

**MINUTES OF THE
239th MEMBERS MEETING OF THE
NEW YORK STATE AFFORDABLE HOUSING CORPORATION
HELD ON APRIL 11, 2013 AT 8:39 A.M.
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

MEMBERS AND DESIGNEES

PRESENT:

William J. Mulrow	Chairman
Steven J. Weiss	Vice Chairman
Thomas H. Mattox	Member
Darryl C. Towns	Member
Elaine McCann	Division of the Budget, representing Robert Megna, Member (via video conference)

Chairman William J. Mulrow opened and chaired the meetings. He turned over the meetings to Acting Secretary.

Alejandro J. Valella, Vice President and Deputy Counsel of the Agencies, acted as Secretary and stated that he would be keeping the minutes of the meeting. Mr. Valella noted that Joseph Palozzola, Vice President for Intergovernmental Relations would be assisting him at the meetings.

Mr. Palozzola noted that Elaine McCann, representing Robert Megna, Budget Director was participating in the meetings by video conference from the New York State Division of Budget conference center at the Capitol Building, Room 131, in Albany. He noted that Marge Rogatz was participating by video conference from the office of Expedia at 325 Duffy Avenue, Hicksville., NY. A public notice was given of the time and locations of both venues.

Aida Brewer, Deputy Commissioner and Treasurer, New York State Department of Taxation and Finance, Kenneth M. Bialo Member/Director MBBA/TSFC; Anthony Bergamo, Don Lebowitz, and Marge Rogatz, Directors of SONYMA attended this meeting as guests.

Mr. Palozzola asked for motions and seconds to call to order the April 11, 2013 Members and Directors meetings of the New York State Housing Finance Agency ("HFA"), State of New York Mortgage Agency ("SONYMA"), New York State Affordable Housing Corporation ("AHC"), State of New York Municipal Bond Bank Agency ("MBBA") and Tobacco Settlement

Financing Corporation ("TSFC"). Vice Chairman Steven Weiss moved to call the HFA meeting to order; Ms. Elaine McCann seconded the motion. Vice Chairman Steven Weiss moved to call the AHC meeting to order; Ms. Elaine McCann seconded the motion. Mr. Anthony Bergamo moved to call the SONYMA meeting to order; Mr. Don Lebowitz seconded the motion. Vice Chairman Kenneth Bialo moved to call the MBBA meeting to order; Ms. Susan Watson seconded the motion. Chairman Bialo moved to call the TSFC meeting to order; Ms. Susan Watson seconded the motion.

Mr. Palozzola stated that as items are 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 wished to record his or her vote differently.

The first item on the agenda was the President's Report. Commissioner Darryl Towns stated that it has been a busy first quarter in the housing business in New York State. He stated that Governor Cuomo, for a third year in a row, delivered an on-time budget and housing was featured prominently in it. He informed the board that the centerpiece of the Governor's housing initiative was the transfer of the remaining 44 Mitchell-Lama projects in the ESDC portfolio to HFA. He stated that the Agency expects to fund the recapitalization and rehabilitation of up to 35 of those projects. Commissioner Towns stated that the remaining nine projects, based on the Agencies' analysis, do not currently require assistance. He stated that those 35 projects represent 10,425 units of affordable housing located throughout the state with concentrations in New York City, the Mid-Hudson Valley, Western New York and the Finger Lakes. Mr. Towns stated that in relation to this acquisition the board will be asked at today's meeting to approve the issuance of approximately \$46-million in taxable bonds for the purchase of the first mortgages, subordinate loans and IRP contracts with respect to the 35 projects to be refinanced. He stated that the Governor and the legislature agreed to appropriate \$25 million for AHC, \$32.2 million for the Low Income Housing Trust Fund and the continued funding of all of the programs that are leveraged at HFA, including Main Street, the Rural Rental Assistance Program and the Homes for Working Families program. He stated that the currently enacted budget requires certain transfers of monies from the MIF's Project Pool Insurance Account and that each transfer requires a determination by the Agency that at the time of the transfer the reserves remaining in the Project Pool Account must be sufficient to attain and maintain the credit rating required to accomplish the purposes of the Project Pool Insurance Account and the Agency believes it is able to meet this requirement. He said that there will be more on this topic at the May board meeting. Commissioner Towns stated that the agenda, at this meeting, has many administrative items and the board will be informed of all the actions from the Governance and Audit Committees which met on Tuesday, April 9, 2012. He stated that the Agencies continue to work on all issues related to Super Storm Sandy and he thanked Matthew Nelson and his staff for their good work on the Agency's Action Plan for the initial \$1.7 billion in Federal CDBG Funding for Disaster Recovery. He also noted that the Agencies have begun to coordinate the Governor's Sandy buy-out program and details will follow. Commissioner Towns stated that in early March in conjunction with the annual NCSHA legislative conference held in Washington, DC, HCR staff along with Governor Cuomo's DC office and our colleagues at NYC HPD and HDC visited with NYS elected officials in the House and Senate seeking additional CAP and tax credits to help with the Sandy rebuild. He stated that the Agencies are

hopeful that a tax bill, including these requests, could be introduced later in the legislative session.

