MINUTES OF THE 26TH MEETING OF THE
STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY
GOVERNANCE COMMITTEE
HELD ON SEPTEMBER 11, 2012 AT 9:47 A.M.
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022

DIRECTORS AND DESIGNEES

PRESENT:

Kenneth M. Bialo	Acting Chairman
Renee Nowicki	Division of the Budget, representing Robert Megna, Director (via video conference)
Susan L. Watson	Secretary of State, representing Cesar A. Perales, Director

ABSENT

Naomi Bayer	Chairperson

The meetings were opened by Kenneth M. Bialo, Governance Committee Chairman of State of New York Municipal Bond Bank Agency (MBBA) and Tobacco Settlement Financing Corporation (TSFC).

Alejandro J. Valella, Vice President and Deputy Counsel of the Agencies, acted as Secretary. He noted that Renee Nowicki was participating in today's meetings via video conference from the New York State Division of Budget conference center at the Capitol Building, Room 143, in Albany. A public notice was given of the time and location of that venue.

Steven J. Weiss, Governance Committee Chairman of New York State Housing Finance Agency (HFA) and New York State Affordable Housing Corporation (AHC), attended today's meetings via video conference from the Buffalo Regional Office. Aida Brewer, Deputy Commissioner and Treasurer of New York State Department of Taxation and Finance, representing the Commissioner of Taxation and Finance, attended the meetings as a guest via video conference. Marge Rogatz attended the meetings via telephone.

Mr. Valella stated that Steven J. Weiss was Governance Committee Chairman for HFA and AHC and would chair the meetings for those Agencies; Don Lebowitz was Governance Committee Chairman for SONYMA would chair the meeting for that Agency. He noted that Committee Chair Naomi Bayer was absent and asked for motions and seconds to appoint Kenneth M. Bialo as Acting Governance Committee Chairman for MBBA and TSFC to chair today's meetings for those Agencies. Ms. Watson made a motion; Ms. Nowicki seconded the motion, and the motion was carried. Mr. Valella stated that, for purposes of convenience and to ensure that the Committee meetings of the respective

Agencies ran smoothly, items shared by one or more of the Agencies would be presented by Governance Committee Acting Chair Bialo.

Mr. Valella asked for motions and seconds to call the Governance Committee meetings to order of the New York State Housing Finance Agency (HFA), New York State Affordable Housing Corporation (AHC), State of New York Mortgage Agency (SONYMA), State of New York Municipal Bond Bank Agency (MBBA) and Tobacco Settlement Financing Corporation (TSFC). Chairman Weiss made a motion to call the HFA Governance Committee meeting to order; Ms. Nowicki seconded the motion. Chairman Weiss made a motion to call the AHC Governance Committee meeting to order; Ms. Nowicki seconded the motion. Chairman Lebowitz made a motion to call the SONYMA Governance Committee meeting to order; Ms. Nowicki seconded the motion. Ms. Watson made a motion to call the MBBA Governance Committee meeting to order; Chairman Bialo seconded the motion. Ms. Watson made a motion to call the TSFC Governance Committee meeting to order; Chairman Bialo seconded the motion. Mr. Valella 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 or Director wished to record his or her vote differently.

The meetings of the Governance Committees of the affiliated Agencies were opened in joint session for the consideration of various matters of shared importance. These minutes reflect only those items being considered by the Directors of the Municipal Bond Bank Agency. A record of items considered by the Governance Committees of the other affiliated Agencies is contained in the minutes of each Committee respectively.

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The first item on the agenda was the adoption of the minutes of the 25th State of New York Municipal Bond Bank Agency ("MBBA") Governance Committee meeting held on June 12, 2012. 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 approving the continued retention of the Financial Printing Services contracts with ImageMaster, Inc. Acting Chairman Bialo stated that information regarding this item was contained in the meeting materials provided which are incorporated herein by reference, and asked if there were any comments or questions. There was no discussion regarding this item.

