

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF THE
STATE OF NEW YORK MORTGAGE AGENCY
HELD ON JUNE 11, 2015 AT 8:30 A.M.
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

DIRECTORS AND DESIGNEES

PRESENT:

William C. Thompson	Chairman
Marge Rogatz	Director
Darryl C. Towns	Director
Elaine McCann	New York State Division of the Budget, representing Mary Beth Labate, Director (via video conference)

ABSENT:

Anthony Bergamo	Director
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Chairman William C. Thompson 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, representing Budget Director, Ms. Mary Beth Labate, from the New York State Division of the Budget and Ms. Linda Baldwin representing Cesar Perales, Secretary of State from the New York State Department of State, participated in the meetings via video conference from the New York State Division of the Budget conference center at the Capitol Building, Room 131, in Albany and Mr. Andrew SanFilippo MBBA/TSFC Director/Member, participated in the meetings from the Agencies' Buffalo Regional Office at Electric Tower, 535 Washington Street, Suite 105 via video conference. A public notice was given of the time and location of the venues in accordance with the New York State Open Meeting Law.

Mr. Christopher Curtis, Deputy State Treasurer, in his role as designee to the Commissioner of Taxation and Finance from the New York State Department of Taxation and Finance, HFA/AHC Member attended this meeting as a guest.

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 New York State Affordable Housing Corporation ("AHC"), the State of New York Mortgage Agency ("SONYMA"), the State of New York Municipal Bond Bank Agency ("MBBA") and the Tobacco Settlement Financing Corporation ("TSFC"). Ms. McCann moved to call the HFA and AHC meetings to order;

Mr. Curtis seconded the motion. Ms. Rogatz moved to call the SONYMA meeting to order, Commissioner Towns seconded the motion. Mr. Bialo moved to call the MBBA and TSFC meetings 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/Director wished to record his or her vote differently.

Mr. Christopher Curtis from the New York State Department of Taxation and Finance representing Commissioner of Taxation and Finance attended this meeting as a guest.

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. President Towns reported that earlier, in the morning, the Mortgage Insurance Committee ("MIC") approved permanent mortgage insurance for eleven (11) projects representing 1,678 units of affordable housing in three (3) counties. He reported that on the multifamily side, today, HFA will be asked to approve financing of two (2) projects representing \$42 million in financings. He also noted that the Members and Directors will be asked to review several important administrative items. He said the AHC Board will be presented with a resolution to authorize funding in an amount, just under \$7 million, representing assistance to 249 units of affordable housing.

Next, President Towns announced that he would be leaving his position at the Agencies as President and Commissioner next week. He took a few minutes to thank everyone and gave a brief overview of the accomplishments achieved during his tenure at the Agencies.

In the areas of Development and Finance, Commissioner Towns expressed with pride that since 2011, the Division of Homes & Community Renewal ("HCR") resources have helped finance over 26,000 affordable housing units for moderate and low-income families and vulnerable New Yorkers including seniors, veterans, survivors of domestic violence, and homeless and disabled families and individuals.

President Towns said in 2014, HCR adopted a new policy for mixed-income developments that allowed only the affordable portions of the development to benefit from volume cap, allowing that precious resource to become available for other State uses.

President Towns said HCR is reinvesting \$260 million in Medicaid savings in supportive housing. He said the Governor's Medicaid Redesign Team identified savings that provided better outcomes for vulnerable New Yorkers and curb high-cost Medicaid spending. He said with regard to housing preservation, HCR continues to monitor 220,000 units across the state to ensure the housing remains affordable and viable.

President Towns noted being particularly proud that HCR was able to preserve the affordability of a “precious resource,” Co-op City in the Bronx, the largest Mitchell Lama development in the State. He said through coordination with The United States Department of Housing and Urban Development (“HUD”) and New York City, HCR secured a refinancing for \$621 million to ensure that the complex with 60,000 residents remains affordable for the next 40 years. He also noted with pride the fact that HFA was able to acquire a portfolio of Mitchell Lama properties in 2013 almost half of which have already been refinanced to ensure their continued participation in the program, as well to make needed repairs and improvements to better the living standards of their residents.

President Towns highlighted the Tenant Protection Unit (TPU), created by Governor Andrew M. Cuomo in 2012, which investigates landlords for tenant harassment; negotiates compensation for tenants and requires monitoring to end harassment. He stated that TPU has restored more than 38,000 unlawfully deregulated apartments to rent regulation.

