 61 residential apartments and ground floor commercial space). She said that the third unit comprised the community facility owned by the Lower East Side Girls Club of New York.

Ms. Gonzalez stated that in 2019, in order to expand their premises, the Girls Club entered into a contract of sale with the Market/Middle Unit owner, 101 Avenue D Associates, LLC, to purchase the retail space. She said that Capital One Bank, as the servicer, and Capital One, as sole bondholder, approved the sale removing the retail space from the Market/Middle Unit and a new fourth condominium unit comprised of the former retail space was created. She said that HDC Legal and Asset Management also approved the transaction and agreed to remove the retail space from the lien of the mortgages and from the regulatory agreement.

Ms. Gonzalez stated that in connection with the release of the retail space, Capital One required cash collateralization of $2,648,154 of outstanding Bond principal. She said that because of the cash collateral, Capital One has agreed, at the Borrower's request, to reduce the "spread" component of the interest rate on the Bonds which currently bear an interest rate equal to 100% of the SIFMA Index Rate plus a spread of 145 basis points.

Ms. Gonzalez stated that the reduction in spread would not cause a reissuance of the Bonds for federal income tax purposes and is to be affected by an amendment of the Bond Resolution consented to by Capital One as sole bondholder. She said that all other terms and conditions of the financing of the Bonds were as contemplated in the original financing.

Ms. Gonzalez stated that HDC Asset Management had confirmed that the project was in good standing both physically and financially. She said that as of September 2020, the property was 96% leased with 4 vacant market rate units. She said that there had been a decrease in lease renewals and retention rates since the start of the COVID pandemic, however, management had implemented some concessions, for a term of approximately less than one-month, in order to offset. She said that the property reports have exceeded net cash flow projections by $134,000 year to date, in part driven by savings in debt service due to very low SIFMA rate resets and a decrease in operating expenses.

Ms. Gonzalez stated that the impact and risk to the Corporation have been detailed in the 101 Avenue D Memorandum and a brief project description had been attached as Exhibit A.

Mr. Moerdler asked how many non-payments of rent there have been during the course of an average period since the beginning of COVID. Ms. Moreira said that there have been very low vacancies since the beginning of COVID although they have had some challenges in retention and part of that has been to offer some concessions; however because of the low interest rate environment the project has been viable and has had plenty of cash flow to support all of its obligations.

Mr. Moerdler stated that he was tracking in terms of (a) the geography and (b) what the percentages of non-payments are because there will come a time when we're going to have to in the legislature take a position on whether or not the moratorium continues. Mr. Enderlin said that he totally understood and would argue that was an issue across our portfolio and that he would certainly get the information for him on this particular one. He said that we are tracking it more and that it does vary significantly by program type. He said we have some programs that might be missing 15%, anything that had strong support or Section 8 was in better shape. He said that he could get that for him. He said that we've been looking at that broadly. Mr. Moerdler said that would be helpful and he thought that most of the Members of the board would like to see that data.

Mr. Froehlich stated that the thing about this project is that it has a significant market rate component and what we're seeing in market rate is that there is more vacancy. He said that they're not running into people not paying rent as much as people are just moving and they are having a hard time filling and that there is a gap, and in particular in Manhattan. He said that what we've seen more broadly with our portfolio is that there is a certain percentage of non-rent payment that is not impacting on the debt side. He said that we have very limited debt challenges and a few forbearances that we discussed in the Audit Committee meeting and there has been essentially no delinquency overall except for a few forbearances. He said that we do track this issue and particularly when people are asking for assistance we are checking for more data so we are following up and we have some information and we could provide probably a picture from our dashboard that will give you a sense of how the portfolio overall is performing. Mr. Moerdler said that there is an anomaly with what Mr. Froehlich just said; if people are not failing to pay, but instead of failing to pay are moving out, that's an anomaly because for people on the west side it's a continuing failure to pay with a non-move. He said that's why he needs to get this data.

Mr. Enderlin stated that we have started setting up more of a dashboard to look at this stuff very closely. He said he fully understood Mr. Moerdler' s point making the distinction between physical vacancy and economic vacancy where people are, in some cases, moving out, the unit's vacant and there is rent missing for that reason and in other cases people aren't paying. He said that for most of the affordable stuff where people stayed in place and largely because of the income supports of unemployment insurance and payroll protection, we've found that our portfolio held up well. He said that those supports, as he said in his report and in Audit, ended at the end of July and he said we are all in a mode, and we've talked to a lot of big holders and other partners including some CDFI partners on how their portfolios are holding up, that there was a lot of watchful waiting going on to be quite honest, and there's an expectation that this deterioration, should it come, would maybe show up in November and December because of the end of that income support. He said if it was of interest to the Board Members, we could set up some communication around what that dashboard that Mr. Froehlich talked about looks like and where we think things are going on that. Mr. Moerdler said that would be very helpful to him. The Chairperson said that she would like to assure her fellow Board Members that both agencies have been tracking this and that they have been talking to all of the industry folks and Mr. Froehlich was right when he said that the market rate stock is acting very differently from the rest of the market; that is, more people moving out as opposed to not paying rent. Mr. Enderlin added that when he mentioned in his report about this kind of cliff of rent, NCSHA, one of our trade associations, estimated that there's $34 billion owed by 12 million households up to January nationally. He said that others have put that at $50 billion, and as he noted there's no real permanent forbearance on that. He said that there's really an expectation that people will be negotiating to pay that back. He said that it's a real problem that we see coming and as Mr. Froehlich said some of our folks who have market rate stuff are talking about vacancy levels in New York that are fairly high and concerning. He said that's less of an impact to us immediately but it's real and he appreciates Mr. Moerdler raising that question.

