

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF
STATE OF NEW YORK MORTGAGE AGENCY
HELD ON MARCH 6, 2014 AT 8:30 A.M.
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

DIRECTORS AND DESIGNEES

PRESENT:

William J. Mulrow	Chairman
Anthony Bergamo	Director
Moses Krausz	Director
Marge Rogatz	Director
Darryl C. Towns Elaine McCann	Director New York State Division of the Budget, Representing Robert Megna, Director (via video conference)

ABSENT:

Naomi Bayer	Vice Chairperson
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Chairman William J. Mulrow presided over the meeting. Chairman Mulrow welcomed Mr. Moses Krausz, a new Director to the SONYMA board. He explained that Mr. Krausz is an appointee of the Assembly and comes with many years of experience from the banking business. He stated that Mr. Krausz is the President and CEO of the Berkshire Bank, one of the great community banks in New York. Chairman Mulrow expressed appreciation for his expertise and commitment of time to this new position.

Mr. C. Jason Kim, Senior Vice President and Counsel to the Agencies, acted as Secretary. He noted that Ms. Elaine McCann, Aida Brewer 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, and that SONYMA Director, Ms. Marge Rogatz was attending via video conference

from the office of Expedia at 325 Duffy Avenue, Hicksville, NY. A public notice was given of the time and location of the venues in accordance with the New York State Open Meetings Law.

Mr. Kim asked for motions and seconds to call to order the Members and Directors meetings, of the New York State Housing Finance Agency (“HFA”) and the State of New York Mortgage Agency (“SONYMA”); Ms. Miller moved to call the HFA meeting to order; Vice Chairman Weiss seconded the motion. Mr. Bergamo moved to call the SONYMA meeting to order; Chairman Mulrow 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 Members of the New York State Housing Finance 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. Commissioner Towns discussed the Agency’s overall housing agenda in both the Federal and State levels.

Commissioner Towns noted that he previously discussed Governor Cuomo’s ambitious affordable housing goals for 2014 but would take a moment to highlight a few of the Governor’s priorities. First, he reported that the House New York program continues for a second year, as it seeks to fulfill its five-year plan to preserve and create 14,000 affordable units across New York State. Commissioner Towns reported that this year, the Governor moves the Agencies to the next phase of this plan by adding \$40 Million Dollars in new capital resources. Second, he reported that the Governor is seeking to use up to \$100 Million Dollars in Federal monies, mostly in Community Development Block Grant Disaster Recovery (CDBG-DR for 2011 Disasters) to create and preserve additional affordable housing units in multi-family developments. Lastly, Commissioner Towns reported that the Governor’s budget proposes a renter’s personal income tax and continues to invest in affordable housing programs similar to the New York Main Street Technical Assistance Program and the Access to Home Program. He commented that “unfortunately, things are not as rosy on the Federal side” and referred to the majority of the members of the House, Ways and Means Committee who presented a tax plan that would “virtually eliminate the 4% bond program and devastate municipal bonds, in general.”

Commissioner Towns also provided a report on President Obama's Executive Budget as it relates to housing.

Commissioner Towns reported that in a recent trip to Washington, D.C., a meeting was held with several members of the New York Delegation to convey to them the importance to the Agencies of the Federal housing programs.

Commissioner Towns reported that, earlier in the day, the Mortgage Insurance Committee approved insurance for seven (7) projects representing five hundred and twenty-two (522) units of affordable housing in Suffolk, Albany, Orange, Montgomery, Bronx and Kings County.

Commissioner Towns noted that on today's agenda, the HFA Board will be asked to consider a request for authorization to approve a subsidy loan on Woodrow Wilson Homes and with regard to staffing will be asked to approve the appointment of Senior Vice President/Chief Operating Officer, Kevin Kelly.

Commissioner Towns stated that in 2012, Governor Cuomo, looking to increase diversity within his Administration, created the Empire State Fellows Program and at that time the Agency was fortunate to get a Fellow in the person of Keisha Santiago Martinez who has grown from a Fellow to a staff person filling the position of Assistant Commissioner of the Budget in Project Management. He noted that the first program had eight (8) participants and now the Governor's program has gone into its second year. He said that several Fellows have been assigned to the Agency and are also stars who might be in the next pool of Executives.

