# MINUTES OF THE
# 92ND DIRECTORS MEETING OF THE
# STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY
# HELD ON APRIL 10, 2014 AT 8:30 a.m.
# AT ITS OFFICES AT 641 LEXINGTON AVENUE
# NEW YORK, NEW YORK 10022

DIRECTORS AND DESIGNEES

PRESENT:

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| William J. Mulrow | Chairman |
| Linda M. Baldwin | Department of State, representing Cesar A. Perales, Secretary of State, Director (via telephone) |
| Naomi Bayer | Director |
| Andrew A. SanFilippo | Director |
| Elaine McCann | New York State Division of the Budget, representing Robert Megna, Director (via video conference) |

ABSENT:

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| Kenneth M. Bialo | Director |

Chairman William J. Mulrow 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 and Commissioner Thomas H. Mattox participated in the meetings via video conference from the New York State Division of Budget conference center at the Capitol Building, Room 131, in Albany. A public notice was given of the time and location of the venue in accordance with the New York State Open Meetings Law.

Mr. Kim asked for motions and seconds to call to order the Directors and Members meetings of the New York State Housing Finance Agency ("HFA"); the Affordable Housing Corporation ("AHC"); the State of New York Mortgage Agency ("SONYMA"); the New York State Municipal Bond Bank Agency ("MBBA") and the Tobacco Settlement Financing Corporation ("TSFC"). Mr. Weiss moved to call the HFA and AHC meetings to order; Mr. Davidson seconded the motion. Ms. Bayer moved to call the SONYMA meeting to order; Ms. Rogatz seconded the motion. Ms. Baldwin moved to call the MBBA and TSFC meeting 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 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 Directors of the State of New York Municipal Bond Bank Agency. A record of items considered by the other Agencies is contained in the minutes of each of the Agencies.

The first item on the Agenda was the President's Report. Chairman Mulrow announced that President Towns will not be attending today's Board Meetings. He reported that President Towns is in Schenectady, New York, attending the Capital Mayors' Summit on "Strengthening Cities, Communities and Housing", where he is representing Governor Cuomo as the Keynote Speaker, and will be participating in a panel with other State Commissioners. Chairman Mulrow noted that this commitment arose after the Board Schedule had been prepared, and President Towns expressed his regret at not being in attendance. Chairman Mulrow said that President Towns will present his President's Report at the next scheduled monthly meeting.

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Chairman Mulrow then noted that the New York State Budget was passed recently. He asked Ms. Sharon Devine, Vice President and President of Office and Professional Services, to provide an update.

Ms. Devine reported on the impact of the recently adopted State Budget on the HCR entities. She reported on the 2014 Budget which helps to expand opportunities for affordable housing by increasing HCR's base level capital program funding level as well as continuing funding for the Governor's new $1 Billion HOUSE NY program initiative. She noted that HOUSE NY started last year with the goal of creating 14,000 units of housing over a five-year period of time. Ms. Devine reported that the Mortgage Insurance Fund is a major component of HOUSE NY. She said this year $43 Million of MIF funds have been allocated towards HOUSE NY and a large portion of that is the $32 Million which is dedicated to the Mitchell-Lama revitalization. Ms. Devine added that $2.5 Million helps with construction and rehabilitation, $1.8 Million of which will be used for the Homes for Working Families Program (HWF) creating additional opportunities for families. Ms. Devine noted that $6.8 Million will be made available again this year for the Rural and Community Investment Fund program which was created last year in order to provide mixed-use housing opportunities within communities statewide. She said that an additional $32 Million will be used for other housing programs. Ms. Devine reported that the Agencies' network of local community based not-for-profit organizations will receive $12 Million Dollars through the Neighborhood and Rural Preservation Programs and stated that the Rural Rental Assistance Program provides subsidies amounting to $20 Million.

Ms. Devine reported that in addition, this year, the Budget also authorizes the designation of $40 Million from the Mortgage Insurance Special Account. She said the funds are to be transferred

to the State and will be used in two ways: $34 Million Dollars for municipal assistance to Yonkers, NY and the City of Rochester, and $6 Million Dollars will be used for homeless housing programs that will be administered by the Office of Temporary and Disability Assistance.

