MINUTES OF THE
255TH MEMBERS MEETING OF
THE NEW YORK STATE AFFORDABLE HOUSING CORPORATION
HELD ON JUNE 11, 2015 AT 8:30 A.M.
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022

MEMBERS AND DESIGNEES

PRESENT:

William C. Thompson	Chairman
Darryl C. Towns	Member
Elaine McCann	New York State Division of the Budget, representing Robert Megna, Member (via video conference)
Christopher Curtis	New York State Department of Taxation and Finance Representing Commissioner of Taxation and Finance

ABSENT:

Nestor M. Davidson	Member
Joyce Miller	Member
Steven Weiss	Member

Chairman William C. Thompson presided over the meeting and welcomed everyone.

Mr. C. Jason Kim, Senior Vice President and Counsel to the Agencies, acted as Secretary. He noted that Ms. Elaine McCann, representing Budget Director, Ms. Mary Beth Labate, from the New York State Division of the Budget and Ms. Linda Baldwin representing Cesar Perales, Secretary of State from the New York State Department of State, participated in the meetings via video conference from the New York State Division of the Budget conference center at the Capitol Building, Room 131, in Albany and Mr. Andrew SanFilippo MBBA/TSFC Director/Member, participated in the meetings from the Agencies' Buffalo Regional Office at Electric Tower, 535 Washington Street, Suite 105 via video conference. A public notice was given of the time and location of the venues in accordance with the New York State Open Meeting Law.

Ms. Marge Rogatz, SONYMA Board Director attended this meeting as a guest.

Mr. Kim asked for motions and seconds to call to order the Members and Directors meetings of the New York State Housing Finance Agency ("HFA"), the New York State Affordable

Housing Corporation ("AHC"), the State of New York Mortgage Agency ("SONYMA"), the State of New York Municipal Bond Bank Agency ("MBBA") and the Tobacco Settlement Financing Corporation ("TSFC"). Ms. McCann moved to call the HFA and AHC meetings to order; Mr. Curtis seconded the motion. Ms. Rogatz moved to call the SONYMA meeting to order, Commissioner Towns seconded the motion. Mr. Bialo moved to call the MBBA and TSFC meetings to order; Mr. SanFilippo seconded the motion. Mr. Kim stated that as items were presented to each Board throughout the meetings, these motions and seconds would be used, unless specific items called for a different vote, or unless any Board Member/Director wished to record his or her vote differently.

The meetings of the affiliated Agencies were opened in joint session for the President's report, the recital of the Committee reports, the adoption of the minutes of previous meetings and consideration of various matters of shared importance. These minutes reflect only those items being considered by the Members of the New York State Affordable Housing Corporation. A record of items considered by the other Agencies is contained in the minutes of each of the Agencies.

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The first item on the agenda was the President's Report. President Towns reported that earlier in the morning the Mortgage Insurance Committee ("MIC") approved permanent mortgage insurance for eleven (11) projects representing 1,678 units of affordable housing in three (3) counties. He reported that on the multifamily side, today, HFA will be asked to approve financing of two (2) projects representing $42 million in financings. He also noted that the Members and Directors will be asked to review several important administrative items. He said the AHC Board will be presented with a resolution to authorize funding in an amount, just under $7 million, representing assistance to 249 units of affordable housing.

Next, President Towns announced that he would be leaving his position at the Agencies as President and Commissioner next week. He took a few minutes to thank everyone and gave a brief overview of the accomplishments achieved during his tenure at the Agencies.

In the areas of Development and Finance, Commissioner Towns noted that since 2011, the Division of Homes & Community Renewal ("HCR") resources have helped finance over 26,000 affordable housing units for moderate and low-income families and vulnerable New Yorkers including seniors, veterans, survivors of domestic violence, and homeless and disabled families and individuals.

President Towns said in 2014, HCR adopted a new policy for mixed-income developments that allowed only the affordable portions of the development to benefit from volume cap, allowing that precious resource to become available for other State uses.

President Towns said HCR is reinvesting $260 million in Medicaid savings in supportive housing. He said the Governor's Medicaid Redesign Team identified savings that provided better outcomes for vulnerable New Yorkers and curb high-cost Medicaid spending. He said with regard

to housing preservation, HCR continues to monitor 220,000 units across the state to ensure the housing remains affordable and viable.

President Towns noted that he was particularly proud that HCR was able to preserve the affordability of a "precious resource," Co-op City in the Bronx, the largest Mitchell Lama development in the State. He said through coordination with The United States Department of Housing and Urban Development ("HUD") and New York City, HCR secured a refinancing for $621 million to ensure that the complex with 60,000 residents remains affordable for the next 40 years. He also noted the fact that HFA was able to acquire a portfolio of Mitchell Lama properties in 2013 almost half of which have already been refinanced to ensure their continued participation in the program, as well to make needed repairs and improvements to better the living standards of their residents.

