MINUTES OF THE
35TH MEETING OF THE
NEW YORK STATE HOUSING FINANCE AGENCY
GOVERNANCE COMMITTEE
HELD ON DECEMBER 10, 2013
AT ITS OFFICES AT
641 LEXINGTON AVENUE
NEW YORK, NY 10022

MEMBERS AND DESIGNEES

PRESENT:

Steven J. Weiss	Committee Chairman
Darryl C. Towns	Member (via videoconference)
Elaine McCann	New York State Division of the Budget, Representing Robert Megna, Director

Mr. C. Jason Kim, Senior Vice President and Counsel to the Agencies, acted as Secretary. He noted that Commissioner Darryl C. Towns, Ms. Elaine McCann, and Ms. Linda Baldwin are attending the Audit Committee meeting via video conference from the New York State Division of Budget conference center at the Capitol Building, Room 131, in Albany. He noted that the New York State Housing Finance Agency ("HFA") and the Affordable Housing Corporation ("AHC") Governance Committee Chairman Steven J. Weiss is attending the meeting from the Buffalo Office; a public notice was given of the time and location of both venues in accordance with the New York State Open Meetings Law

Mr. Kim asked for motions and seconds to call the Governance Committee meetings to order 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"). Mr. Weiss moved to call the HFA and AHC meetings to order; Ms. McCann seconded the motion. Mr. Lebowitz moved to call the SONYMA meeting to order; Ms. McCann seconded the motion. Mr. Bialo moved to call the MBBA and TSFC meeting to order; Ms. McCann seconded the motion.

Mr. Kim stated that Don Lebowitz is the Governance Committee Chairman for the SONYMA and will chair the Committee meetings for SONYMA. He stated that as items were presented to each Committee throughout the meetings, these motions and seconds would be used, unless specific items called for a different vote, or unless any Committee member wished to record his or her vote differently.

The meetings of the Governance Committees were opened in joint session for the consideration

of various mattes of shared importance. These minutes reflect only those items being considered by the Members of HFA. A record of items considered by the Governance Committees of the other affiliated agencies is contained in the minutes of each Committee respectively. Mr. Kim stated that for purposes of convenience and to make sure the meetings of the respective agencies go smoothly, items shared by one or more of our Agencies will be presented by HFA/AHC Committee Chairman Weiss.

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The first item on the agenda was the adoption of the minutes of the New York State Housing Finance Agency Governance Committee 34th meeting held on September 10, 2013. Absent comments or corrections from the Directors, the minutes were deemed approved.

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The next item on the agenda was a resolution recommending the approval of amendments to the Guidance Supplementing Code of Ethical Conduct ("Guidance") for Members and Directors. Mr. C. Jason Kim, Senior Vice President and Counsel to the Agencies, reported that the Code of Ethical Conduct was last amended in December 2012. He added that that there have been recent updates to ethics law in New York, and the Guidance needs to be amended to conform to those updates.

Mr. Kim highlighted a few proposed changes, namely those relating to gifts. He noted that the receipt of gifts by Members and Directors valued at under $15 is deemed to be acceptable. He said that additionally, Members and Directors are permitted to accept invitations for holiday parties provided that the invitation is for a widely-attended event. Discussion ensued about the definition of a "gift" and what's considered "food and beverages."

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

> **A RESOLUTION OF THE GOVERNANCE COMMITTEES OF THE NEW YORK STATE HOUSING FINANCE AGENCY, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MORTGAGE AGENCY, STATE OF NEW YORK MUNICIPAL BOND BANK AGNECY AND TOBACCO SETTLEMENT FINANCING CORPORATION REVIEWING, APPROVING AND RECOMMENDING CERTAIN CHANGES TO THE GUIDANCE SUPPLEMENTING CODE OF ETHICAL CONDUCT FOR THE MEMBERS AND DIRECTORS OF THE AGENCIES**

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The next three items on the agenda were consent items. Committee Chairman Weiss noted that there would be no discussion on these items unless the Members so desire.

- Resolution recommending approval of Minority and Women's Business

Enterprise ("MWBE") Goal Plan for 2014-2015.

- Resolution approving salary ranges for Senior Officers.
- Resolution recommending the review and amendment to the Agencies' Lobbying Law Policies.