Ms. Devine next reported on the State Agency component of HCR. She said DHCR received $580 Million which represents a significant increase, of which $87 Million will be used for operations and will permit the Agency to continue operations throughout the year. She said that DHCR's bonded capital programs will be funded at $91 Million, which is a 23% increase over the prior years.

Ms. Devine reported that the largest portion of the year-to-year change deals with a new fund that was established from the JPMorgan Chase ("Chase") Settlement Fund of $312 Million. She said that the new fund will provide funding for foreclosure and mitigation activities. She further stated that $58 Million will be available early this year and will support activities that are consistent with the Chase Settlement and will include traditional foreclosure activities as well as open up some opportunities for housing remediation. She noted that the specific use of the funds will be negotiated via a Memorandum of Understanding between the Director of the Budget and the Legislature, in consultation with the Commissioner, which represents an exciting new source of funding for the Agency.

Ms. Devine stated that another source of funding that became available was $100 Million Dollars from the Storm Recovery Disaster Recovery account. She said HCR will be working to help storm-impacted areas preserve or create new affordable multi-family housing. She said the Office of Finance and Development is leading in this effort and Ms. Zucker and her team have been in conversations with the storm team and are working on plans and exploring ideas.

Finally, Ms. Devine noted that there is funding to conduct a Grandparent Housing Study and HCR received $200,000 to help the Agency understand and evaluate the housing needs of grandparents and elderly caregivers. She said this will be done in conjunction with other Social Service Agencies, such as the New York City Department for the Aging and the New York State Office of Family and Children's Services.

Ms. Rogatz inquired whether the recovery monies would be used for market rate housing. Ms. Zucker stated that the funds will be used as an additional source of funds for projects.

HFA/AHC Member Thomas Mattox stated how much he welcomed Ms. Devine's report. He suggested that perhaps Ms. Devine could report more regularly throughout the next twelve months in terms of how the Agency is deploying these additional funds and how the Board can be helpful in terms of the Memorandum of Understanding or other underlying agreements with respect to the prioritization of those funds. Chairman Mulrow agreed that a report on a quarterly basis would be appreciated.

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Mr. Kim stated that previous discussions had taken place with Members and Directors who expressed an interest in receiving training or participating in an educational session to learn what

the various groups and programs at the Agencies do. He reported that Senior Management is currently working on planning this event that is tentatively scheduled for Thursday, July 10, 2014. Mr. Kim said that a follow-up email will be sent to the Members and Directors with further details. This retreat is scheduled to be held at Fordham Law School next to Lincoln Center.

**The next item on the agenda was the report of the Governance Committee.** Mr. Kim reported that the Governance Committee held a meeting on April 8, 2014 and adopted the minutes of January 28, 2014 meeting. He next reported that the Governance Committees adopted the following resolutions:

- All five Committees adopted a resolution recommending the approval of the Eighth Annual Evaluation by the Governance committees.
- HFA and MBBA reviewed and approved contracts for Arbitrage Rebate Services with Hawkins, Delafield & Wood and Bond Logistix.
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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 April 8, 2014 and adopted the minutes of January 28, 2014 meeting. He next reported that the Audit Committees adopted the following resolutions:

- All five Committees adopted a resolution approving Internal Audit's Work Plan for Fiscal Year 2015
- All five Committees adopted a resolution approving Internal Audit Follow-Up of 2012 Audit Reports, together with Management Response
- All five Committees adopted a resolution recommending for approval the Eighth Audit Committees' Self-Evaluation.
- All five Committees reviewed the Financial Statement Update for the First Quarter Fiscal 2014 (Third Quarter Fiscal 2014 AHC).
  All five Committees were given a presentation on Accounting Policies

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**The next item on the agenda was the adoption of the minutes of the 91st MBBA Directors' meeting held on March 6, 2014.** Absent comments or corrections from the Directors, Mr. Kim reported that the minutes were deemed approved.

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**The next item on the agenda was a resolution appointing Senior Vice President and Chief Operating Officer to the Agencies.** Mr. Kim reported that Mr. Kevin Kelly was appointed as the Agencies' Senior Vice President and Chief Operating Office for HFA and SONYMA at the March 2014 meeting where Commissioner Towns gave a very good presentation on Mr. Kelly and his background. Mr. Kim reiterated that Mr. Kelly comes from the City of New York most recently where he served as Deputy Commissioner of New York City Business in the Mayor's Office and in two months has been very dynamic and helpful and involved in many areas at the Agencies; he has helped everyone improve in areas of efficiency and operations.

