

**MINUTES OF THE  
BOARD OF DIRECTORS MEETING OF THE  
STATE OF NEW YORK MORTGAGE AGENCY  
HELD ON SEPTEMBER 11, 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
Anthony Bergamo	Director
Moses Krausz	Director
Marge Rogatz	Director
Darryl C. Towns	Director
Renee Nowicki	New York State Division of the Budget, representing Robert Megna, Member (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. Renee Nowicki and Linda M. Baldwin 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 Members and Directors meetings of the New York State Housing Finance Agency ("HFA"), the New York State Affordable Housing Corporation ("AHC") and the State of New York Mortgage Agency ("SONYMA"). Chairman Mulrow moved to call the HFA and AHC meetings to order; Ms. Nowicki seconded the motion. Mr. Anthony Bergamo moved to call the SONYMA meeting to order; Chairman Mulrow seconded the motion. Mr. Andrew SanFilippo move to call the MBBA and TSFC meetings to order; Chairman Mulrow second 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 Members of the New York State Housing Finance 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 welcomed everyone back and expressed his hope that everyone had an enjoyable summer.

Commissioner Towns reported that the Agencies are entering into the fourth quarter which usually proves to be a busy period, this year being no exception. He said that he was pleased that the agencies have been able to implement Governor Andrew M. Cuomo's mandate that is laid out in his House NY Program.

Commissioner Towns next reported that, earlier in the day, the Mortgage Insurance Committee approved insurance for eight projects representing 844 units of affordable housing located in New York City ("NYC"), Sullivan, Westchester and Nassau counties. He reported that on the multifamily side, today, HFA will be seeking the approval for eight projects totaling nearly \$500 million in financing.

Commissioner Towns stated that the Board will be briefed on a new volume cap recycling mechanism that will allow the Agencies to capture and recycle volume cap in a more efficient way. He said that members of the Board will be asked to approve the appointment of a new senior officer, Ted Houghton. Additionally, he said, the Board will be updated on administrative items, i.e. Agency Investments, Procurement and Bond sales and that Agency financial statements are also included in the materials.

Commissioner Towns stated that today, the AHC Board will have an opportunity to review awards being sought totaling just over \$7 million; these awards represent 200 units within NYC and 145 units outside of NYC including the counties of: Monroe, Erie, Broome, Wayne, Onondaga and Orleans.

Lastly, Commissioner Towns reported that Ms. Marian Zucker, President, Finance and Development, had been given the ALS (amyotrophic lateral sclerosis aka Lou Gehrig's disease) challenge. Commissioner Towns said Ms. Zucker then asked her colleagues that included himself and Senior Vice President, Mr. Michael Friedman to join her.

Ms. Zucker reported that the Agencies raised \$1,000. The challenge has subsequently been brought to Vicki Bean, Commissioner of the New York City Department of Housing Preservation and Development and Shola Olatoye, Chairperson of the New York City Housing Authority.

A moment of silence was observed at 8:46 a.m. to acknowledge the tragic events of September 11, 2001.

\*\*\*\*\*

**The next agenda item 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 July 10, 2014 meeting. He next reported that the Mortgage Insurance Committee adopted the following resolutions:

- Approved 100% mortgage insurance for La Porte Apartments, Mt. Vernon, Westchester County.
- Approval of 100% mortgage insurance for StuyPark Apartments 77 New York Avenue, Brooklyn, Kings County
- Approval of 100% mortgage insurance for Hudson Art House Lofts, 621 River Street, Troy, Rensselaer County
- Approval of 50% mortgage insurance for Sam Burt Houses, 2675 West 36<sup>th</sup> Street, Brooklyn, Kings County
- Approval of 100% mortgage insurance for Locust Manor Family Residence II, 172<sup>nd</sup> Street and Bailey Boulevard, Jamaica, Queens County.
- Approval of 100% mortgage insurance for Brooke Pointe, 94-158 Gibson Boulevard, Valley Stream, Nassau County.
- Approval 100% mortgage insurance for Golden Ridge, Rock Ridge Drive and Route 42, Town of Thompson, Sullivan 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, September 9<sup>th</sup> and adopted the minutes of the June 10, 2014 meeting. He next reported that the Audit Committee adopted the following resolutions and:

- All five Agencies adopted a resolution recommending the approval of Administrative Budget Request and Financial Plans for FY2015
- All five Agencies received a presentation from the Independent Auditor’s (Ernst & Young)
- All five Agencies reviewed Financial Statement Update for 2<sup>nd</sup> and 3<sup>rd</sup> Quarters Fiscal 2014 and 1<sup>st</sup> Quarter Fiscal 2015 for AHC.
- All five Agencies reviewed report of administrative budget expenditures for the nine months ending July 31, 2014 and updated financial plans.