Ms. Watson moved to adopt the resolution; Acting Chairman Bialo seconded the motion, and the following resolution was adopted unanimously:

A RESOLUTION OF THE GOVERNANCE COMMITTEES OF THE NEW YORK STATE HOUSING FINANCE AGENCY, STATE OF NEW YORK MORTGAGE AGENCY, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING THE CONTINUED RETENTION OF THE FINANCIAL PRINTING SERVICES AGREEMENTS WITH IMAGEMASTER, INC.

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The next item on the agenda was a resolution approving the continued retention of Co-Bond Counsel Services contracts with firms on the Agencies' prequalified co-bond counsel panel. Mr. Valella summarized certain information contained in the meeting materials provided in connection with this item which are incorporated herein by reference. He stated that in the Fall of 2011, at the urging of Wanda Graham, Vice President/Director of Fair Housing and Equal Opportunity, Forrest Taylor, President, Office of Professional Services, and Darryl C. Towns, President and CEO of the Agencies, the Agencies created a panel of eight Minority and Women-owned Business Enterprise (MWBE) firms to serve as co-bond counsel in order to ensure that the Agencies had MWBE representation on their transactions. He stated the Agencies were very proud of the fact that as of today, each MWBE firm has participated in one or more Agency financings, which has not occurred since the early 1990s.

Ms. Rogatz stated that the outcome of the MWBE Outreach initiative was terrific.

Ms. Watson moved to adopt the resolution; Acting Chairman Bialo seconded the motion, and the following resolution was adopted unanimously:

A RESOLUTION OF THE GOVERNANCE COMMITTEES OF THE NEW YORK STATE HOUSING FINANCE AGENCY, STATE OF NEW YORK MORTGAGE AGENCY, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING THE CONTINUED RETENTION OF CO-BOND COUNSEL SERVICES AGREEMENTS WITH FIRMS ON THE AGENCIES' PREQUALIFIED PANEL.

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The next item on the agenda was an information item concerning the oral presentation of the Minority and Women-owned Business Enterprise ("MWBE") Initiative and Progress Report. Steven J. Weiss, Governance Committee Chairman of HFA and AHC, introduced Wanda Graham, Vice President/Director, Fair Housing and Equal Opportunity, to present an oral report on the extraordinary progress of the MWBE outreach initiative. He stated that the efforts of Ms. Graham have been impressive from both a housing perspective, and to have caused the Agencies to be in a statewide leadership position. Chairman Weiss suggested that, following Ms. Graham's presentation, there be a discussion of ideas to take this initiative to the next level. Ms. Graham stated that, because both the construction and procurement areas of the Agencies were involved, flow charts were created to provide procedural guidance during the outreach process. She stated that HFA's overall average participation capped at 14.41% of the Governor's 20% goal. She then summarized the Agencies' MWBE 2011-2012 fiscal year percentage caps reached as follows: procurement was 23.12%; construction was 14.93% which included Multi-Family's development unit and AHC's grant programs; bond-related was 6.45%; and SONYMA's was 16.18%. She stated that the Agencies, particularly HFA, have gone from under 5% to nearly 15% of the goal as of the first quarter of one year's efforts. She stated that for fiscal year 2012-2013, Empire State Development (ESD) has agreed to review the MWBE efforts of the

Agencies collectively, rather than individually, because the Agencies exist under one leadership, although each Agency has different functions. She stated that she and her team have been working to effect change on all pre-qualified panels of the Agencies which have little or no MWBE participation and which include the following areas: co-bond counsel, appraisal, market-study, audit services, financial advisors, technical assistance providers, co-managers, construction monitors and non-bond legal counsel. Ms. Graham stated that she sits on RFP and RFQ solicitation panels for all professional services contracted for the Agencies as the MWBE advocate, to try and obtain direct-hire for MWBEs in the previously-stated areas, or otherwise try to obtain MWBE subcontractors. She stated that MWBE presence on the Agencies' website is in the works which will highlight current New York State Homes & Community Renewal (HCR) projects and contact information to enable WMBEs to avail themselves to opportunities on the construction side. She stated that the website will also post a list of certified WMBEs who have worked with the Agencies for those developers who seek them. She stated that workshops and tutorials are often conducted for various entities. She noted that there are both MBE goals and WBE goals, and that a forum is planned in the Fall to improve the WBE participation with HCR.

