

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF
STATE OF NEW YORK MORTGAGE AGENCY
HELD ON MAY 8, 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
Anthony Bergamo	Director
Moses Krausz	Director
Marge Rogatz	Director (via video conference)
Darryl C. Towns	Director
Elaine McCann	New York State Division of the Budget, Representing Robert Megna, Director (via video conference)

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 Aida Brewer were participating 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 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"), the Affordable Housing Corporation ("AHC") and the State of New York Mortgage Agency ("SONYMA"); Ms. Miller moved to call the HFA and AHC meetings 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 Directors of the State of New York 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. Commissioner Towns referred to his participation in last month's Conference with the U.S. Department of Housing and Urban Development ("HUD") and his recent service as a panelist during a Breakout Session for the Assembly's Regional Plan Association held at the Waldorf-Astoria, New York on April 25, 2014 where some managerial staff and Board Members were in attendance, particularly Mr. Davidson and Ms. Miller.

Commissioner Towns noted the renewed emphasis on affordable housing in New York State -- whether it is New York City's ("NYC") ambitious plan to create and preserve 200,000 affordable units over the next ten (10) years; or the pipeline of projects at the Agency; or working on housing issues like the Government-Sponsored Enterprises ("GSE") Reform bill in Washington, "housing is front and center." He reported that the Agencies continue to move Governor Andrew M. Cuomo's significant affordable housing goals into 2014 and beyond. Commissioner Towns highlighted the HOUSE NY program initiative which continues into its second year (this five-year plan endeavors to preserve and create 14,300 affordable units across New York State). He reported that in 2014, Governor Cuomo added significant new capital resources to reinforce the plan's goal by seeking to use federal monies to leverage those already established to create and preserve an additional 3,000 affordable housing units in multifamily developments.

Commissioner Towns next reported that, earlier in the day, the Mortgage Insurance Committee approved insurance for seven (7) projects representing 613 affordable units in New York County, Queens County and Bronx County. He said today, at the Affordable Housing Corporation meeting, the Members will be asked to approve over \$8 Million in funding of 508 units in 24 counties outside of New York City. He said these counties include Erie, Tompkins, Oneida, Livingston, Seneca and Wayne, counties where the Agencies do not typically have an opportunity to do business. He reported that on the multifamily side, at today's HFA meeting, management will be seeking the Board's approval for four (4) projects including two "80/20" Housing Program projects one of which is Navy Pier Court, the first "80/20" located in Staten Island, NY. He said that the other projects include CAMBA Gardens (a 293 unit-MRT project located in Brooklyn, NY) and the Cove on the Concourse (a 50-unit, all affordable project of mixed-income residents in the Bronx).

Commissioner Towns reported that over the last two weeks, staff has met with both Houses of the State Legislature to review and answer questions with regard to pending Bills. He said that Ms. Marian A. Zucker has presented the Agency's new proposed pipeline and explained the new financing model for "80/20s." He said staff is currently preparing for next week's New York State Office for the Aging Conference and DHCR will be represented at the Conference during panel discussions.

Commissioner Towns stated that Management is finalizing the details of the Board Members' tour next week which is a great opportunity for the Members to look at the significant business that has been done and to energize the Board for the work ahead.

Chairman Mulrow then noted that Mayor Bill de Blasio announced on Monday, April 7, NYC's new housing plan. He asked Mr. Joseph R. Palozzola, Vice-President, Intergovernmental Relations to provide a quick overview. Mr. Palozzola stated that the plan is titled HOUSING NEW YORK – A FIVE BOROUGH, TEN YEAR PLAN (a copy of the Executive Summary and several copies of the full, 116-page plan was made available upon request). He reported that Commissioner Towns has directed Ms. Sharon Devine who is working in conjunction with Ms. Zucker, other Presidents at HCR and the Chief Operating Officer, Mr. Kevin Kelly, to identify how the plan impacts all of the State's housing resources. He noted that the Agencies are specifically looking for places where New York State can partner with the City to maximize resources, in areas or instances in the plan where a State-controlled resource or program is indicated, such as tax-exempt bond cap, Rent Regulation or 421a/J51 tax abatements. He also noted that the Agencies are looking for opportunities where NYC's plan can complement Governor Cuomo's ongoing "HOUSE NY" program, begun in 2013.

