

**MINUTES OF THE
BOARD OF DIRECTORS MEETING OF THE
STATE OF NEW YORK
HELD ON NOVEMBER 8, 2012 AT 8:37 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
Don Lebowitz	Director
Elaine McCann	Division of the Budget, representing Robert Megna, Director (via video conference)
Darryl C. Towns	President/CEO, NYS Homes and Community Renewal, Director

ABSENT:

Marge Rogatz	Director
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Chairman William J. Mulrow, opened and chaired the meetings. He noted that Elaine McCann, Division of the Budget, representing Robert Megna, Budget Director, was participating in the meetings by video conference from the New York State Division of Budget conference center at the Capitol Building, Room 143, in Albany. A public notice was given of the time and location of that venue.

Thomas H. Mattox, Commissioner, and Aida Brewer, Deputy Commissioner and Treasurer, New York State Department of Taxation and Finance, and Michael Skrebutenas, Interim Chief Operating Officer, Executive Direction, attended the SONYMA meeting as guests via video conference from Albany.

Alejandro J. Valella, Vice President and Deputy Counsel of the Agencies, acted as Secretary and asked for motions and seconds to call to order the Members and Directors meetings of the New York State Housing Finance Agency (HFA) and the State of New York Mortgage Agency (SONYMA). Elaine McCann moved to call the HFA meeting to order; Darryll C. Towns seconded the motion. Naomi Bayer moved to call the SONYMA meeting to order; Don Lebowitz seconded the motion.

Mr. Valella 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 report, 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 Agency respectively.

The first item on the agenda was the President's Report. Chairman Mulrow requested that Darryl C. Towns, Commissioner/CEO of the Agencies, present his report. Commissioner Towns reported that State agencies were on the front line with the Governor's response to the unprecedented disaster caused by recent Hurricane Sandy. He stated that the Agencies were grappling with its effects while continuing with the demands of routine business. He stated that, although many employees were personally affected by the storm, many stepped up and continued to serve, whether by extra efforts to help close financing transactions immediately after the storm, or by volunteer service at disaster recovery centers, or with help at local not-for-profits for rebuilding efforts. He stated that he was proud of the way the Agencies followed Governor Cuomo's lead to quickly and effectively respond. He noted that, due to severe damage, the Beaver Street offices in Lower Manhattan would remain closed for a period of time and some displaced staff would be relocated to other Agency offices. Commissioner Towns stated that the portfolio of Agency projects and majority of its properties sustained little-to-no damage, and residents remained safe. He stated that the Agencies were working with other City, State, federal and development partners to provide temporary housing for those who needed it and would arrange for the repair of other housing where possible. He stated that he was collaborating with officials of Westchester, Nassau, Suffolk and Rockland Counties to assist with short and long-term solutions to their housing needs, and that pre-fab and modular housing was being explored as a remedy. Commissioner Towns thanked the staff of the Agencies for their steadfast assistance and accomplishment of business as the storm approached and immediately after it occurred.

Commissioner Towns next reported that items for approval on today's Agenda included approximately \$20 million in Mortgage Insurance Fund insurance and over \$600 million in HFA financings. He stated that HFA financings included two 80/20 projects that would provide over 180 new affordable housing units; and that the refinance of River Park Towers in Bronx County would provide much-needed rehabilitation and keep 1600-plus apartments affordable for the long term within the Mitchell-Lama portfolio. He stated that demand for SONYMA products continued to rise, and rates for most of its programs remained stable at 3.5%. He stated that the Agencies would continue to work hard at their mission to provide safe and affordable housing for the residents of New York State.

Commissioner Mattox stated that the Governor recently announced the creation of a new senior-level position to coordinate housing-related response and recovery issues, and asked Commissioner Towns to comment on work being done with the City following Hurricane Sandy.

Commissioner Mattox also referred to comments made earlier today at the Mortgage Insurance Committee (MIC) meeting that FEMA would provide housing relief, and asked about the storm's lesser impact on affordable housing than it had on private housing outside of the portfolio of the Agencies. Commissioner Towns responded that a liaison was appointed by the Mayor to handle recovery housing, and the Agencies were his liaison in regard to coordination with the State during the initial task to categorize both the various housing needs of displaced people and available housing supply versus demand. With regard to FEMA, Commissioner Towns stated that it can only be as effective as local response is; therefore, the Agencies have worked to ensure that local governments understand what resources they need in order to ensure that is what FEMA responds to in a timely manner. He stated that FEMA has a broad housing support program which includes short-term rental assistance and housing for up-to 18 months. He stated that other housing remedies to be explored included vacant dormitories on Long Island and currently-closed hospitals.

Chairman Mulrow expressed how proud the Board Members and Directors were of the work being done through the Agencies, adding that it does make a real difference. Commissioner Towns thanked Commissioner Mattox and the Department of Taxation and Finance for their helpfulness and input. Commissioner Mattox stated that various federal agencies have been on top of this matter and have granted certain tax filing extensions to New Yorkers, adding that matters being considered by New York State Taxation and Finance included certain tax abatements and postponements.

