

**MINUTES OF THE 16th MEETING OF THE
STATE OF NEW YORK MORTGAGE AGENCY
FINANCE AND PROGRAM COMMITTEE
HELD ON SEPTEMBER 11, 2014 AT 8:40 A.M.
AT ITS OFFICES AT 641 LEXINGTON AVENUE**

DIRECTORS AND DESIGNEES

PRESENT

William J. Mulrow	Chairman
Marge Rogatz	Director
Renee Nowicki	New York State Division of the Budget, representing Robert Megna, Director (via video conference)

Chairman William J. Mulrow opened and chaired the meeting. He noted that Renee Nowicki from the New York State Division of the Budget, representing Robert Megna, Budget Director was participating in the meeting by 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 that venue.

Mr. C. Jason Kim, Senior Vice President and Counsel to the Agencies, acted as Secretary.

Mr. C Jason Kim asked for a motion and a second to call the meeting to order of the State of New York Mortgage Agency Finance Committee meeting. Chairman Mulrow made a motion to call the SONYMA Finance Committee meeting to order; Ms. Rogatz seconded the motion. These motions and seconds would be used, unless specific items called for a different vote, or unless any Committee Director wished to record his or her vote differently.

The first item on the agenda was the adoption of the minutes of the 16th SONYMA Finance Committee held on January 29, 2014. There being no objections or corrections from the Directors, the minutes were deemed approved.

The next item on the agenda was a resolution recommending the authorization of the issuance of bonds. Ms. Zucker explained that authorization is requested for the adoption of series resolutions and the issuance of bonds thereunder to continue to fund the Agency's mortgage programs and to generate cash flow savings through refundings. She reported that the proposed transaction is sized at an amount not-to-exceed approximately \$558 million in bonds. She noted that purpose of adopting broad authority under the proposed series resolutions was to permit staff flexibility to be able to issue the bonds authorized hereunder at different times, depending on market conditions, thereby allowing the Agency the best opportunity to maximize its savings.

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

**A RESOLUTION OF THE FINANCE AND PROGRAM COMMITTEE
OF THE STATE OF NEW YORK MORTGAGE AGENCY
RECOMMENDING THE ADOPTION OF SERIES RESOLUTION AND
THE ISSUANCE OF BONDS THEREUNDER.**

The next item on the agenda was a Presentation on the Agencies' Policies relating to Independent Registered Municipal Advisors and the SEC MCDC initiative. Ms. Zucker, President, Finance and Development briefed the Members on this item. Ms. Zucker highlighted certain information contained in the materials provided to the Members in connection with this item, which is incorporated herein by reference.

She reported that as a result of the significant changes in The Dodd-Frank Act, the Agencies have been impacted by the Municipal Advisor Rule ("MA Rule"). She explained that The MA Rule (effective July 1, 2014) defines the role and responsibilities of a "municipal advisor" as an entity that provides municipal advisory services to their municipal clients and that has a fiduciary duty to each client. Ms. Zucker noted that in order for the Agencies' bond underwriters not to be considered "municipal advisors" (triggering registration requirements) the Agencies would have to publicly announce the designation of certain firms that would serve as independent registered municipal advisors (IRMAs) to the Agency. Any conversations with investment bankers that may include advice must be shared with by the Agencies with the appointed IRMAs if the Agencies wish to further pursue the ideas. In this way, the bond underwriters can continue to provide us with ideas, and not lose their exemption from registration, and the Agencies can rely on the expertise of the appointed IRMAs in reviewing proposed ideas.

Chairman Mulrow questioned what is meant by the IRMA having a fiduciary duty to each client. Ms. Zucker explained that the entities appointed by the Agencies as their IRMAs are required to put the interests of the Agencies above their interests and have a fiduciary responsibility to make sure the Agencies' interests are protected. This is in contrast with the position of the bond underwriters who, although hired by the Agencies to market our bonds, do not have a fiduciary responsibility to the Agencies. It is in order to protect the Agencies in this context, that the IRMAs are now required,

Ms. Zucker also commented on a related SEC initiative: the Municipalities Continuing Disclosure Cooperation Initiative ("MCDC").

Ms. Zucker noted that the Agencies had reviewed all their past Continuing Disclosure Agreements and Official Statements to ensure that no misstatements or omissions existed which would lead the Agencies to self-report under the MCDC. She said the Agencies also touched base with all the underwriters that have participated in Agency financings to see if as a result of their review on Agency activity they had concluded that there were items to self-report. She noted that no underwriter had reported on the need to self-report. Ms. Zucker thanked Alex Valella, Helen Pennock, Gloria Boyd and Sheila Robinson and her team for their assistance.

HFA Vice-Chairman, Mr. Weiss inquired about the Agencies obtaining possible exemptions to these municipal advisor rules given the level of expertise possessed by staff, which calls into question the need and expense of hiring IRMAs. Ms. Zucker said that that exemptions don't apply to the Agencies and this impact is industry wide.

There being no further business, Chairman Mulrow asked for a motion and a second to adjourn the State of York Mortgage Agency Finance Committee meeting. Ms. Nowicki moved to adjourn; Ms. Rogatz seconded the motion, and the meeting was adjourned at 9:18 a.m.



C. Jason Kim, Secretary