Chairman Mulrow asked if Mr. Kelly had any thoughts or perspectives. He stated that the Agencies has great people with a lot of focus, he is impressed with the amount of assets at their disposal and expressed being honored to be part of the team.

Mr. Kim noted that the item before AHC, MBBA and TSFC is simply to complete the appointments at those Agencies.

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

**A RESOLUTION OF THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY, TOBACCO SETTLEMENT FINANCING CORPORATION AND NEW YORK STATE AFFORDABLE HOUSING CORPORATION APPOINTING KEVIN KELLY AS SENIOR VICE PRESIDENT AND CHIEF OPERATING OFFICER**

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Chairman Mulrow then directed the Directors' attention to the Shared Consent Items 3, 4 and 6 on the agenda and stated that information regarding these items was contained in the meeting materials provided which are incorporated herein by reference. There were no discussions on these items.

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

**Resolution accepting the 8th Audit Committees' Self-Evaluation:**

**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 SETTLEMET FINANCING CORPORATION CONCERNING SELF-EVALUATION OF THE AUDIT COMMITTEES**

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**Resolution accepting the 8th Governance Committees' Self-Evaluation:**

**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 CONCERNING SELF-EVALUATION OF THE GOVERNANCE COMMITTEES**

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**Resolution reviewing and approving the 1st Quarter Investment Reports for the period ending January 31, 2014 of HFA, SONYMA, MBBA, TSFC and Third Quarter Investment Report for the period ending December 31, 2013 for AHC:**

**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 SETTLEMET FINANCING CORPORATION APPROVING REPORTS OF INVESTMENTS**

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Chairman Mulrow stated that the next three (3) items on the agenda were information items concerning:

a. **Review of the Agencies' 1st Quarterly Procurement Report for the period commencing November 1, 2013 and ending January 31, 2014.**
b. **Financial Statement Update 1st Quarter Fiscal 2014 (3rd Quarter Fiscal 2014 for AHC).**
c. **Administrative Budget Report as of January 31, 2014.**

Chairman Mulrow stated that information regarding these items were contained in the meeting materials provided to the Directors which are incorporated herein by reference. There were no discussions regarding these items.

Chairman Mulrow noted that although Item 7 on the Agenda was an information item, it's an area that everyone has worked long and hard on in terms of Minority and Women-Owned Business (MWBE) and asked Ms. Lisa G. Pagnozzi, Contract Officer, to present the Agency's First Quarterly Procurement Report for the Fiscal Year 2013-14.

Ms. Pagnozzi reported that the Agency has worked very aggressively in this area which has resulted in procurement amounting to 33.37% in the first quarter for MWBE participation. She reported that the Agency has typically been doing very well on the Purchase Order side and this time was no exception (92.99%). She stated that the Agency hasn't always reached the 20% mark on contracts but this time in the First Quarter, it has reached the 20% goal which can be attributed to the aggressive stance by all and enforcement of the MWBE initiative.

Chairman Mulrow inquired about the goal. Ms. Pagnozzi confirmed that there is a 20% goal and noted that the Agency exceeded 20% on the Professional contract side.

HFA/AHC Member Mr. Nestor Davidson applauded the progress made. He inquired about the process for determining what are considered excluded contracts. Ms. Pagnozzi responded that the guidance from the State was to separate contracts into three areas -- those with MWBE opportunities, those exempt by the State and those in exclusionary areas where staff at the time did not know of any opportunities in the area despite outreach. She said that the Agency goal has been to eliminate all contracts in the exclusionary category. She noted that there are very few contracts

in that exclusion category now and Staff hopes to eliminate all of them soon. She confirmed that there are 7.7% in the excluded column.

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There being no unfinished business, Chairman Mulrow asked for a motion to adjourn the meeting. Ms. Baldwin moved to adjourn; Mr. SanFilippo seconded the motion, and the meeting was adjourned at 9:27 a.m.

C. Jason Kim, Secretary