**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, September 9<sup>th</sup> and adopted the minutes of the June 10, 2014 meeting. He next reported that the Governance Committee adopted the following resolutions

- All five Agencies adopted a resolution approving contract with E.G. Bowman for insurance broker services and approval and/or review of various contracts monitored by

- the Facilities and Administration Department.
- HFA, SONYMA, MBBA, and TSFC adopted a resolution approving contracts for financial services relating to arbitrage rebate calculations.
  - HFA, SONYMA, MBBA and TSFC approved a resolution for the continued retention of contacts with Image Master LLC for Financial Prating Services.
  - HFA and SONYMA approved a resolution for Information technology consulting services with Gartner, Inc.
  - HFA/SONYMA approved a resolution for financial reporting services contract with Bloomberg LLP and SONYMA approved a resolution for Custody Services Agreement with the Bank of New York Mellon.
  - SONYMA approved the extension of the contact with Iron Mountain Intellectual Property Management Inc. and reviewed the contacts with Overture Technologies (formerly CompuGain), and Xerox Mortgage Services.
  - SONYMA approved the Agency's Master Servicer Agreement with M&T Bank.
  - HFA, SONYMA, MBBA and TSFC were given a follow-up discussion of MWBE participation.
  - All the agencies received a presentation on the Agencies' Policies relating to Independent Registered Municipal Advisors and the SEC MCC initiative.

\*\*\*\*\*

**The next item on the Agenda was the adoption of the minutes of the SONYMA Directors meeting held on September 11, 2014.** 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 the appointment of a Senior Officer.** Commissioner Towns announced that he was pleased to introduce and present for consideration the appointment of Ted Houghton as the Agencies' Senior Vice President and Executive Deputy Commissioner.

Commissioner Towns reported that Mr. Houghton comes to the Agencies with tremendous experience in housing and that particularly, he has been an advocate for special needs housing.

Commissioner Towns reported that Mr. Houghton currently resides in Brooklyn, New York, but is originally from California. He noted that the Agencies are excited about him joining. Mr. Houghton expressed his excitement about working with the very many talented individuals in the Agencies.

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

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY  
THE STATE OF NEW YORK MORTGAGE AGENCY STATE OF NEW YORK  
MUNICIPAL BOND BANK AGENCY NEW YORK STATE AFFORDABLE  
HOUSING CORPORATIN AND TOBACCO SETTLEMENT FINANCING**

**CORPORATION APPOINTING TED HOUGHTON AS SENIOR VICE  
PRESIDENT**

\*\*\*\*\*

**The next action item on the agenda was a resolution approving the Administrative Budget Request and Financial Plans for Fiscal Year (“FY”) 2014.** Ms. Sheila Robinson, Chief Financial Officer accompanied by Deputy Vice President, Darryl Johnson and Gary Weinstock, Vice President/Comptroller provided the relevant background information with regard to this request. Ms. Robinson reported on the FY 2015 Administrative Budget Request (for the period November 1, 2014 to October 31, 2015) totaling \$56.8 million; and said that this is a \$1,103,000 or 1.985% increase from FY 2014.

Ms. Robinson noted that this Budget request was an estimate of combined resources needed to administer the five Agencies. She noted that only HFA and MBBA prepare Cash/Program Budgets which are required to be filed with the respective bond trustees. Ms. Robinson noted that Cash/Program Budgets are submitted to the Members and Directors in two versions: Preliminary and Final.

Ms. Robinson stated that discretionary spending continues to be less than last year. She noted that after last year’s discussions, staff reached out to the New York City Comptroller’s Office resulting in no deficits existing for the next four years (this change was agreed to by their office).

Chairman Mulrow requested that the Finance team further elaborate on staffing and its impact on the budget. She stated that the Agencies concluded, approximately three years ago, that there would exist growing demands for Agency programs and that as a result new staff hires would be needed. Ms. Robinson noted that management feels better now, with the number of employees now increased to 192.

HFA Member, Mr. Davidson noted that he is impressed that the total percentage change from one year to the other has been kept under 2%. Ms. Robinson noted that pension fund savings represented one of the main areas of budgetary savings, based on projections from the State’s Pension Fund. She noted that one of the areas in the proposed budget that contains substantial increases is in the capital budget. Ms. Robinson reported that the Agencies’ Information Technology (“IT”) system is old and aging and as a result, Management is hiring a consultant to evaluate the ongoing needs. The budget reflects the projected increased capital funding in this IT area.

Ms. Robinson reported that the Financial Plans were submitted in the format required by the State Comptroller and Authority Budget Office. She said that these condensed statements included revenue and expenses that also included restricted revenues and expenses, which are not part of the Administrative Budget. She said that the Financial Plans do not include revenues and expenses associated with conduit debt. Ms. Robinson said that the four year Financial Plans for HFA, SONYMA, MBBA and TSFC have an October 31<sup>st</sup> fiscal year-end date.