Finally, Commissioner Towns noted the revival of one of the former practices of this Agency which is a Recognition Program for those employees who have had twenty (20) or more years of service. He said that his team will be going around to the varying offices to recognize over two hundred (200) employees with twenty (20) years or more of State service with one employee even having forty-seven (47) years of service. He commented that this experienced and talented staff is "up to the challenge of the Governor's quest in accelerating the creation of affordable housing."

The next item on the agenda was the report of the Mortgage Insurance Committee ("MIC"). Mr. Kim reported that the MIC held a meeting earlier that day and adopted the minutes of January 29, 2014. He next reported that the MIC adopted the following resolutions:

- (a) Approved 50% mortgage insurance for Plaza Borinquen, Bronx County.
- (b) Approved 100% mortgage insurance for 58 Portion Road, Suffolk County
- (c) Approved 75% mortgage insurance for Lion Heart Residences Cohoes, Albany County.
- (d) Approved 100% mortgage insurance for Independence Square, Orange County.

- (e) Approved 75% mortgage insurance for Woodrow Wilson Apartments, Montgomery County.
- (f) Approved 100% mortgage insurance for Whipple Apartments, Kings County.
- (g) Approved an increase in mortgage insurance on the HFA permanent first mortgage loan for Wincoram Commons II, Suffolk County from \$6,800,000 to \$7,480,000.

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

The next item on the agenda was a resolution approving the appointment of Senior Vice President and Chief Operating Officer to the Agencies. Commissioner Towns announced that he was pleased to introduce and present for consideration the appointment of Kevin Kelly as Senior Vice President and Chief Operating Officer to the Agencies. He reported that for the last two years, Mr. Kelly has served as Deputy Commissioner of the New York City Business in the Mayor's Office, where he designed and implemented a robust customer support model for New York City businesses that leveraged the City's much-admired 311 system and other online resources. Commissioner Towns said that similarly, he also developed a business customer portal (NYC.gov/Business) that aggregates relevant information in a coherent and comprehensive fashion, enabling a range of stakeholders to better manage their relationships with the City.

Commissioner Towns reported that prior to Mr. Kelly's position in the Mayor's Office, Mr. Kelly served in various senior leadership positions at the New York City Department of Small Business Services ("SBS") where he created and oversaw NYC Business Express, an effort to transform the way businesses interact with government into a one-stop experience.

Commissioner Towns reported that prior to joining SBS, Mr. Kelly worked in the private sector as a management consultant, devising and implementing working capital improvement strategies for Fortune 500 companies. He said that Mr. Kelly lived and worked overseas for many years, primarily in Latin America and Europe, with a career that includes public service with the Peace Corps in Costa Rica and the New York City Transit Authority. He said that Mr. Kelly serves on the Board of Directors of Upwardly Global and is an adjunct professor at Columbia University's School of International and Public Affairs.

Commissioner Towns reported that Mr. Kelly received a Bachelor of Arts Degree in Urban Studies from Columbia University; a Master's of Arts Degree in International

Studies from the University of Pennsylvania and a Master's in Business Administration from the Wharton School at the University of Pennsylvania. He commented that Mr. Kelly is joining the Agencies at a time when the Agencies are moving towards "performance matrix" systems, and that he is highly capable and the Agencies are excited about him joining and look forward to his great service.

Chairman Mulrow welcomed Mr. Kelly and asked about the kinds of courses he teaches as an adjunct professor at Columbia University's School of International and Public Affairs. He stated that he teaches Public Management courses. Ms. Miller noted that she was referred to his syllabus and now uses it as a model to follow when teaching.

Mr. Kelly was congratulated on his new appointment.