President Towns highlighted the Tenant Protection Unit (TPU), created by Governor Andrew M. Cuomo in 2012, which investigates landlords for tenant harassment; negotiates compensation for tenants and requires monitoring to end harassment. He stated that TPU has restored more than 38,000 unlawfully deregulated apartments to rent regulation.

President Towns expressed his appreciation to the Agencies' staff and noted that the years at the Agencies have been the highlight of his career. He thanked Governor Cuomo, Board Members/Directors and all the hard working HCR staff that have made all of this possible.

Chairman Thompson stated that he has only worked briefly with Commissioner Towns, but they have been long time friends. He presented a plaque on behalf of the Agencies which reads in part as follows:

> **...in appreciation of your leadership, energy, enthusiasm and dedication in your role as Board Member/Director and Chief Executive Officer. Your extraordinary contributions to the work of the Agencies have been crucial in creating and preserving quality affordable housing in communities across New York State (2011-2015).**

Chairman Thompson stated that as the issue of affordable housing continues to be front and center for the continued viability of this region, President Towns has been one of its great champions. He stated that everyone will miss his leadership.

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The next item on the agenda was the report of the Audit Committee. Mr. Kim reported that the Audit Committee held a meeting on Tuesday, June 9, 2015 and adopted the minutes of its April 7, 2015 meeting. He next reported that the Audit Committee adopted the following resolutions:

- AHC adopted a resolution approving their Mach 31, 2015 Financial Statements.
- All five Committees adopted a resolution recommending the approval of contracts with the newly selected independent auditor for the Agencies, subject to the

satisfaction of certain conditions.

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The next item on the agenda was the report of the Governance Committee. Mr. Kim reported that the Governance Committee held a meeting on Tuesday, June 9, 2015 and adopted the minutes of its April 7, 2015 meeting. He next reported that the Governance Committee adopted the following resolution:

- All five Committees adopted a resolution reviewing and approving various contracts monitored by the Facilities and Administration Department.

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The next item on the agenda was the adoption of the minutes of the 254th AHC Members meeting held on May 14, 2015. Absent comments or corrections from the Members, Mr. Kim reported that the minutes were deemed approved.

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The next item on the agenda was a resolution approving contracts with the newly selected independent auditor for the Agencies. Ms. Sheila Robinson, Chief Financial Officer explained that the selection of Ernst & Young, the Agencies' current auditing firm predates her arrival. She provided background information on the procurement process by noting that a Request for Proposal ("RFP") was issued on March 3, 2015, reaching out to firms that performed audits for State Housing Agencies across the country and included a number of Minority and Women-owned Business Enterprise ("MWBE") firms. She reported that the RFP was posted on the Agencies' website and advertised in the New York State Contract Reporter and that the RFP was sent to 37 firms. She stated that on April 7th, six (6) responses were received. She said a five-year fee schedule was requested with the first three (3) years being held at a fixed rate.

Ms. Robinson reported that the review panel included Ms. Robinson, Steve Chopey from Internal Audit, Darryl Johnson, Deputy CFO, Gloria Boyd, Vice President, Finance and Development, Mike Friedman, Senior Vice President of the Mortgage Insurance Fund and Wanda Graham of the Office of Economic Opportunity. She said that on April 17th, it was determined that four (4) of the six (6) firms presented the strongest credentials. She said after the interviews, the panel recommended the continued retention of Ernst &Young, based on the panel's conclusion that they submitted the strongest proposal, and presented the most housing experience and a strong MWBE team. She further stated that Mitchell & Titus will be the subcontractor.

Ms. Robinson said that Agencies staff wish to continue to retain Ernst & Young with a well-defined outline of work responsibilities for the MWBE contractor for a 5-year term which will be continually evaluated and reviewed. She said a side letter will be obtained from and provided by Ernst & Young in which they will be expected to specify the division of work between themselves and the MWBE partners.

MBBA/TSFC Vice Chairman, Mr. Kenneth Bialo, summarized the extensive discussion on this item that took place at the Audit Committee meeting held on June 9th. He stated that the Audit Committee approved this recommendation with the following condition: that Ernst & Young will take full responsibility for the work of the subcontractor(s) and that the side letter will provide a full description of what the subcontractor(s) would be specifically doing. Chairman Thompson stated that defining the responsibilities of the subcontractors is important and that the prudent approach is to be vigilant to ensure that the subcontractors are given meaningful responsibilities.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was adopted subject to approval of the letter from Ernst & Young allocating responsibilities and confirming their ultimate responsibility for the audit:

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, STATE OF NEW YORK MORTGAGE AGENCY, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND THE TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING THE RETENTION AND SELECTION OF ERNST & YOUNG LLP FOR AUDIT SERVICES

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The next item on the agenda was a resolution authorizing Senior Officers Salary Adjustments. Commissioner Towns reported that on May 8th 2015, the Division of the Budget, (DOB) issued Budget Bulletin D1131 which provides guidelines for the Agencies to consider and approve raises and performance advances for Management Confidential employees, retroactive to April 1, 2014. Commissioner Towns noted that the item before the Board was approval of salary adjustments as set forth therein for certain Senior Officers. He noted that adjustments for non-Senior Officers do not require Board approval, but will be reported to the Governance Committees as part of the year- end report.

