

- A G E N D A -
NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
304th SPECIAL TELECONFERENCE BOARD MEETING

August 14, 2007
637 South Clinton Avenue
Trenton, NJ 08650-2085

PUBLIC SESSION

1. **FINANCE**
- 1 a. Approval of a Single-Family Swap Resolution
2. **APPROVAL OF MINUTES**
- 2 a. Approval of the Minutes of the Agency's Board Meeting held August 14, 2007 in substantially final form

Note: If an Executive Session is necessary, NJHMFA will announce the approximate time after calling the meeting to order.

**REQUEST FOR ACTION BY MEMBERS OF
THE NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY**

Action Requested:

1. Approval of the attached Single Family Swap Resolution relating to interest rate exchange agreements in connection with an issue of long-term single-family bonds.

Key Points:

- The Board previously authorized staff to accept single-family loan reservations at a fixed mortgage rate in advance of selling bonds in order to maintain a continuous funding mechanism for the Agency's lenders. The Agency's single-family homebuyer program has been extremely active, experiencing reservations of approximately \$12 million/week. A working group was recently appointed to commence work on a new single-family bond deal in the approximate amount of \$200 million.
- At the September 20, 2007 Board meeting, staff expects to seek approval of the applicable bond documents. The bonds are expected to be priced in early to mid October, with closing anticipated at the end of October. Due to the volatility in the current bond market, staff is seeking approval of a resolution which authorizes a structure to set our borrowing rates via forward-starting swaps, in order to lock in the Agency's costs of funds now to ensure a reasonable spread between our lending rate and our borrowing rate. Staff expects to price the swaps at the end of August. A counter-party for the swap will be selected through a competitive RFP.

Attachment:

1. Single Family Swap Resolution

SINGLE FAMILY SWAP RESOLUTION

WHEREAS, the Agency is a body politic and corporate duly organized and existing under the New Jersey Housing and Mortgage Finance Agency Law of 1983, constituting Chapter 530, Laws of New Jersey, 1983, as amended and supplemented (the "Act"); and

WHEREAS, the Agency anticipates that it will issue one or more Series of its Single Family Housing Revenue Bonds, a portion or all of which will consist of multimodal bonds originally issued in the form of variable rate demand bonds (such multimodal bonds are hereinafter referred to as the "Bonds") under its Single Family Housing Revenue Bond Resolution, adopted by the Agency on August 21, 2003 (the "Single Family Housing Resolution"; capitalized terms used herein, and not otherwise defined, shall have the meanings given to them in the Single Family Housing Resolution), as amended and supplemented, including the Series Resolution to be adopted by the Agency authorizing the issuance and sale of the Bonds and making other determinations in connection therewith (the "Series Resolution"); and

WHEREAS, Goldman Sachs & Co. has been acting as underwriter for the Bonds and is expected to be formally designated to act in such capacity pursuant to the Series Resolution (the "Underwriter"); and

WHEREAS, the Underwriter has recommended to the Agency a proposed transaction structure (the "Structure") which is designed to enable the Agency, prior to the issuance of the Bonds, to originate mortgage loans at long term fixed rates of interest from amounts available in the Agency's general fund, or otherwise, in furtherance of the Agency's programmatic objectives of assuring the availability of owner-occupied housing and permanent financing for new construction as well as rehabilitation of existing housing and transfer of existing housing among homeowners; and

WHEREAS, the Structure contemplates that the Agency will issue the Bonds in or about October, 2007; and

WHEREAS, in order to enable the Agency to establish fixed rates on mortgage loans that it originates prior to the issuance of the Bonds, the Structure further contemplates that the Agency will enter into one or more forward starting interest rate swap agreements, which will consist of a Master Agreement, a Schedule, a Credit Support Annex and one or more Confirmations (the "Swap Agreement"), with a financial institution in the business of providing swap agreements, qualified as provided herein (a "Swap Counterparty"); and

WHEREAS, if the Bonds are issued as variable rate bonds in the weekly mode, it will be necessary for the Agency to provide liquidity for optional and mandatory tenders of the Bonds in the form of a standby bond purchase agreement or a letter of credit; and

WHEREAS, it is necessary for the Agency to take certain initial actions with respect to the Structure prior to the adoption of the Series Resolution.

NOW, THEREFORE, BE IT RESOLVED by the New Jersey Housing and Mortgage Finance Agency, as follows:

Section 1. Approval of Structure.

The Structure is hereby approved, substantially as described in this Resolution, with such additional provisions as the Authorized Officers, upon consultation with counsel and the Structuring Agent, herein appointed, may approve.

Section 2. Request for Proposals for a Swap Agreement.