Ms. Watson asked if the current number of certified WMBE entities was sufficient. Ms. Graham stated that her team works with a massive ESD database, and that a large number of WMBEs are not certified, which ESD seeks to improve on. She stated that after Utilization Reports of Agency financing projects are reviewed, and uncertified WMBEs are identified, that information is submitted to ESD with a request to fast-track those WMBEs currently working on HCR projects.

Chairman Weiss stated that a concern within the WMBE community was the inability to put up financial components such as Payment and Performance Bonds, lines of credit, letters of credit and guarantees of liquidity, and asked Ms. Graham for suggestions on how the Agencies might provide financial support. Ms. Graham suggested that on Agency projects where developers are not meeting their goals, perhaps a percentage of the project could be imposed upon the developers, or a portion of the developer's fees could be withheld in an special pool of funds created to provide training and some assistance in capacity-building for WMBEs. Chairman Weiss suggested that, in addition to whatever the Agencies may impose, perhaps the Agencies might be able to contribute toward the creation of available resources for qualified, certified WMBEs to enable them to gain access to Agency financing transactions.

Chairman Weiss invited Darryl C. Towns, President and Chief Executive Officer, to comment on how the scoring portion of the application process might be amended to incorporate a means to recognize those developers and contractors who meet or exceed Agency requirements, and which would enable developers to hire contractors that are doing better at WMBE efforts than others. President Towns concurred with the suggestion of Chairman Weiss.

President Towns asked Ms. Graham to discuss the recent suggestion made by Two Trees Management Company, a New York real estate development firm. Ms. Graham responded that she and Marian Zucker, President, Office of Finance & Development, recently met with Two Trees which suggested that a project's MWBE Outreach could be implemented prior to the hiring of subcontractors and prior to securing their funding. She

stated that on October 4 in Brooklyn, an MWBE Outreach will be sponsored by Two Trees, and participated in by the Agencies, where Two Trees will provide a list of construction trades it will use on an Agency project, together with a bidding schedule to enable MWBEs to avail themselves. Ms. Graham stated that Twin Trees also hired a consultant to help it meet its MWBE goals, adding that the efforts of Two Trees may set a precedent for other developers to follow. President Towns stated that focus now is needed on finding ways to build a pool of women and minority developers to increase diversity, and that a full proposal would be submitted to the Board in the near future.

Ms. Rogatz noted that the discussed issues involved creating incentives and then being able to monitor whether people used those incentives to do what the Agencies expected of them. She suggested that perhaps the Agencies could subcontract its projects to new firms which would serve to help them build their businesses. Ms. Graham added that an MWBE may not be able to bid on a carpentry job, for example, but if the Agencies were able to unbundle trades into more specific tasks which could be bid on by smaller companies, that would provide them with a way to establish themselves. Ms. Graham stated that the Agencies' financing projects are monitored by her team which reviews quarterly Utilization Reports to confirm that identified WMBEs have remained on a project and that they are being paid.

Chairman Weiss suggested that the Agencies might create industry forums to brainstorm ideas with other interested professionals impacted by this issue, to collect information from consumers, and to geographically open-up discussions. President Towns concurred with the suggestion of Chairman Weiss, adding that perhaps forums could be made available to regional areas of the State and sister agencies, as well as to other states which would serve to draw people and business to New York State's MWBE opportunities. Ms. Rogatz added that the Regional Councils could also play a role in this initiative.

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Ms. Nowicki moved to adjourn; Acting Chairman Bialo seconded the motion, and the meeting was adjourned at 10:11 A.M.

Alejandro J. Valella, Acting Secretary