President Towns expressed his appreciation to the Agencies’ staff and noted that the years at the Agencies have been the highlight of his career. He thanked Governor Cuomo, Board Members/Directors and all the hard working HCR staff that have made all of this possible.

Chairman Thompson stated that he has only worked briefly with Commissioner Towns, but they have been long time friends. He presented a plaque on behalf of the Agencies which reads in part as follows:

...in appreciation of your leadership, energy, enthusiasm and dedication in your role as Board Member/Director and Chief Executive Officer. Your extraordinary contributions to the work of the Agencies have been crucial in creating and preserving quality affordable housing in communities across New York State (2011-2015).

Chairman Thompson stated that as the issue of affordable housing continues to be front and center for the continued viability of this region, President Towns has been one of its great champions. He stated that everyone will miss his leadership.

The next item on the agenda was a report of the Mortgage Insurance Committee. Mr. Kim reported that the MIC held a meeting earlier that day and adopted the minutes of the May 14, 2015 meeting. He next reported that the MIC adopted the following resolutions:

- Recommended for approval 100% mortgage insurance for Cedars at Chili, Town of Chili, Monroe County.
- Approved 50% mortgage insurance for The Glenmore, Brooklyn, Kings County.
- Approved 50% mortgage insurance for CAMBA Van Dyke, Brooklyn, Kings County.
- Recommended for approval 75% mortgage insurance for 233 Landing Road, Bronx, Bronx County.

- Approved 100% mortgage insurance loan for 346 Bergen Street, Brooklyn, Kings County.
- Approved 100% mortgage insurance for 1561 Walton Avenue, Bronx, Bronx County.
 - Recommended for approval 100% mortgage insurance for 268-274 Buffalo Avenue et al, Brooklyn, Kings County.
 - Approved 100% mortgage insurance for Our Lady of Lourdes, Brooklyn, Kings County.
 - Approved 100% mortgage insurance for 994 Washington Avenue, Bronx, Bronx County.
 - Approved 100% mortgage insurance for FAC Renaissance Apartments, Brooklyn, Kings County.
 - Recommended for approval 100% mortgage insurance for Arthur Clinton Apartments, Bronx, Bronx County.
 - Recommended for approval an increase in 50% mortgage insurance for Lindsay Park, 30 Montros Avenue, 25, 54 and 91 Boreum Street, 31 Leonard Street, 67 Manhattan Avenue, 29 Moore Street, 202 Union Avenue, Brooklyn, Kings County.

The next item on the agenda was the report of the Audit Committee. Mr. Kim reported that the Audit Committee held a meeting on Tuesday, June 9, 2015 and adopted the minutes of its April 7, 2015 meeting. He next reported that the Audit Committee adopted the following resolutions:

- HFA and SONYMA approved a resolution recommending the review and approval of Independent Auditor's Report relating to the audit of the audit of the Schedule of Expenditures of Federal Awards (Single Audit).
- SONYMA adopted a resolution approving a Servicer Audit of HSBC Mortgage Corporation.
- All five Committees adopted a resolution recommending the approval of contracts with the newly selected independent auditor for the Agencies, subject to the satisfaction of certain conditions.

The next item on the agenda was the report of the Governance Committee. Mr. Kim reported that the Governance Committee held a meeting on Tuesday, June 9, 2015 and adopted the minutes of its April 7, 2015 meeting. He next reported that the Governance Committee adopted the following resolutions:

- All five Committees adopted a resolution reviewing and approving various contracts monitored by the Facilities and Administration Department.
- SONYMA adopted a resolution approving contact with Radian Guaranty for mortgage servicing and reinsurance servicers.

The next item on the agenda was the adoption of the minutes of the SONYMA Directors' meeting held on May 14, 2015. Absent comments or corrections from the Directors, Mr. Kim reported that the minutes were deemed approved.

The next item on the agenda was a resolution approving contracts with the newly selected independent auditor for the Agencies. Ms. Sheila Robinson, Chief Financial Officer explained that the selection of Ernst & Young, the Agencies' current auditing firm predates her arrival. She provided background information on the procurement process by noting that a Request for Proposal ("RFP") was issued on March 3, 2015, reaching out to firms that performed audits for State Housing Agencies across the country and included a number of Minority and Women-owned Business Enterprise ("MWBE") firms. She reported that the RFP was posted on the Agencies' website and advertised in the New York State Contract Reporter and that the RFP was sent to 37 firms. She stated that on April 7th, six (6) responses were received. She said a five-year fee schedule was requested with the first three (3) years being held at a fixed rate.