To implement the Structure, the Authorized Officers are authorized to circulate requests for proposals for, and to enter into, a Swap Agreement and all documents related to or necessary to execute such Swap Agreement, with a Swap Counterparty, whose long-term unsecured debt obligations are rated not lower than what is believed by the Authorized Officers to be necessary in order for the Bonds, when and if issued under the Single Family Housing Resolution, to have long term ratings of not less than "AA" from Standard & Poor's and "Aa2" from Moody's, selected by an Authorized Officer of the Agency, under which Swap Agreement, the Swap Counterparty will pay to the Agency amounts from time to time based on an index which approximates the variable rate interest which the Agency is expected to pay on all or a specified portion of the Bonds, in exchange for the Agency's agreement to pay to the Swap Counterparty a separate fixed rate of interest (the "Swap Fixed Rate") with respect to a notional amount equal to all or the specified principal amount of the Bonds, all as further provided in the Swap Agreement. The Authorized Officers shall select as the Swap Counterparty the entity which proposes to accept the lowest fixed rate or rates to be paid by the Agency based on the formula specified in the request for proposal in exchange for the variable rate formula specified in the request for proposal; provided, that the Authorized Officers may accept a higher proposal if, in the judgment of the Authorized Officers, upon consultation with counsel and the Structuring Agent, herein appointed, based on other factors (including credit quality), such higher proposal is more advantageous to the Agency. The Authorized Officers are authorized to prepare, negotiate, execute and deliver the Swap Agreement upon such terms as such Authorized Officers, upon consultation with counsel and the Structuring Agent, herein appointed, shall approve, the execution thereof by any Authorized Officer shall be conclusive evidence of such authorization and approval. The obligations of the Agency to pay interest at a fixed rate under such Swap Agreement, and of the Swap Counterparty to pay interest at a variable rate under such Swap Agreement shall take effect simultaneously with, or on one or more dates subsequent to, the issuance and delivery of the Bonds (collectively, the "Start Date"). Until and unless the Bonds are authorized and issued, the obligations of the Agency under the Swap Agreement shall be unsecured general obligations of the Agency, payable solely from funds of the Agency legally available therefor. In connection with the issuance of the Bonds, the Agency will provide in the Series

Resolution that the Swap Agreement be deemed a Hedge Instrument under the Single Family Housing Resolution, payable and secured as provided in the Series Resolution.

Section 3. Request for Proposals for Credit Enhancement.

To implement the Structure, the Authorized Officers are further authorized to circulate requests for proposals for a liquidity facility in the form of a standby bond purchase agreement or letter of credit issued pursuant to a reimbursement agreement, which shall constitute a Credit Enhancement under the Single Family Bond Resolution and which is necessary with respect to all or a portion of the Bonds. The Credit Enhancement shall contain such terms and be secured as shall be provided in the Series Resolution.

Section 4. Structuring Agent.

Goldman Sachs & Co., or an affiliate, is hereby appointed as structuring agent (in such capacity, the "Structuring Agent") in connection with the interest rate swap transactions contemplated by the Structure, upon such terms and conditions as the Executive Director shall agree; provided, that the maximum fee payable to the Structuring Agent for acting as such shall be a one-time payment of not to exceed four (4) basis points per annum of the notional amount (present valued) for the term of the Swap Agreement.

Section 5. Further Actions with Respect to the Swap Agreement.

The Authorized Officers are hereby severally authorized and directed to: take all action, execute, deliver, file all documents and/or publish all notices which may be necessary or appropriate to effectuate the award of the Swap Agreement, to complete the closing of the Swap Agreement, and to otherwise comply with the Act.

Section 6. Further Actions with Respect to the Bonds.

All further actions to be authorized or taken with respect to the Bonds shall be as determined in the Series Resolution. Nothing contained in this Resolution shall constitute an authorization to issue the Bonds or constitute any commitment by the Agency to do so.

Section 7. Effective Date.

The authorizations in this Resolution shall become legally effective upon the approval of the Governor or the failure of a gubernatorial veto pursuant to *N.J.S.A. 55:14k-4o*. Anything in the foregoing to the contrary notwithstanding, if the authorization to act set forth in the first sentence of this Section, is not acted upon by an Authorized Officer of the Agency within 180 days of the time that such authorizations become legally effective, such authorization shall expire and be deemed void.