Mr. Palozzola noted that the program is unprecedented in scale. For example, he said according to the City, it is the largest affordable housing plan ever attempted in the United States and it calls for 200,000 affordable units over 10 years—120,000 units to be preserved and 80,000 units to be newly built. He said that New York City estimated the total cost, including all possible public and private sources, will be \$41.4 billion, noting that the construction and preservation of 200,000 units of housing is projected to create 194,000 construction jobs and nearly 7,100 permanent jobs. Mr. Palozzola explained that the Plan begins with the premise that the shortage of affordable housing in NYC has reached a crisis point due to wage stagnation and the mismatch of housing supply and demand (created by more people moving to or staying in the City rather than leaving). He also noted that older residents are aging in place and young families are remaining, rather than moving to the suburbs.

Mr. Palozzola highlighted some key points of the plan:

- It enumerates eight (8) guiding principles, including how the City's planning process and land-use policies should be revamped and the need to protect, and lock into

affordability older housing development projects. It also discusses the desire to protect tenants in rent-regulated units more aggressively, thereby keeping those units affordable.

- The document outlines key Policies and Programs for implementation of the Plan. Some key policies include development in all five boroughs, the implementation of a mandatory inclusionary housing program, and the harnessing of affordable housing investments to generate quality jobs.
- In preserving the affordability of existing housing stock, the plan calls for the protection of tenants and stemming the tide of rent deregulation by preventing abuses of the vacancy and luxury decontrol provisions and capital improvement rules.
- In the building of new affordable housing, the plan calls for the introduction of a PILOT mixed-income program -- a 50/30/20 ration which expands the traditional 80/20 model to target 20 percent of the project's units to low-income households, 30 percent of the units for moderate-income households and 50 percent of the units for middle-income households. These income bands are fleshed out on page 19 of the plan.
- The plan also calls for two new programs to develop small vacant sites which will focus on developing smaller projects with smaller developers, with a particular interest in local not-for-profits and CDC's (community development corporations).
- Other programs include: the development of affordable housing on underused public and private sites, the reform of zoning, building and housing codes and other regulations to lower costs and unlock development opportunities, and to engage NYC Housing Authority ("NYCHA") residents in conversation to preserve NYCHA units and assess the potential for underused NYCHA land and development rights to benefit existing residents and serve other shared goals.

Mr. Palozolla then discussed the funding and stated that the Mayor's 2015 budget will propose to more than double the Department of Housing Preservation and Development's ("HPD") annual capital budget in the 5-year plan. For example, he said the Mayor's budget will also propose additional funding for infrastructure investments needed to make land available for significant new housing.

Mr. Palozolla reported on the opportunities that the plan provides and said:

- Through a series of new loan securitizations—immediately and over the course of the Plan, the City will maximize the resources available at the Housing Development Corporation (HDC) to contribute to the Plan.
- The Mayor's 2015 operating budget will increase staffing at the Department of City

Planning and at HPD to ensure that the plan can be efficiently and quickly implemented.

- Working with financial institutions, pension funds, financial intermediaries and philanthropic organizations, the City will also seek to leverage private capital on a greater than 3 to 1 basis.
- The City will also seek to work in partnership with the State and Federal governments to identify new resources to fund affordable housing in the City.

Finally, Mr. Palozzola reported that the Plan will also lay out a comprehensive State and Federal legislative agenda for needed reforms and authority. He reported that the Agencies look forward to working with the City to increase the stock of affordable housing. He then asked for questions or thoughts on where there might be additional opportunities for HCR in relation to the plan.

HFA/AHC Member, Mr. Mattox asked for some thoughts on NYCHA's management and maintenance issues (multi-year backlog) as a result of the plan. Mr. Palozzola stated that the NYCHA President has stated that it will take some time to rebuild a relationship with residents. Commissioner Towns added that the focus will be to look forward and noted that ultimate responsibility has been placed on NYCHA, and said that funds have been redirected to the New York City Police Department's operations to assist in this regard. Ms. Bayer said she is hopeful about the fact that NYCHA is under the direction of Ms. Olatoye with whom she is familiar and is confident the job will get done.