Commissioner Towns informed the Board that staff attended and participated in the New York State Association for Affordable Housing conference in Buffalo and attended the Citizens Housing Planning Council event. He stated that SONYMA loan reservations averaged \$1.2 million per day in February and \$1.6 million per day in March slightly lower than in 2012. He added that delinquencies at SONYMA for February were at 4.17% an increase from 3.02% in February of 2012. He stated that these rates compared very favorably to the overall delinquency for New York State which sits at 11.28% and nationally at 8.04%. He stated that the Mortgage Insurance Fund Committee has been asked to approve mortgage insurance on a \$2.6 million mortgage on a CPC all affordable project in Orange County with 15 of the total 78 units set aside for those with developmental and physical disabilities. He stated that the Board will be asked to approve 185 units of AHC projects all outside of NYC totaling over \$3 million. Commissioner Towns thank the staff for all the work they are performing.

Chairman Mulrow added to the Commissioners comments by stating that he agreed with the Commissioner that is has been a busy quarter and that over the last year the Board committees have streamlined how the Board works and a number of the decisions are being made by the committees which meet before the Board meetings. Chairman Mulrow stated that evidence of this increased activity will be highlighted in the reports of the committees' activities that follow.

The next item was the report of the Audit Committees. Mr. Palozzola reported that the Audit Committees held meetings on April 9, 2013 and approved the Minutes of the January 28, 2013 meetings; adopted a resolution approving the Internal Audit's Work Plan for Fiscal Year 2014; adopted a resolution recommending the approval of Internal Audit Follow-Up of 2011 Audit Reports; approved a resolution recommending the approval of the Seventh Audit Committee's Self-Evaluation; and a review of Financial Statement Update for the First Quarter Fiscal 2013 (Third Quarter Fiscal 2013 AHC).

The next item was the report of the Governance Committees. Mr. Palozzola reported that the Governance Committee held meetings on April 9, 2013 and approved the minutes of January 29, 2013; approved a resolution recommending approval of the Seventh Annual Evaluation by the Governance Committees; adopted a resolution approving the Agencies' Information Technology contracts with Application Oriented Designs, Inc., Housing and Development Software, LLC, Real Page Inc., and Xand Corp.; reviewed IT related expenditures paid with purchase orders; approved a resolution approving the extension of the insurance consultant contract with Insurance Advisors; adopted resolution approving the Agency's contracts with Pathstone Corp., InHouse Corp., Long Island Housing Partnership, and an annual review of the McCormick Consulting Services, Inc. contract for technical assistance consulting services with respect to the Agency's Manufactured Home Cooperative Fund Program; and

reviewed of contracts for arbitrage rebate services with Hawkins, Delafield and Wood, and Bond Logistics LLC.

The next item on the agenda was the adoption of the minutes of the 238th AHC Members meeting held on January 29, 2013. Mr. Palozzola reported that there were no corrections or comments from the Members and the minutes were deemed approved.

The next item on the agenda was a resolution approving the results of the Seventh Annual Self-Evaluation by the Audit Committee. Chairman Mulrow stated that information regarding this item was contained in the meeting materials provided which are incorporated herein by reference.

Vice Chairman Weiss moved to adopt the resolution; Ms. McCann seconded the motion 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 THE AUDIT COMMITTEES' SELF-EVALUATION

The next item on the agenda was a resolution approving the results of the Seventh Annual Self-Evaluation by the Governance Committees. Chairman Mulrow stated that information regarding this item was contained in the meeting materials provided which are incorporated herein by reference.

Vice Chairman Weiss moved to adopt the resolution; Ms. McCann seconded the motion 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 THE GOVERNANCE COMMITTEES' SELF-EVALUATION

The next item on the agenda was an informational item regarding a review of the Agencies 1st Quarter Procurement Report for the period commencing November 1, 2012

and ending January 31, 2013. Chairman Mulrow stated that information regarding this item was contained in the meeting materials provided which are incorporated herein by reference.

The next item on the agenda was an information item regarding the Financial Statement Update for the 1st Quarter of Fiscal Year 2013 and the 3rd Quarter Fiscal for 2012 for AHC. Chairman Mulrow stated that information regarding this item was contained in the meeting materials provided which are incorporated herein by reference.

The next item on the agenda was an information item regarding the review of 1st Quarter (2013) Investment Reports for the period ending January 31, 2013. Chairman Mulrow stated that information regarding this item was contained in the meeting materials provided which are incorporated herein by reference.

The next item on the agenda was an information item regarding the Administrative Budget Report as of January 31, 2013. Chairman Mulrow stated that information regarding this item was contained in the meeting materials provided which are incorporated herein by reference.

