**MINUTES OF THE**
**86TH DIRECTORS MEETING OF THE**
**STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY**
**HELD ON DECEMBER 13, 2012 AT 8:32 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 |
| Kenneth M. Bialo | Vice Chairperson |
| Naomi Bayer | Director |
| Elaine McCann | Division of the Budget, representing Robert Megna, Director (via video conference) |
| Susan L. Watson | Secretary of State, representing Cesar A. Perales, Director |
| Andrew A. SanFilippo | Director (via video conference) |

Chairman William J. Mulrow opened and chaired the meetings. He noted that the Agency has had a busy year and as a result we have a relatively short agenda. He turned over the meeting to the 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 and assisting him will be Joseph R. Palozzola, Vice President for Intergovernmental Relations. He turned over the meeting to Mr. Palozzola.

Joseph Palozzola noted that Elaine McCann, Division of the Budget, representing Robert Megna, Budget Director, and Thomas, H. Mattox, participated in the meeting via video conference from the New York State Division of the Budget conference center at the Capitol Building, Room 131, in Albany; and that Andrew SanFilippo participated from the Agencies' Buffalo Regional Office at Electric Tower, 535 Washington Street, Suite 105, Buffalo, New York. A public notice was given of the time and location of each venue.

Aida Brewer; Deputy Commissioner and Treasure, New York State Department of Taxation And Finance, Anthony Bergamo and Don Lebowitz Directors of SONYMA attended the MBBA meeting as guests.

Mr. Palozzola asked for motions and seconds to call to order the December 13, 2012 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 Steve Weiss moved to call the HFA meeting to order; Elaine McCann seconded the motion. Elaine McCann moved to call the AHC meeting to order; Vice Chairman Steve Weiss seconded the motion. Ms. Naomi Bayer moved to call the SONYMA meeting to order; Ms. Elaine McCann seconded the motion. Mr. Andrew SanFilippo moved to call the MBBA meeting to order; Ms. Elaine McCann seconded the motion. Vice Chairman Kenneth Bialo moved to call the TSFC meeting to order; Mr. Andrew SanFilippo seconded the motion.

Mr. Palozzola 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.

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**The first item on the agenda was the President's Report.** Chairman Mulrow requested that Darryl C. Towns, Commissioner/CEO of the Agencies, present his report. President Towns reported that HCR continues to deal with all issues related to Super Storm Sandy. He stated that as of last week, the Agencies were back and operating at normal capacity at the Agencies' Beaver Street office. He stated that the Agencies continue to staff 41 Disaster Recovery Centers within New York City and surrounding counties. President Towns stated that in addition to the previously announced $10,000 New York State Construction Grants, Governor Cuomo has also announced the creation of the Empire State Relief Fund (ESRF), a not-for-profit which has raised over $17 million so far. He stated this Fund will distribute monies much in the way AHC does, by giving grants to other not-for-profits and municipalities, with the municipalities and not for profits then distributing funds to individuals affected by Super Storm Sandy and in need. He further stated that the make-up of the Board of the ESRF consists of five Directors, and that individuals are receiving assistance in a number of ways, i.e. private insurance, FEMA, Homeownership Repair and Rebuilding Fund ("HRRF"), and ESRF. President Towns stated that there is an expectation that this Fund will grow very quickly and that the Funds will be administered through the Housing Trust Fund. He stated that the Agencies will be directly involved in Super Storm Sandy matters going forward.

President Towns stated that the Agencies have been working with Governor Cuomo's Washington DC office, the New York State Congressional Delegation with both Senators Schumer and Gillibrand, and New York City on special Super Storm Sandy legislation. He noted that the proposal will contain a request of additional bond Cap (approximately $600-million) and additional low income housing tax credits (approximately $25-million) with allocations apportioned to both New York City and New York State.

President Towns stated that with regard to the Agencies' core business, by the end of this month, HFA will have closed nine affordable deals and two 80/20's, totaling approximately $332 million in new business since the last Board meeting. He noted that these projects are

located across the State including developments in Manhattan, the Bronx, and in Westchester and Monroe Counties among others. He further noted that the HFA pipeline for 2013 is robust and we are anticipating an even larger number of financings in 2013. He reported that in SONYMA single family, November loan reservations averaged $1.2 million per day and December it is averaging $1.1 million per day, with a 10-year December average of $1.2 million per day, indicating that we are on track for a solid December.