Commissioner Towns stated that Shaun Donovan, United States Secretary of Housing and Urban Development (HUD), was in town yesterday for a meeting with City housing officials. He stated that the Agencies represented the State, as well as FEMA, with private developers in our affordable housing community which were also seeking ways to be helpful. He stated that through conversations, adjustments and regulations, the Agencies may be able to put 2,000 apartments into the competitive situation for emergency housing needs. He expressed his appreciation of the private sector partners that stepped in to collaborate with the Agencies with regard to emergency housing needs.

Chairman Mulrow next requested that Mr. Valella recite the report of the Mortgage Insurance Committee.

The next item was the report of the Mortgage Insurance Committee. Mr. Valella reported that the Mortgage Insurance Committee held a meeting earlier that day and adopted the minutes of the October 11, 2012 meeting. He next reported that the Mortgage Insurance Committee adopted a resolution recommending approval of 100% mortgage insurance on a \$10,250,000 HFA permanent first mortgage loan for Cornerstone Sandy F. Ray Housing in Kings County; adopted a resolution recommending approval of 100% mortgage insurance on a \$7,560,000 HFA permanent first mortgage loan for Public School 6 Apartments in Westchester County; adopted a resolution approving 50% mortgage insurance on a \$8,100,000 New York City Housing Development Corporation (HDC) permanent first mortgage loan for Centerlight

Scheuer Plaza in Bronx County; adopted a resolution approving 50% mortgage insurance on a \$8,030,000 HDC permanent first mortgage loan for Centerlight Scheuer Gardens in Bronx County; and adopted a resolution approving 50% mortgage insurance on a \$4,110,000 HDC permanent first mortgage loan for Barrier Free Living for Families and Individuals in Bronx County.

The next item on the agenda was the adoption of the minutes of the SONYMA Directors meeting held on October 11, 2012. Absent comments or corrections from the Directors, Mr. Valella reported that the minutes were deemed approved.

The next item on the agenda was a resolution concerning the review and approval of the Agencies' Annual Disaster Recovery/Business Continuity Pandemic test results of the Information Technologies systems. Chairman Mulrow stated that information regarding this item was contained in the meeting materials provided which are incorporated herein by reference. There was no discussion.

Vice Chairperson Bayer moved to adopt the resolution; Mr. Lebowitz seconded the motion, and the following resolution was adopted unanimously:

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AND STATE OF NEW YORK MORTGAGE AGENCY REVIEWING AND APPROVING THE AGENCIES' DISASTER RECOVERY/PANDEMIC TESTING PROCESS.

The next item on the agenda was a resolution concerning the review and approval of 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.

Vice Chairperson 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.

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.

In response to Mr. Lebowitz's question of whether there was any dissent at the Committee level, Ms. Robinson replied that there was none.

Vice Chairperson Bayer moved to adopt the resolution; Mr. Lebowitz seconded the motion, and the following resolution was adopted unanimously:

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY
AND 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.

Vice Chairperson 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.

Vice Chairperson Bayer moved to adopt the resolution; Mr. Lebowitz seconded the motion, and the following resolution was adopted unanimously:

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

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$10,250,000 permanent first mortgage loan for Cornerstone Sandy F. Ray Housing, 550 Greene Avenue, Brooklyn, Kings County. Certificate No. 10-1814. Chairman Mulrow stated that information regarding this item was contained in the meeting materials provided which are incorporated herein by reference. There was no discussion.

Vice Chairperson Bayer moved to adopt the resolution; Mr. Lebowitz seconded the motion, and the following resolution was adopted unanimously:

**A RESOLUTION OF THE STATE OF NEW YORK MORTGAGE AGENCY
APPROVING MORTGAGE INSURANCE AND A COMMITMENT FOR THE
PROVISION THEREOF FOR CORNERSTONE SANDY F. RAY HOUSING, 550
GREENE STREET, BROOKLYN, KINGS COUNTY.**

The next item on the agenda was a resolution approving 50% mortgage insurance on a \$7,560,000 permanent first mortgage loan for Public School 6 Apartments, 33 Ashburton Avenue, Yonkers, Westchester County. Certificate No. 8-281. Chairman Mulrow stated that information regarding this item was contained in the meeting materials provided which are incorporated herein by reference. There was no discussion.

Vice Chairperson Bayer moved to adopt the resolution; Mr. Lebowitz seconded the motion, and the following resolution was adopted unanimously:

A RESOLUTION OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR PUBLIC SCHOOL 6, 33 ASHBURTON AVENUE, YONKERS, WESTCHESTER COUNTY.

Next, Mr. Lebowitz stated that if there were any opportunities for Board Members or Directors to assist with and participate in storm-recovery activities, he was available and perhaps others were too. Commissioner Towns and Chairman Mulrow expressed their appreciation and thanked the SONYMA Directors.

Chairman Mulrow asked for a motion and a second to adjourn the SONYMA meeting. There being no unfinished business, Vice Chairperson Bayer moved to adjourn; Mr. Lebowitz seconded the motion, and the meeting was adjourned at 9:06 A.M.



Alejandro J. Valella, Acting Secretary