Ms. Robinson reported that the review panel included Ms. Robinson, Steve Chohey from Internal Audit, Darryl Johnson, Deputy CFO, Gloria Boyd, Vice President, Finance and Development, Mike Friedman, Senior Vice President of the Mortgage Insurance Fund and Wanda Graham of the Office of Economic Opportunity. She said that on April 17th, it was determined that four (4) of the six (6) firms presented the strongest credentials. She said after the interviews, the panel recommended the continued retention of Ernst & Young, based on the panel's conclusion that they submitted the strongest proposal, and presented the most housing experience and a strong MWBE team. She further stated that Mitchell & Titus will be the subcontractor.

Ms. Robinson said that Agencies staff wish to continue to retain Ernst & Young with a well-defined outline of work responsibilities for the MWBE contractor for a 5-year term which will be continually evaluated and reviewed. She said a side letter will be obtained from and provided by Ernst & Young in which they will be expected to specify the division of work between themselves and the MWBE partners.

MBBA/TSFC Vice Chairman, Mr. Kenneth Bialo, summarized the extensive discussion on this item that took place at the Audit Committee meeting held on June 9th. He stated that the Audit Committee approved this recommendation with the following condition: that Ernst & Young will take full responsibility of the subcontractor(s) and that the side letter will provide a full description of what the subcontractor(s) would be specifically doing. Chairman Thompson stated that defining the responsibilities of the subcontractors is important and that the prudent approach is to be vigilant to ensure that the subcontractors are given meaningful responsibilities.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was adopted subject to approval of the letter from Ernst & Young allocating responsibilities and confirming their ultimate responsibility for the audit:

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 THE TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING THE RETENTION AND SELECTION OF ERNST & YOUNG LLP FOR AUDIT SERVICES

The next item on the agenda was a resolution authorizing Senior Officers Salary Adjustments. Commissioner Towns reported that on May 8th 2015, the Division of the Budget, (DOB) issued Budget Bulletin D1131 which provides guidelines for the Agencies to consider and approve raises and performance advances for Management Confidential employees, retroactive to April 1, 2014. Commissioner Towns noted that the item before the Board was approval of salary adjustments as set forth therein for certain Senior Officers. He noted that adjustments for non-Senior Officers do not require Board approval, but will be reported to the Governance Committees as part of the yearend report.

Chairman Thompson asked whether the raises are tied to union contracts. Commissioner Towns noted that this action is geared towards Senior Officers and is not tied to union raises. Chairman Thompson confirmed that the Agencies are merely doing what other governmental entities are doing across the State, basing raises for management confidential employees on the State directive. He requested a list of those Senior Officers that may not be covered under the salary adjustment directive.

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, 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 COMPENSATION ADJUSTMENTS FOR SENIOR OFFICERS

The next item on the agenda was a resolution (i) approving AHC's Annual Investment report for the period ending March 31, 2015, and (ii) reviewing and approving second Quarterly (2015) Investment Reports for HFA, SONYMA, MBBA and TSFC for the period

ending April 30, 2015. It was noted that information regarding this item was contained in the materials provided in connection therewith, which materials are incorporated herein by reference. There was no discussion regarding this item.

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, THE STATE OF NEW YORK MORTGAGE AGENCY, THE NEW YORK STATE AFFORDABLE HOUSING CORPORATION, THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND THE TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING REPORTS OF INVESTMENTS

Mr. Kim called for a motion to adjourn the meeting for Executive Session. Commissioner Towns moved to adjourn, Ms. McCann seconded the motion, and the Board entered into Executive Session at 8:58 a.m. pursuant to Section 105(f) of the New York State Open Meetings Law, to discuss the financial, credit, or employment history of a corporation.

Mr. Kim called for a motion to reconvene from the Executive Session. Commissioner Towns moved to reconvene, Ms. McCann seconded the motion, and the public Board meeting reconvened at 9:05 a.m. Mr. Kim stated that no votes were taken in Executive Session.

The next item on the Agenda was a resolution approving the release of \$75,000,000 from the Project Pool Insurance Account. Mr. Friedman stated that pursuant to legislation adopted by the State, the transfer by the MIF of the sums of \$42 million to the New York State Housing Finance Agency and \$33 million in the aggregate to the Housing Trust Fund Corporation, from the Project Pool Insurance Account of the Mortgage Insurance Fund, each at the direction of the Division of the Budget are now before the Board for approval.