**MINUTES OF THE 304TH SPECIAL TELECONFERENCE BOARD MEETING
OF THE
NEW JERSEY HOUSING AND MORTGAGE FINANCE AGENCY
IN SUBSTANTIALLY FINAL FORM**

MEMBERS:

- * Charles Richman, Acting Commissioner, DCA
- ** Robert Romano, Assistant Attorney General
(representing Anne Milgram, Attorney General)
- *** Steve Petrecca, Assistant Manager, Office of the State Treasurer
(representing Bradley Abelow, State Treasurer)
- **** William Waits, Assistant Director, Department of Bank and Insurance (representing
Steven Goldman, Commissioner, Department of Banking and Insurance)
- ***** Patti Holland, Assistant Director, Division of Mental Health Services
(representing Jennifer Velez, Commissioner, Department of Human Services)

Monsignor William Linder
Patrick Sheehan
Dorothy Blakeslee
Michael Steele

OFFICIALS

PRESENT:

Marge Della Vecchia, Executive Director
Tracee Battis, Chief of Programs
Eileen Hawes, Chief Financial Officer
Claudia Lovas, Director of Program Development

- ** Letter of June 18, 2007 designating Robert Romano to represent Anne Milgram, Attorney General
- *** Letter of February 8, 2006 designating Steve Petrecca to represent Bradley Abelow, State Treasurer
- **** Letter of August __, 2007, designating William Waits to represent Steven Goldman, Commissioner,
Department of Banking and Insurance
- ***** Letter of February 22, 2007 designating Patti Holland to represent Jennifer Velez, Commissioner, Department
of Human Services

August 14, 2007

SUNSHINE ACT

"The New Jersey Housing and Mortgage Finance Agency gave notice of the time, place and date of this meeting by facsimile, regular mail and hand delivery on August 8, 2007 to the Secretary of State of New Jersey, The Star Ledger, The Times, and the Courier Post, and by posting the notice at the office of the Agency in Trenton, New Jersey. Pursuant to the New Jersey Open Public Meetings Act, a resolution must be passed by the New Jersey Housing and Mortgage Finance Agency in order to hold a session from which the public is excluded."

1. FINANCE

APPROVAL OF A SINGLE-FAMILY SWAP RESOLUTION – ITEM 1A.

1. Approval of the Request for Action Single Family Swap Resolution relating to interest rate exchange agreements in connection with an issue of long-term single-family bonds.

2. APPROVAL OF MINUTES

APPROVAL OF THE MINUTES OF THE AGENCY’S BOARD MEETING HELD (DATE) IN SUBSTANTIALLY FINAL FORM - ITEM 2A.

MOTION TO ADJOURN



State of New Jersey
OFFICE OF THE ATTORNEY GENERAL
DEPARTMENT OF LAW AND PUBLIC SAFETY
PO Box 080
TRENTON NJ 08625-0080

JON S. CORZINE
Governor

STUART RABNER
Attorney General

June 18, 2007

Honorable Susan Bass Levin, Commissioner
Department of Community Affairs
New Jersey Housing and Mortgage Finance Agency
P.O. Box 800
Trenton, NJ 08625-0800

Dear Commissioner Levin:

I hereby designate Robert Romano, Assistant Attorney General, to represent me in my absence at the meetings of the New Jersey Housing and Mortgage Finance Agency. In the event of AAG Romano's absence, Deputy Attorney General Susan Fischer is authorized to vote in my stead and to otherwise act on my behalf.

Very truly yours,

Stuart Rabner
Attorney General

sav

c: Nina Wells, Secretary of State
Robert Romano, Assistant Attorney General
Susan Fischer, Deputy Attorney General





State of New Jersey
OFFICE OF THE STATE TREASURER
PO Box 002
TRENTON, NJ 08625-0002

BRADLEY I. ABELow
Acting State Treasurer

N S. CORZINE
Governor

February 8, 2006

Marge DellaVecchia, Executive Director
NJ Housing and Mortgage Finance Agency
637 South Clinton Avenue
PO Box 18550
Trenton, NJ 08650

Dear Ms. DellaVecchia:

I hereby designate Steve Petrecca, to act as my permanent designee at all meetings of the New Jersey Housing and Mortgage Finance Agency.

Sincerely,

Bradely I. Abelow
Acting State Treasurer



State of New Jersey
DEPARTMENT OF HUMAN SERVICES
PO Box 700
TRENTON, NJ 08625-0700

JON S. CORZINE
Governor

JENNIFER VELEZ
Acting Commissioner

February 22, 2007

Marge Della Vecchia
Executive Director
NJ Housing and Mortgage Finance Agency
637 South Clinton Street
Trenton, NJ 08650-2085

Dear Ms. Della Vecchia:

Please be advised that Kevin Martone, Assistant Commissioner, Division of Mental Health Services, will be the Department's designee to all board meetings of the New Jersey Housing and Mortgage Finance Agency. Mr. Martone has full authority to represent and take action on matters related to the Department of Human Services. In Mr. Martone's absence, the designee will be Patti Holland, Assistant Director, Office of Housing and Community Development within the Division of Mental Health Services.

We appreciate the opportunity to participate in meetings of the HMFA Board and look forward to continuing to promote affordable housing needs for our citizens.

Sincerely,

Jennifer Velez
Acting Commissioner

JV:3:cg
c: Kevin Martone
Patti Holland