With regard to approving salary ranges for Senior Officers, Committee Chairman Weiss asked whether the Agencies have considered whether they currently offer competitive salary rates in the market place. He also asked whether the Agencies intend to attract the "best and brightest" and properly reward current Senior Officers. He further asked, "Have we properly evaluated the market?" It was acknowledged that although the Board of Directors approves the actual salaries of Senior Officers, the Committee Members don't usually see the full agency salary list.

Discussion continued regarding salary ranges. Commissioner Mattox, HFA/AHC Governance Committee Member, suggested that salary surveys be conducted and tested against Agency competitors. It was noted that a few years ago a survey was conducted for the President/CEO in comparison to CEOs for other housing agencies.

Mr. Bialo, then redirected the Committee Member's attention to the action before them which was the adoption of the salary ranges. Commissioner Mattox stated that it would be helpful to revisit the survey and continue discussions, separately, to include the top 5 to 10 senior officers rather than focus on the distribution. HFA/AHC Committee Chairman, Mr. Weiss urged the Committee to consider its obligation to approve a salary structure that attracts quality personnel and properly compensate them.

It was agreed that the Committee should recommend that the salary ranges for Senior Officers be approved subject to the collection of new market data survey information to be provided to the Board for review.

Referring back to the MWBE Goal Plan for 2014-2015, Chairman Weiss stated that there was no reference in the Master Goal Plan to property management, ownership and development; he asked why there was no MWBE engagement in those areas which are very significant to the business of affordable housing. Mr. Kim noted that the new plan tends to be focused in the area of construction where a lot of the dollars are spent, allocated and easy to track from a budgetary standpoint for purposes of setting targets. Mr. Weiss stated that the same approach needs to be applied to the developer community. Ms. Wanda Graham, Vice President/Director, Fair Housing and Equal Opportunity, stated that all of the suggestions would be taken under advisement and considered the addition to be just "a new area to add and monitor." It was noted that the Goal Plan is due to be submitted to Empire State Development on January 15, 2014. After a lengthy discussion, Ms. Graham also agreed to work in concert with the legal team in order to make sure that sanctions for noncompliance exists within each contractual agreement and that enforcement mechanisms are included. It was agreed that goals will continue to be set coupled with having a sense of what the participation pool is.

With regard to the Project Sunlight Law, Mr. Kim explained that the new State law requires that any type of in-person meeting with an outside vendor related to the procurement of goods and services has to be recorded and logged. For example, if anyone comes to the Agency to meet with

a staff person for the purpose of selling an item or providing a service, it should be reported to HFA staff by either emailing Vice President and Deputy Counsel of the Agencies, Mr. Alejandro Valella, or himself.

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

Resolution recommending approval of Minority and Women's Business Enterprise ("MWBE") Goal Plan for 2014-2015:

A RESOLUTION OF THE GOVERNANCE COMMITTEES OF THE NEW YORK STATE HOUSING FINANCE AGENCY, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MORTGAGE AGENCY, STATE OF NEW YORK MUNICIPAL BOND BANK AGNECY AND TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING THE ANNUAL UPDATED AND CONSOLIDATED EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION 2013-2014 MASTER GOAL PLAN.

Resolution approving salary ranges for Senior Officers:

A RESOLUTION OF THE GOVERNANCE COMMITTEES OF THE NEW YORK STATE HOUSING FINANCE AGENCY, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MORTGAGE AGENCY, STATE OF NEW YORK MUNICIPAL BOND BANK AGNECY AND TOBACCO SETTLEMENT FINANCING CORPORATION ADOPTING SALARY RANGES FOR SENIOR OFFICES.

Resolution recommending the review and amendment to the Agencies' Lobbying Law Policies:

A RESOLUTION OF THE GOVERNANCE COMMITTEES OF THE NEW YORK STATE HOUSING FINANCE AGENCY, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MORTGAGE AGENCY, STATE OF NEW YORK MUNICIPAL BOND BANK AGNECY AND TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING AMENDED LOBBYING POLICIES.

The next three items on the agenda were information items regarding:

- **Review of Financial Advisory services contracts with firms on the agencies' prequalified panel**
- **Review of report on the Agency's Administration of Ethics Policy**
- **Report on salary adjustments (management confidential)**

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Information in connection with the above listed items were contained in the materials provided to the Members, which materials are incorporated herein by reference. There were no discussion on these items:

It was reported that the next Audit Committee meetings are scheduled to meet on Tuesday, January 28, 2014. There being no unfinished business Chairman Weiss moved to adjourn; Ms. McCann seconded the motion and the meeting was adjourned at 10:07 a.m.

C. Jason Kim, Secretary