The next item on the agenda was the approval of a resolution authorizing awards of grant funds for certain projects and amending the previously authorized award for a project located outside the City of New York. Mr. Matthew L. Nelson, HFA/AHC Senior Vice President, and President, Office of Community Renewal, stated that he was presenting 11 items to the Board for their consideration and they represent the remaining projects from the 2012 awards cycle. He stated that all 11 projects are outside the New York City area. He stated that the majority of these projects are located in the Western New York and Finger Lakes region and the majority of these awards are from the Home Repair Program awards to repair and rehabilitate older housing stock for either new acquisition or owner-occupied rehabilitation. Mr. Nelson noted that there was one award in Long Island as well. He reported that the combined total of funding for these awards is a little over \$3 million, targeting 185 units and this goes against the over 2,000 units they project to assist out of the 2012 funding applications. He stated that, as previously noted by the Commissioner, there has been an appropriation of \$25 million for the AHC program, which is especially important given the President's budget that was released this week. He noted that the overall scope for the awards that AHC is seeking to process this year is about \$37 million in total against \$200 million in leverage. He noted that under the proposed federal legislation the Federal Home Loan program is facing a proposed 21% cut in funding from last year budget which on the state-side translates to about a \$2.5 million cut to the Home Local Program. He stated he was highlighting this information to the Board to recognize the Governor and the Legislature's support on the state level to continue to fund the programs that are done in New York. Chairman Mulrow stated that the Western New York and

Finger Lakes area needs attention and it is great that these awards and will assist the region. Mr. Nelson responded that in light of the billions that are being allocated downstate for Super Storm Sandy repairs it is good to have the balance so that folks in these areas know that the Agency is providing the necessary assistance there too.

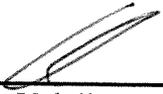
Commissioner Towns asked Mr. Nelson to provide the Board with an update regarding Super Storm Sandy activities. Mr. Nelson noted that the Housing Trust Fund is the recipient for the State of New York of \$1.7 billion allocated of resources from the Community Development Block Grant Disaster Recovery Program. He reported that \$1.7 billion the State is receiving is in addition to the \$1.7 billion the City is receiving for the same purpose and it is out of the \$16 billion appropriation made by the federal government as part of the \$50 billion federal aid supplemental for disaster recovery. Mr. Nelson stated that the Agency has been working closely with their colleagues across government and the Governor's office to put together the formal action plan for the use of those funds, and noted that this plan was submitted to HUD on April 3, 2013 for their review and approval. He reported that the plan as it stands now is projecting that \$788 million will be used for housing and that will be divided among 13 counties that were directly impacted by Sandy and another 18 counties that the Agency is trying to get approved by HUD which were impacted by Irene and Lee. He reported that Nassau, Suffolk and Rockland by designation of HUD are the most impacted counties as a result of Sandy and the Agency is required to spend 80% of the \$1.7 million within these counties. He stated that Westchester County was also significantly damaged but they are working on having HUD designate Westchester as a part of the most impacted county designation. Commissioner Towns stated that the complications with Westchester County are their ongoing status with HUD regarding civil rights issues. Mr. Nelson stated that the situation is complicating the designation, but HUD has given indication that they will be adding Westchester County to the 80% most impacted designation. Mr. Nelson reported that the expected breakdown of the monies over the next couple of years is \$600 million in Nassau, a little over \$130 in Suffolk county and approximately \$3 million in Rockland for housing and these amounts do not account fully for Westchester at this time but thankfully housing damage was minimal in that county. Mr. Nelson stated that HUD is reviewing all of this and it will take a couple of week for the action plan to be approved.

Vice Chairman Weiss moved to adopt the resolution; Elaine McCann seconded the motion and the following resolution was adopted unanimously:

A RESOLUTION OF THE NEW YORK STATE AFFORDABLE HOUSING CORPORATION AUTHORIZING AWARDS OF GRANT FUNDS FOR CERTAIN PROJECTS AND AMENDING THE PREVIOUSLY AUTHORIZED AWARD FOR A PROJECT LOCATED OUTSIDE THE CITY OF NEW YORK

Commissioner Towns made an announcement to the Board that Michael Skrebutenas, Interim Chief Operating Officer, would be leaving the Agencies for a private sector opportunity. Commissioner Towns stated that Mr. Skrebutenas has served as one of his key staff members and he congratulated him on his new opportunity and thanked him for his service to the Agencies. Chairman Mulrow stated that Mr. Skrebutenas has been a great resource and it is a huge loss to the Agencies.

Chairman Mulrow asked for a motion and a second to adjourn the HFA meeting. There being no unfinished business, Vice Chairman Weiss moved to adjourn; Ms. McCann seconded the motion, and the meeting was adjourned at 9:30 AM.



Alejandro J. Valella, Acting Secretary