



No.: **2002-49**

Date: **July 18, 2002**

FEDERAL HOUSING FINANCE BOARD

Ratification of Staff Approval of Liquidity Facility Between the Federal Home Loan Bank of New York and the New York City Transitional Finance Authority

WHEREAS, on September 13, 2001, the Governor of the State of New York approved legislation authorizing the New York City Transitional Finance Authority (TFA) to issue up to Two Billion Five Hundred Million Dollars (\$2,500,000,000) of bonds or other obligations to pay costs related to the restoration of portions of New York City destroyed by terrorist attacks on September 11, 2001;

WHEREAS, on June 28, 2002, the TFA announced that it would issue up to One Billion Dollars, par value (\$1,000,000,000), of bonds known as Recovery Bonds pursuant to this authority;

WHEREAS, in order to assist the TFA and support the rebuilding and development of lower Manhattan and other communities impacted by the terrorist attacks, the Federal Home Loan Bank of New York (Bank) has agreed to act as a standby purchaser of Recovery Bonds;

WHEREAS, in a letter dated June 28, 2002 from Federal Housing Finance Board (Finance Board) staff to Alfred A. DelliBovi, the Bank's President, staff approved the Bank's application to enter into a standby bond purchase agreement with the TFA that would commit up to Five Hundred Forty-Seven Million Dollars (\$547,000,000) of Bank funds to principal and interest related to the issuance of Five Hundred Twenty Million Dollars, par value (\$520,000,000), of the Recovery Bonds;

WHEREAS, Finance Board staff concluded that the Bank's proposal does not pose any material risk to the Bank's safe and sound operation, is consistent with the Bank's capital plan and is permissible under applicable law and Finance Board regulations; and

WHEREAS, the Board of Directors wishes to acknowledge the dedicated service of the Bank's board of directors and staff to the rebuilding and development of New York City and recognize the Bank's significant support of the Recovery Bonds.

NOW THEREFORE, IT IS RESOLVED that the Board of Directors hereby confirms and ratifies the approval and related no-action position expressed in the staff's letter dated June 28, 2002.

By the Board of Directors of the
Federal Housing Finance Board

/s/ John T. Korsmo
John T. Korsmo
Chairman