Chairman Thompson asked whether the raises are tied to union contracts. Commissioner Towns noted that this action is geared towards Senior Officers and is not tied to union raises. Chairman Thompson confirmed that the Agencies are merely doing what other governmental entities are doing across the State: basing raises for management confidential employees on the State directive. He requested a list of those Senior Officers that may not be covered under the salary adjustment directive.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was adopted unanimously:

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, STATE OF NEW YORK MORTGAGE AGENCY, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING COMPENSATION ADJUSTMENTS FOR SENIOR OFFICERS

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The next item on the agenda was a resolution (i) approving AHC's Annual Investment report for the period ending March 31, 2015, and (ii) reviewing and approving second Quarterly (2015) Investment Reports for HFA, SONYMA, MBBA and TSFC for the period ending April 30, 2015. It was noted that information regarding this item was contained in the materials provided in connection therewith, which materials are incorporated herein by reference. There was no discussion regarding this item.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was adopted unanimously:

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, THE STATE OF NEW YORK MORTGAGE AGENCY, THE NEW YORK STATE AFFORDABLE HOUSING CORPORATION, THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND THE TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING REPORTS OF INVESTMENTS

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The next item on the Agenda was a review of the Agencies' Quarterly Procurement Report for the period ending April 30, 2015. This was an information item and there was no discussion regarding this item. It was noted that information regarding this item was contained in the materials provided in connection therewith, which materials are incorporated herein by reference.

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Mr. Kim called for a motion to adjourn the meeting for Executive Session. Commissioner Towns moved to adjourn, Mr. Curtis seconded the motion, and the Board entered into Executive Session at 8:58 a.m. pursuant to Section 105(f) of the New York State Open Meetings Law, to discuss the financial, credit, or employment history of a corporation.

Mr. Kim called for a motion to reconvene from the Executive Session. Commissioner Towns moved to reconvene, Mr. Curtis seconded the motion, and the public Board meeting reconvened at 9:05 a.m. Mr. Kim stated that no votes were taken in Executive Session.

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The next item on the agenda was a resolution approving AHC's March 31, 2015 Audited Financial Statements. Mr. Gary Weinstock, Vice President/Comptroller stated that Mr. Louis Roberts, Partner and Ms. Amy Wong, Assurance Senior Manager, both representatives from Ernst & Young LLP who serve as the Corporation's Independent Auditors presented the requisite communications to the Members at the Audit Committee meeting that was held on Tuesday, June 9, 2015 related to the audited Financial Statements for the period ending March 31,

2015. Mr. Roberts said they will issue an unmodified clean opinion as a result of that meeting.

Considering the first and second motions previously entered, the motions were carried, and the following resolutions were adopted unanimously:

A RESOLUTION OF THE NEW YORK STATE AFFORDABLE HOUSING CORPORATION REVIEWING AND APPROVING AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2014-2015

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The next item on the agenda was the approval of Public Authorities Information System (PARIS) Annual Report Filing for AHC. Mr. Kim reported that this reflects the annual filing that AHC, as a Public Authority, is required to file. He reported that this is a standard report that includes basic information about the Agency that ended March 31, 2015.

Considering the first and second motions previously entered, the motions were carried, and the following resolutions were adopted unanimously:

A RESOLUTION OF THE NEW YORK STATE AFFORDABLE HOUSING CORPORATION ACCEPTING A FILING UDNER THE PUBLIC AUTHORITIES REPORTING INFORMATION SYSTEM

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The next item on the agenda was the resolution authorizing an award of grant funds for certain projects located inside and outside of the City of New York. It was noted that there would be no discussion on this item unless the Members so request. It was also noted that information regarding this item was contained in the meeting materials provided to the Members in advance of the meeting which are incorporated herein by reference.

Considering the first and second motions previously entered, the motions were carried, and the following resolutions were adopted unanimously:

A RESOLUTION OF THE NEW YORK STATE AFFORDABLE HOUSING CORPORATION AUTHORIZING AWARDS OF GRANT FUNDS FOR CERTAIN PROJECTS LOCATED INSIDE AND OUTSIDE OF THE CITY OF NEW YORK

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There being no unfinished business, Mr. Kim asked for a motion to adjourn the meeting. Chairman Thompson moved to adjourn; President Towns seconded the motion, and the meeting was adjourned 9:38 a.m.

C. Jason Kim, Secretary