

**MINUTES OF THE 11TH MEETING OF THE
STATE OF NEW YORK MORTGAGE AGENCY
FINANCE AND PROGRAM COMMITTEE
HELD ON NOVEMBER 8, 2012 AT 8:45 A.M.
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

DIRECTORS AND DESIGNEES

PRESENT:

William J. Mulrow	Chairman
Naomi Bayer	Director
Elaine McCann	Division of the Budget, representing Robert Megna, Director (via video conference)

ABSENT:

Marge Rogatz	Director
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Chairman William J. Mulrow opened and chaired the meeting. He noted that Elaine McCann was participating in the meeting by video conference from the New York State Division of Budget conference center at the Capital Building, Room 131, in Albany. A public notice was given of the time and location of the venue. Alejandro J. Valella, Vice President and Deputy Counsel of the Agencies, acted as.

The first item on the agenda was the approval of the minutes. Absent corrections from the Directors, the minutes of the 10th SONYMA Finance and Program Committee meeting held on June 14, 2012 were deemed approved.

The next item on the agenda was a resolution reviewing and recommending for approval amendments to the Agencies' Uniform Investment Guidelines regarding investment of funds. Sheila Robinson, Chief Financial Officer, highlighted certain information contained in the meeting materials provided in connection with this item, which are incorporated herein by reference. She stated that the two requested changes were reviewed and approved by the Agencies' Investment Committee. She stated that the first recommendation was to expand the eligibility of trustee banks to include those rated within the third highest rating category (A) without regard to gradations within such category by Moody's Investor Service or Standard & Poor's, and have a capital requirement of at least \$250 million, rather than be within the current second highest rating category (AA) with capital of \$50 million. She stated that the Agencies were currently limited to three trustee banks, of which only two submitted competitive bids, and that the requested criteria changes would allow trustee banks that were downgraded in June to

again bid for the Agencies' trustee business as well allow other banks to bid. Ms. Robinson stated that sister agency, Dormitory Authority of the State of New York (DASNY), had similar requirements to those being proposed; while Empire State Development (ESD) was silent on its investor guidelines requirements. She stated that the second recommendation of the Investment Committee was to change the requirement that the Agencies utilize only "Primary Dealers" to purchase or sell its securities, as designated by the Federal Reserve Bank, which requirement has excluded all MWBE firms from the bid process. She stated that the Investment Committee recommended that some MWBE non-primary dealer firms be considered to bid on Agencies' investments, based on their credit worthiness, reputation and efficiencies of trade executions, and that the Agencies' current list of MWBE firms selected for the underwriters panel senior manager and co-manager could initially be used, since those firms were previously vetted. She stated that DASNY currently uses four out of the eight minority firms on that existing list, and ESD uses one of the firms.

Ms. Bayer asked if there was any risk to using non-primary dealers. Ms. Robinson confirmed that the Agencies' investment process mitigated risk by strict adherence to a policy whereby the Agencies did not wire funds until securities were received by the trustee banks.

Chairman Mulrow noted that both recommendations were consistent with those used by other State agencies and would expand the participation and competition of other financial institutions.

HFA Member, Commissioner Mattox requested clarification of the rating categories used by the Agencies. Ms. Robinson stated that the trustee banking firms were downgraded in June from AA to A, and it was the recommendation that the category requirement be amended to the "A" rating in order to allow more competition on the bidding process by the trustee banks. Commissioner Mattox asked if there were any risks, historically, to downgrading the rating requirement. Ms. Robinson stated that, although there was always risk in going to a lower rating, she reiterated that the Agencies would significantly raise the capital requirement to compensate for that risk. Noting the varying criteria used by State agencies for similar activities, Commissioner Mattox asked if there was a trend across State agencies toward standardization of criteria. Ms. Robinson stated that Board decisions made by each State agency accounted for the differences in criteria used.

SONYMA Director Lebowitz questioned whether there was any dissent at the Committee level, Ms. Robinson replied that there was none.

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

**A RESOLUTION OF THE OF THE PROGRAM AND FINANCE COMMITTEE
OF THE NEW YORK STATE HOUSING FINANCE AGENCY AND THE STATE
OF NEW YORK MORTGAGE AGENCY APPROVING THE AMENDMENT OF
UNIFORM INVESTMENT GUIDELINES.**

The next item on the agenda was a resolution authorizing the amendment of Series Resolutions adopted on June 14, 2012 and approving an issuance of bonds thereunder. Marian Zucker, President, Office of Finance and Development, highlighted certain information contained in the meeting materials provided in connection with this item, which are incorporated herein by reference. She stated that, to date, the Agency had issued approximately \$370 million out of the \$600 million authorized for issuance by resolutions adopted on June 14, 2012, which has left approximately \$230 million of capacity. She stated that because there was an opportunity to refund substantially more than \$230 million of bonds, the Agency was requesting authorization to issue another \$530 million, to increase the Agency's bond issuance up to \$900 million, which would take the Agency through the first half of next year. She stated that refunding the outstanding bonds issued in 2010, in advance of maturity dates at lower rates, would generate savings in the 5%-7% range.

Ms. Bayer stated that the current historically low interest rate would not last, and this was a good opportunity for the Agency to generate savings and gain revenue for its programs.

Next, before a vote was taken on this item, Commissioner Towns asked Ms. Zucker to comment on the potential of using MBBA as a resource following the Hurricane Sandy disaster. Ms. Zucker stated that, although it was preliminary, MBBA had the ability to access the market on behalf of local governments, of which a number were impacted by the recent storm and would receive funds from FEMA; however, they must take emergency measures now to repair roads, sidewalks, street lights and other things of that nature. She stated that investment banking firms have inquired as to whether MBBA would be interested in becoming involved in helping the local governments that this matter was being looked into, and specifics are being worked through with the Division of the Budget to decide if worth pursuing.

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

**A RESOLUTION OF THE THE PROGRAM AND FINANCE COMMITTEE OF
GTHE STATE OF NEW YORK MORTGAGE AGENCY AMENDING THE
SERIES RESOLUTIONS ADOPTED ON JUNE 14, 2012 AND APPROVING AN
ISSUANCE OF BONDS.**

There being no unfinished business, Ms. Bayer moved to adjourn; Ms. McCann seconded the motion, and the meeting was adjourned at 9:05 a.m.



Acting Secretary