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 AUTHORIZING THE TRANSFER OF EXCESS RESERVES FROM THE PROJECT POOL INSURANCE ACCOUNT OF THE MORTGAGE INSURANCE FUND

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$16,500,000 HFA permanent first mortgage loan for Cedars at Chili, 1 Norfolk Drive, Town of Chili, Monroe County.

Chairman Thompson noted that this item was discussed and voted on earlier in the day 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 CEDARS AT CHILI, 1 NORFOLK DRIVE, TOWN
OF CHILI, MONROE COUNTY**

The next item on the agenda was a resolution approving 75% mortgage insurance on an \$18,315,869 CPC permanent first mortgage loan for 233 Landing Road, Bronx, Bronx County.

Chairman Thompson noted that this item was discussed and voted on earlier in the day 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 233 LANDING ROAD, BRONX, BRONX COUNTY**

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$12,131,475 Bank of America, N.A. permanent first mortgage loan for 268-274 Buffalo Avenue et al, Brooklyn, Kings County.

Chairman Thompson noted that this item was discussed and voted on earlier in the day 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 268-274 BUFFALO AVENUE ET AL, BROOKLYN,
KINGS COUNTY**

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$7,211,500 JPMorgan Chase, N.A. permanent first mortgage loan for Arthur Clinton Apartments, 2089-91 Arthur Avenue, 565 East 178th Street, 62-66 Tremont Avenue, Bronx, Bronx County.

Chairman Thompson noted that this item was discussed and voted on earlier in the day 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 ARTHUR CLINTON APARTMENTS, 2089-91 ARTHUR AVENUE, 565 EAST 178TH STREET, 62-66 TREMONT AVENUE, BRONX, BRONX COUNTY

The next item on the agenda was a resolution approving an increase in 50% mortgage insurance from \$30,920,000 to \$34,120,000 on the HDC permanent first mortgage loan for Lindsay Park, 30 Montrose Avenue, 25, 54 and 91 Boreum Street, 31 Leonard Street, 67 Manhattan Avenue, 29 Moore Street, 202 Union Avenue, Brooklyn, Kings County.

Chairman Thompson noted that this item was discussed and voted on earlier in the day 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 OF MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR LINDSAY PARK, 30 MONTROSE AVENUE, 25, 54 AND 91 BOREUM STREET, 31 LEONARD STREET, 67 MANHATTAN AVENUE, 29 MOORE STREET, 202 UNION AVENUE, BROOKLYN, KINGS COUNTY

The next action item on the agenda was the adoption of a resolution authorizing the issuance of bonds. Ms. Marian Zucker, President, Finance and Development, stated that Senior Management is seeking authorization to issue bonds in order to continue to fund the Agency's mortgage programs and to generate cash flow savings through refunding.

She noted that the proposed transaction is sized at an amount not to exceed \$791 million of bonds to be issued under the General Resolutions. She said the bonds issues are anticipated to include \$561 million in new funding opportunities.

Ms. Zucker noted that the bonds would be issued as part of separate financings, with financings expected in July, in the fall of 2015 and early in 2016. Ms. Zucker took a moment to read from the Moody's report on SONYMA, where Moody's specifically notes with approval the experience of the Agency's management team and its importance to the overall rating. She noted that the Agency has been operating in a challenging and tough, interest rate environment. She noted that Mr. George M. Leocata, Senior Vice President, Single Family Programs for SONYMA will be retiring from the Agency after over thirty years at the Agency. She and the Board expressed their gratitude to Mr. Leocata for his extraordinary efforts over the years on behalf of SONYMA.

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

**A RESOLUTION OF THE STATE OF NEW YORK MORTGAGE
AGENCY ADOPTING SERIES RESOLUTIONS AND AUTHORIZING
THE ISSUANCE OF BONDS**

The next item on the agenda was the review of Second Quarterly Report on the Financial Status of Existing Hedges (SWAPS). This was an information item and there was no discussion regarding this item. It was noted that information regarding this item was contained in the materials provided in connection therewith, which materials are incorporated herein by reference.

There being no unfinished business, Mr. Kim asked for a motion to adjourn the meeting. Ms. Rogatz moved to adjourn; Ms. McCann seconded the motion, and the meeting was adjourned 9:13 a.m.



C. Jason Kim, Secretary