President Towns asked if there were any questions regarding the ESRF. SONYMA Director Don Lebowitz asked if there would be Board activity required for the ESRF and if the Agencies are being asked to make any contributions. Chairman Mulrow stated that the Fund is separate and consists of private donations, so that there would not be any agency involvement.

President Towns wished everyone Happy Holidays and a safe New Year.

Chairman Mulrow added to President Towns' comments by stating that in the scope of the President's report, one could see how busy the Agencies are and how effective they have been in their mission to provide housing in New York State. He stated that the Agencies have issued $2.2 billion in bonds in 2012, which will make us the largest issuer of housing finance bonds in the country again this year, which is extraordinary. Chairman Mulrow stated that what the Agencies are doing on the relief side is a credit to the Agencies, by helping individuals to get back into their homes and into a livable situation. He stated that Michael Skrebutenas and Matthew Nelson are meeting with the ESRF board and that the Agncies will be actively involved going forward. He noted that it has been a very important year and he credits the staff and the Agencies for a strong and productive year.

Chairman Mulrow asked if there are any questions or comments. He noted that there was a lot of work done during the Committee meetings and he wanted to thank the various Chairmen for moving items on those committees. He stated that this structure seems to be working and he believes that it makes the Board meetings more efficient.

Commissioner Towns added that the Agencies have increased the portals of access for Board Members to attend our meetings, and we have recently opened one in Long Island, and said that if it helps in regard to attendance we can certainly explore opportunities to open other public sites for that convenience.

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**The next item was the report of the Audit Committees.** Mr. Valella reported that the Audit Committees held meetings on December 11, 2012 and approved the minutes of the September 11, 2012 meetings.

Mr. Valella reported that Marge Rogatz, a SONYMA Director, participated in the Committee meetings two days prior from Long Island and the meeting was a very active and vibrant meeting. Mr. Valella reported on the activities in the various committee meetings.

He reported that the Committee adopted a resolution approving Audit Committee Action Plan for FY2013; adopted a resolution approving an internal audit staff function. He stated that during that item there was a discussion about a number of things that interested members of the Audit Committee; and a recommendation to have at the January Audit Committee meetings a presentation from Ernst & Young (the Agencies' external auditors) on various matters of interest to the committee including the internal audit staff function and other related matters. He stated that in addition, the Audit Committee approved Internal Audit's Purchasing Audit Report.

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**The next item was the report of the Governance Committees.** Mr. Valella reported that the Governance Committees held meetings on December 11, 2012 and approved the minutes of the September 11, 2012 meetings;

Mr. Alejandro Valella reported that the Governance Committees adopted a resolution of an item coming to the Board, recommending the approval of MWBE Master Goal Plan for 2013-2014; adopted the revisions to the Agencies' Lobbying Reform Law Policies; adopted a resolution reviewing and approving financial advisor services contracts with firms on the Agencies' prequalified panel; and adopted a resolution approving salary ranges for Senior Officers.

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**The next item on the agenda was the adoption of the minutes of the 85th MBBA Directors meeting held on September 13, 2012.** Absent comments or corrections from the Members, Mr. Palozzola reported that the minutes were deemed approved.

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**The next item on the agenda was a resolution approving the Annual Updated and Consolidated Equal Opportunity and Affirmative Action 2013-2014 Master Goal Plan.** Chairman Mulrow stated that this is a consent item and if there is no discussion they would proceed with approval of the resolution.

Mr. SanFilippo 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, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MORTGAGE AGENCY, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY, AND TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING THE ANNUAL UPDATED AND CONSOLIDATED EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION 2013-2014 MASTER GOAL PLAN**

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**The next item on the agenda was a resolution adopting the amended and consolidated Lobbying Policies of the Agencies.** Chairman Mulrow stated that this item is before the Board for approval of the revisions to the Agencies lobbying policies.

Mr. Valella gave some further background information to the Board regarding the NYS Legislature passing of the Public Integrity Reform Act of 2011. He stated that the Project Sunlight Law ("PSL") only relates to the Agencies in the area of procurement, and does not go into effect until January of 2013. He stated that the PSL also deals with appearances relating to regulations, quasi judicial proceedings and rate making but the Agencies do not deal in these areas. He highlighted that until now if someone attempts to contact a board member or staff to try to influence a particular contract, the law required the board member or staff member to record the contact only if the Agencies have initiated procurement. Mr. Valella said that the difference with the PSL is that going forward for all contracts, this requirement kicks in even if the Agencies have not initiated procurement. He said that any time a board member or senior staff is contacted, not in a purely informational or casual capacity, but in an attempt to influence an actual or potential procurement opportunity, there is now a requirement beginning January 1, 2013 that the board member or senior staff member reports that appearance to the Agencies. He stated that the contact is permissible but it will be noted on OGS's website and the public can see who is attempting to lobby. Mr. Valella said that this applies not only to lobbyists but individuals lobbying on their own behalf. He said that OGS does not yet have the system in place for us to record this, but the requirement will be that board members must contact the Agencies through the legal department and report the contact within five business days. He stated the Governance Committee reviewed and approved this item at their December 11, 2012 meeting and the revisions that the Agencies were making to the lobbying policies are only to incorporate the PSL as it relates to the Agencies.