Commissioner Towns reinforced that the success of this plan will rely on both governmental and private entities. Ms. Bayer agrees that if all parties work together, the plan will be successful. She expressed curiosity as to how City leadership will be engaged. HFA/AHC Vice Chairman Steven Weiss noted that the plan calls for a City/State Task Force and that the Agency should be a major player in that regard. Mr. Palozzola noted that the task force is expected to consist mainly of political officials. Ms. Zucker stated that previous relationships with the City have been collaborative. Ms. Bayer stated that the Board Members will help facilitate matters if necessary. Commissioner Towns stated that regardless of the current status of relationships, the relationship building process will commence.

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 April 10, 2014 meeting. He next reported that the MIC adopted the following resolutions:

- Recommended for approval 100% mortgage insurance for CAMBA Gardens, Kings County.
- Approved 100% mortgage insurance for The Cove on the Concourse, Bronx County.

- Approved 100% mortgage insurance for P.S. 186 Boys and Girls Club of Harlem Apartments, Bronx County.
- Approved 100% mortgage insurance for 1490 Crotona Park East, Bronx County.
- Approved 100% mortgage insurance for 260-264 West 153rd Street, New York County.
- Approved 100% mortgage insurance for Brook Avenue Apartments, Bronx County.
- Approved 100% mortgage insurance for 209 South Second Street, Kings County

The next item on the agenda was the adoption of the minutes of the SONYMA Directors' meeting held on May 8, 2014. Absent comments or corrections from the Directors, Mr. Kim reported that the minutes were deemed approved.

The next item on the Agenda was an Executive Session. Chairman Mulrow called for a motion to adjourn the meeting for Executive Session. Mr. Bergamo moved to go into Executive Session. Vice Chair Bayer seconded the motion and the Directors went into Executive Session at 8:55 a.m. pursuant to Section 105(1)(f) of the Open Meetings Law to discuss the financial history of a particular corporation. Chairman Mulrow called for a motion to reconvene from Executive Session; Vice Chair Bayer seconded the motion and the public Board meeting reconvened at 9:08 a.m. Mr. Kim announced that no votes were taken in Executive Session.

The next action item on the agenda was a resolution authorizing the release of \$32,418,000 from the Project Pool Insurance Account to the Housing Trust Fund no later than June 30, 2014.

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

**A RESOLUTION OF THE STATE OF NEW YORK
MORTGAGE AGENCY AUTHORIZING THE TRANSFER
OF EXCESS RESERVES FROM THE PROJECT POOL
INSURANCE ACCOUNT OF THE MORTGAGE
INSRUANCE FUND**

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$17,120,000 HFA permanent first mortgage loan for CAMBA Gardens – PHASE II, 560 Winthrop Street, Kings County.

Chairman Mulrow noted that this item was discussed and voted on earlier at the Mortgage Insurance Committee meeting and is now up for vote and noted that there will be no discussion on this item unless the Directors so request.

Considering the first and second motions previously entered for SONYMA, the motion was carried, and the following resolution was adopted with the recusal of Ms. Naomi Bayer:

**A RESOLUTION OF THE MORTGAGE INSURANCE
COMMITTEE OF THE STATE OF NEW YORK
MORTGAGE AGENCY RECOMMENDING APPROVAL
OF MORTGAGE INSURANCE AND A COMMITMENT
FOR THE PROVISION THEREOF FOR CAMBA
GARDENS – PHASE II, 560 WINTHROP STREET,
BROOKLYN, KINGS COUNTY**

There being no unfinished business, Chairman Mulrow asked for a motion to adjourn the meeting. Mr. Bergamo moved to adjourn; Commissioner Towns seconded the motion, and the meeting was adjourned at 9:10 a.m.

The next Board meeting is scheduled for Thursday, June 12, 2014 at 8:30 a.m.



C. Jason Kim, Secretary