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

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE
AGENCY AND THE STATE OF NEW YORK MORTGAGE
AGENCY APPOINTING KEVIN KELLY AS SENIOR VICE
PRESIDENT AND CHIEF OPERATING OFFICER**

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$7,500,000 CPC permanent first mortgage loan for 58 Portion Road, Lake Ronkonkoma, Suffolk County.

Chairman Mulrow noted that this item was discussed and voted on earlier at the MIC meeting and is now up for vote by the SONYMA Board. He also noted that there will be no discussion on this item unless the Directors so request.

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 MORTGAGE
AGENCY APPROVING MORTGAGE INSURANCE AND A
COMMITMENT FOR THE PROVISION THEREOF FOR 58 PORTION
ROAD, RONKONKOMA, SUFFOLK COUNTY**

The next item on the agenda was a resolution approving an increase in mortgage insurance on the HFA permanent first mortgage loan for Wincoram Commons II, 3700 Route 112, Coram, Suffolk County from \$6,800,000 to \$7,480,000.

Chairman Mulrow noted that this item was discussed and voted on earlier at the MIC meeting and is now up for vote by the SONYMA Board. He also noted that there will be no discussion on this item unless the Directors so request.

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 MORTGAGE AGENCY APPROVING MODIFICATIONS TO MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR WINCORAM COMMONS II, 3700 ROUTE 112, CORAM, SUFFOLK COUNTY

The next item on the agenda was a resolution authorizing approval of the MIF's Estimated Excess Balance. Mr. Michael Friedman provided background information on this item. He reported that pursuant to the Public Authorities Law, Section 2429-b (2), the Agency is required to make a preliminary determination of the MIF's Estimated Excess Balance, if any, for the statutory twelve-month period ending March 31, 2014 and to certify such Estimated Excess Balance amount to the Director for the Budget, the Comptroller, and the Chairman of the Senate Finance Committee and the Assembly Ways and Means Committee by March 20, 2014. He also reported that there is a subsequent final determination of any adjustment to the State General Fund (by May 15, 2014) which is due in ninety (90) days (by June 18, 2014).

Mr. Friedman reported that the preliminary estimate suggests that the MIF will have an Estimated Excess Balance of \$40 Million Dollars for the twelve-month period ending March 31, 2014. He noted that this is comprised of ten (10) months' actual numbers, two (2) months pro forma numbers and assumed that the mortgage recording tax is \$12 Million Dollars per month. He said it is anticipated that of the roughly \$140 Million Dollars the Agency will collect in surtax, it will use approximately \$90 Million Dollars for new Commitments. He also noted that Agency officials anticipate using \$4 to \$5 Million for reserves against new claims and should have an excess balance of about \$40 Million Dollars. HFA Member, Mr. Weiss inquired about the mechanics of the calculation, and Mr. Friedman provided a brief explanation of the MIF account structure, noting that the special account acts as the initial repository of surtax revenue funds. He noted that the MIF reserves are held in two separate accounts that are funded from the special account: the project pool account and the single family pool account. HFA Member, Mr. Weiss asked if there was a specific amount that needed to be maintained in these accounts for rating agency purposes. Mr. Friedman, in response to questions from Mr. Weiss and Ms. Miller as to the rating and sufficiency of MIF funds for rating purposes, noted that the moneys that flow back to the State are those funds deemed under the statutory formula to be "excesses", taking into account all required deposits, reserves and commitments. Mr. Friedman noted that the transfer of the excess would not impact the rating on the MIF's two accounts.

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 MORTGAGE
AGENCY REGARDING THE ESTIMATED EXCESS BALANCE IN
THE MORTGAGE INSURANCE FUND FOR THE TWELVE-MONTH
PERIOD ENDING MARCH 31, 2014**

There being no unfinished business, Chairman Mulrow asked for a motion to adjourn the meeting. Mr. Bergamo moved to adjourn; Chairman Mulrow seconded the motion, and the meeting was adjourned at 8:59 a.m.

Mr. Kim reported that the next Board meeting is scheduled for Thursday, April 10, 2014 at 8:30 a.m.



C. Jason Kim, Secretary