Mr. SanFilippo 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 AMENDED AND CONSOLIDATED LOBBYING POLICIES (EFFECTIVE AS OF JANUARY 1, 2013, REVISED AS OF DECEMBER 13, 2012)**

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**The next item on the agenda was a resolution approving the Bond Sales Reports: 4th Quarter Report and Annual Report.** Chairman Mulrow restated that it has been a very busy year for the Agencies with $2.2 billion in bonds and $1.8 billion of housing. There was no further discussion.

Mr. SanFilippo 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, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY, AND TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING THE AGENCIES' BOND SALE REPORTS: QUARTERLY REPORT FOR THE PERIOD ENDING AUGUST 1, 2012 TO OCTOBER 31, 2012 AND ANNUAL REPORT FOR THE PERIOD ENDING NOVEMBER 1, 2011 TO OCTOBER 31, 2012**

**The next item on the agenda was a resolution approving the Agencies' Annual Disaster Recovery/Business Continuity/Pandemic Test Results.**

Mr. SanFilippo moved to adopt the resolution; Ms. McCann seconded the motion, and the following resolution was adopted unanimously.

**A RESOLUTION OF THE NEW YORK STATE AFFORDABLE HOUSING CORPORATION, THE STATE OF· NEW YORK MUNICIPAL BOND BANK AGENCY AND THE TOBACCO SETTLEMENT FINANCING CORPORATION REVIEWING AND APPROVING THE AGENCIES' DISASTER RECOVERYIPANDEMIC TESTING PROCESS**

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**The next item on the agenda was a resolution approving the amendments to the Uniform Investment Guidelines.** There was no discussion on this item.

Mr. SanFilippo moved to adopt the resolution; Ms. McCann seconded the motion, and the following resolution was adopted unanimously.

**A RESOLUTION OF THE NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND THE TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING THE AMENDMENT OF UNIFORM INVESTMENT GUIDELINES**

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**The next item on the agenda was an information item regarding the Board Self-Evaluation.** Chairman Mulrow stated that this item is a review of the Board Self-Evaluation. Mr. Valella said that in the board materials, all board members have received a form which must be completed and returned to him so that the findings can be brought before the January 2013 board meeting. Ms. Naomi Bayer requested that the form be emailed separately to the board members. This form is confidential.

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**The next item on the agenda was an information item regarding the Municipal Bond Issuer Disclosure Obligations.** Marian Zucker, President of Finance and Development, stated that the Municipal Bond Issuer Disclosure Obligations item is just a fairly detailed description of what the Agencies do internally both to monitor our ongoing disclosures obligations and what we do in preparation to our bond sales to pull together the necessary information for inclusion in the official statement. She stated that it is something staff takes very seriously and we all work collectively together when issues arise; for example, when Super Storm Sandy happened staff had a lively discussion regarding what sort of disclosure we would have to include for the projects we financed that were affected by the storm. She said that the Agencies send out a weekly email to everyone in the agencies that could have pertinent information to our disclosure requirements.

Mr. Valella added from a legal perspective how important it is for the Board to know what it is that staff does to prepare an Official Statement in particular and to comply with the securities laws, since the Board in essence is delegating that authority to staff via the series resolutions.

Vice Chairman Mr. Bialo asked if Board members get copies of any of the disclosures. Mr. Valella answered that lately the Agencies have not been doing that for HFA and SONYMA official statements since those Agencies are such frequent issuers. On the MBBA and TSFC deals, since they are not as numerous, MBBA and TSFC Directors and Members do get copies of the official statements but all are available on our website.

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Chairman Mulrow asked for a motion and a second to adjourn the MBBA meeting. There being no unfinished business, Vice Chairman Bialo moved to adjourn; Ms. Watson seconded the motion, and the meeting was adjourned at 8:57 a.m.

Alejandro J. Valella, Acting Secretary