

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF
STATE OF NEW YORK MORTGAGE 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:

William J. Mulrow	Chairman
Naomi Bayer	Vice Chairperson
Moses Krausz	Director
Marge Rogatz	Director
Elaine McCann	New York State Division of the Budget, Representing Robert Megna, Director (via video conference)

ABSENT:

Anthony Bergamo	Director
Darryl C. Towns	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 State Mortgage 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.

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.

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 SONYMA adopted a resolution approving the Agencies' Information Technology contracts with Application Oriented Designs, Inc., Housing and Development Software, LLC, Real Page Inc., Xand Corp., and review of IT related expenditures paid with purchase orders
- HFA and SONYMA reviewed a draft MWBE Survey relating to project participants.

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
 - SONYMA adopted a resolution approving SONYMA'S Mortgage Insurance Fund Program Audit.
 - SONYMA adopted a resolution approving Servicer Audit of JPMorgan Chase Bank, N.A.
 - 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

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 the March 6, 2014 meeting. He next reported that the MIC adopted the following resolutions:

- Approved 100% mortgage insurance for CABS Senior Housing, 590 DeKalb Avenue, Kings County.
- Approved 100% mortgage insurance for Genesis Robert F. Kennedy Apartments, 113 East 13th Street, New York County.

- Approved 100% mortgage insurance for 25 Madison Street, 163 Suydam Street, 354 Saratoga Avenue, 1619 Lincoln Place, 1719, 1725 and 1752 Sterling Place, Kings County.
- Approved 100% mortgage insurance for 331 Saratoga Avenue, Kings County.
- Approved 100% mortgage insurance for 733 Broadway, Albany County.
- Approved 100% mortgage insurance for 184 and 188 South Second Street, 743 Driggs Avenue, 258 Grand Street, 249 South First Street and 201 South Forth Street, Brooklyn, Kings County.
- Approved 100% mortgage insurance for 615 Sterling Place and 816 Washington Avenue, Kings County.

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 Directors, Mr. Kim reported that the minutes were deemed approved.

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 SETTLEMENT FINANCING CORPORATION CONCERNING SELF-EVALUATION OF THE AUDIT COMMITTEES

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

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 SETTLEMENT FINANCING CORPORATION APPROVING REPORTS OF INVESTMENTS

Chairman Mulrow stated that the next five (5) 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.**
- d. **Annual review of Agencies Lease for Offices in NYC and Buffalo.**
- e. **Review of First Quarterly Report on the Financial Status of Existing Hedges.**

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.

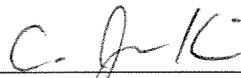
HFA/AHC Member Mr. Nestor Davidson applauded the progress made. He inquired about the process for determining what are considered excluded contracts. Ms. Pagnozzi responded that the guidance from the State was to separate contracts into three areas -- those with MWBE opportunities, those exempt by the 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.

Ms. Sheila Robinson, Chief Financial Officer, provided a summary on the liquidity facility changes, Item 11 on the Agenda. She explained that there were fourteen (14) hedges that were potentially expiring. She reported that a Request for Proposal was issued and twelve (12) hedges were identified as outstanding and scheduled to expire early in the year. She said that her office intends to replace those liquidity providers at a lower rate and for a longer period of time. She noted that her office diversified the mix of providers, extended the maturity of the liquidity agreements, and that the Agency is in better shape as a result.

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

The next Board meeting is scheduled for Thursday, May 8, 2014 at 8:30 a.m.



C. Jason Kim, Secretary