Ms. Lipsyte 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, to approve the Authorizing Resolution which provides for (i) the adoption of the Supplemental Resolution amending the Bond Resolution and (ii) the execution of mortgage related documents and any other documents necessary to accomplish the interest rate change requested by the Borrower and Capital One.

The Chairperson stated that the next item on the agenda would be the approval of Declaration of Intent Resolutions and called upon Mr. Richardson to advise the Members regarding this agenda item.

Mr. Richardson stated that the Declaration of Intent Resolutions were solely for tax code purposes, allowing any expenditures incurred by a project's developer within 60 days prior to the date the Resolution is passed to be eligible for tax exempt bond financing. He said that before HDC were to actually finance a project, the specifics of the transaction would be presented to the Members for review and approval.

Mr. Richardson referred the Members to the memorandum before them entitled "Resolution of Declaration of Intent, PACT Williamsburg Houses, Various addresses in Brooklyn, NY" dated October 22, 2020 and the Declaration of Intent Resolution attached thereto, which is appended to these minutes and made a part hereof.

Mr. Richardson stated that the proposed project will consist of the rehabilitation of 1,630 rental apartments in twenty (20) buildings located in the Williamsburg neighborhood of Brooklyn using approximately $385 million in tax-exempt bonds. He said that the project is to be developed by a single purpose entity or entities to be formed by MDG Design + Construction, Wavecrest Management and the New York City Housing Authority (NYCHA).

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

RESOLVED, to approve the Declaration of Intent Resolution for PACT Williamsburg Houses, Various addresses in Brooklyn, NY.

The Chairperson again called upon Mr. Richardson to present his next Declaration of Intent Resolution for PACT Harlem River Preservation.

Mr. Richardson referred the Members to the memorandum before them entitled "Resolution of Declaration of Intent, PACT Harlem River Preservation, Various addresses in Manhattan, NY" dated October 22, 2020, and the Declaration of Intent Resolution attached thereto, which is appended to these minutes and made a part hereof.

Mr. Richardson stated that the proposed project will consist of the rehabilitation of 693 rental apartments in eight (8) buildings located in the West Harlem section of Manhattan using approximately $148 million in tax-exempt bonds. He said the project is to be developed by a single purpose entity to be formed by Settlement Housing Fund, West Harlem Group Assistance and NYCHA.

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

RESOLVED, to approve the Declaration of Intent Resolution for PACT Harlem River Preservation, Various addresses in Manhattan, NY.

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

RESOLVED, to ratify and adopt each of the preceding approvals of the Finance Committee.

The Chairperson then congratulated fellow Board Member Jacques Jiha on his appointment as Budget Director of New York City. She said it is an amazing job, and a difficult one at this time, but she would like to say that Mr. Jiha has been a valuable and reliable Member of the HDC Board, and she hopes with all of the additional responsibilities we will continue to see Mr. Jiha and that he will continue to be a participant at these meetings. Mr. Jiha thanked the Chairperson.

Mr. Moerdler stated that he has had the privilege of being on several boards over many years with Mr. Jiha and he is one of the most distinguished public servants this city has ever seen, and he congratulates him. Mr. Jiha thanked Mr. Moerdler.

Mr. Enderlin added his congratulations to Mr. Jiha, and said in the spirit of that he wanted to call out that Mr. Gould has been reappointed to the HDC Board again, and that Mr. Gould has let him know that he is within one appointment of a fifty-year period, and so we could not be more grateful for such a fantastic public servant that stayed with HDC for so long and helped to shepherd such great growth and such great work that has been done for the city, so he would also like to congratulate Mr. Gould and thank him for his service, as well.

Ms. Notice-Scott added her congratulations.

At 3:38 p.m., there being no further business, upon a motion duly made by Mr. Jiha, and seconded by Mr. Moerdler, the meeting was adjourned.

Respectfully submitted,

Diane J. Pugacz

Diane J. Pugacz
Assistant Secretary

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

October 29, 2020

ATTENDANCE LIST

Kevin Murphy	Hawkins Delafield & Wood LLP
R Gregory Henniger	Hawkins Delafield & Wood LLP
Eileen Heitzler	Orrick Herrington & Sutcliffe LLP
Eric Enderlin	New York City Housing Development Corporation
Richard M. Froehlich	“ ”
Anthony R. Richardson	“ ”
Teresa Gigliello	“ ”
Cathleen Baumann	“ ”
Susannah Lipsyte	“ ”
Moira Skeados	“ ”
Diane J. Pugacz	“ ”
Ellen Duffy	“ ”
Yaffa Oldak	“ ”
Yvonne Glenn	“ ”
Ruth Moreira	“ ”
Paul Cackler	“ ”
Madhavi Kulkarni	“ ”
Mary Hom	“ ”
Hannah Blitzer	“ ”
Julie Gonzalez	“ ”