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

**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 ADOPTING AN ADMINSTRATIVE BUDGET FOR FISCAL YEAR NOVEMBER 1, 2014 TO OCTOBER 31, 2015 AND FINANCIAL PLANS FOR FISCAL YEARS 2015, 2016, 2017 AND 2018 WITH RESPECT TO THE NEW YORK STATE HOUSING FINANCE AGENCY STATE OF NEW YORK MORTGAGE AGENCY STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION AND THE NEW YORK STATE AFFORDABLE HOUSING CORPORATION'S FINANCIAL PLAN FOR FISCAL YEARS 2016, 2017, 2018 AND 2019 AND PRELIMINARY CASH BUDGETS FOR THE NEW YORK STATE HOUSING FINANCE AGENCY AND THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY FOR FISCAL YEAR 2015**

\*\*\*\*\*

**The next action item on the agenda was approval of Quarterly Bond Sale Reports for the periods ending April 30<sup>th</sup> and July 31, 2014.** There was no discussion on this item. It was noted that information in connection with this item was contained in the materials provided to the Members, which materials are incorporated herein by reference. Chairman Mulrow urged Board members to review the materials provided in connection with this item, as they contain substantial and detailed information on the result of the Agencies' bond issues during this period.

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 AND STATE OF NEW YORK MORTGAGE AGENCY APPROVING THE AGENCIES' BOND SALE REPORTS**

\*\*\*\*\*

Chairman Mulrow stated that the next four (4) items on the agenda were information items concerning:

- a) Review of the Agencies' Quarterly Procurement Report for the period ending July 31, 2014.
- b) Review of Third Quarterly (2014) Investment Reports for the period ending July 31, 2014 for HFA/SONYMA/MBBA/TSFC and First Quarterly Report for the period ending June 30, 2014 for AHC.
- c) Financial Statement Update 2<sup>nd</sup> and 3<sup>rd</sup> Quarters Fiscal 2014 (HFA/SONYMA/MBBA/

TSFC) and 1<sup>st</sup> Quarter Fiscal 2015 (AHC)

- d) Report of administrative budget expenditures for the periods ending April 30<sup>th</sup> and July 31, 2014 and updated financial plans.

Chairman Mulrow stated that information regarding these items were contained in the meeting materials provided to the Members which are incorporated herein by reference. There was no discussion regarding these items.

\*\*\*\*\*

**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.

\*\*\*\*\*

Chairman Mulrow said that the next two items, 9 and 11 on the SONYMA Agenda were discussed and voted on at the Mortgage Insurance Committee earlier in the day and are now up for vote by the SONYMA Board. He said that there will be no discussions on these two items unless the Directors so request. He also noted that Item No. 10 on the Agenda has been withdrawn

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 THE PROVISION THEREOF FOR LA PORTE APARTMENTS, 203 GRAMATAN AVENUE, MT. VERNON, WESTCHESTER COUNTY.**

\*\*\*\*\*

**A RESOLUTION OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR STUYLPARK APARTMENTS, 77 NEW YORK AVENUE, BROOKLYN, KINGS COUNTY.**

**The next item on the Agenda was a resolution authorizing the release of \$6.75 million from the Project Pool Insurance Account to the Housing Trust Fund.** Chairman Mulrow requested some background information on this item. Ms. McGill said that on April 1, 2014, the Governor signed into law Chapter 56 of the Laws of 2014, the Budget Bill, which according to Article VII, Part K, Section 1, 3 and 4 therein directed the Agency's Board of Directors to take certain actions with respect to the reserves held in the Project Pool Insurance Account of the Mortgage Insurance Fund.

Ms. McGill said that the requested transfer of funds in the aggregate amount of \$6,750,000 will be the second transfer from the Project Pool Insurance Account to the Housing Trust Fund Corporation, (HTFC). She said that in May of this year, the board approved the transfer of \$32,418,000 to HTFC. She said that it is anticipated that there will be additional transfers requested before the end of the year, possibly as early as next month,

for approximately \$36 million. Ms McGill said that the total transfers for the year 2014 will be approximately \$75,418,000.

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 INSURANCE AUTHORIZING THE TRANSFER OF EXCESS RESERVES FROM THE PROJECT POOL INSURANCE ACCOUNT OF THE MORTGAG INSURANCE FUND.**

**The next item on the agenda was the Adoption of a resolution authorizing 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:

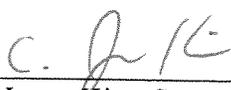
**A RESOLUTION OF THE STATE OF NEW YORK MORTGAGE AGENCY ADOPTING SERIES RESOLUTIONS AUTHORIZING THE ISSUANCE OF BONDS.**

**The next item on the agenda was an information item concerning review of Third Quarterly (2014) Report on the Financial Status of Existing Hedges.** Chairman Mulrow stated that information regarding this item was contained in the meeting materials provided to the Directors which are incorporated herein by reference. There was no discussion regarding this item.

\*\*\*\*\*

There being no unfinished business, Vice Chairman Mulrow asked for a motion to adjourn the SONYMA meeting. Mr. Bergamo moved to adjourn; Chairman Mulrow seconded the motion, and the meeting was adjourned at 9:18 a.m.

Mr. Kim informed the Members that the next Board meeting is scheduled for Thursday, October 9, 2014, at 8:00 a.m.

  
\_\_\_\_\_  
C. Jason Kim, Secretary