

**MINUTES OF THE MEETING OF THE  
BOARD OF DIRECTORS OF THE  
STATE OF NEW YORK MORTGAGE AGENCY  
HELD ON JANUARY 29, 2009 AT 1:58 P.M. AT  
ITS OFFICES AT 641 LEXINGTON AVENUE  
NEW YORK, NEW YORK 10022**

DIRECTORS AND DESIGNEES

PRESENT:

Judd S. Levy	Chairman
Gregory J. Raphael	Director
Leonard I. Weinstock	Director
Karen A. Phillips	Director
Deborah VanAmerongen	Director
Edward Szala	Director
William Myers	Director
Daniel Sheppard	Division of the Budget, representing Laura L. Anglin, Director (via video conference)

ABSENT:

Marge Rogatz	Director
--------------	----------

Chairman Levy chaired the meeting; Joy F. Willig, Senior Vice President and Counsel, acted as secretary. The meetings of the Affiliated Agencies opened in joint session for the 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 other Agencies is contained in the minutes of each Agency respectively.

Chairman Levy started the meeting by introducing and welcoming William Myers as a new Director of the SONYMA Board. He then noted that certain Board Directors, as well as the Agencies' President, were participating in the meeting via video conferencing. Ms. Almodovar and the representatives from the Division of the Budget were required to be in Albany on the meeting date and were located at the NYS Division of Housing & Community Renewal in Albany. The Agencies' Counsel had advised that in accordance with the State's Open Meetings Law this meeting was an official meeting of the Agencies, with the Board

Directors participating via video conferencing eligible to vote on all items and counting towards quorums.

**The first item on the agenda was the President's Report.** Priscilla Almodovar, the Agencies' President and Chief Executive Officer, reported that she had testified that morning before the NYS Assembly and Senate on the Governor's executive budget, and that her testimony had been well received. Board Directors were provided with copies of her testimony, and she reviewed her presentation with them.

Ms. Almodovar next welcomed Mr. Myers. She then reported that SONYMA had been designated, together with the Higher Education Services Corporation (HESC), to establish a new student loan program. She noted that the Agency's authorizing statute had contemplated this type of activity, and was now in the process of being modernized in order to allow for the new program to go forward, and that HESC would provide the program parameters while the Agency would serve as the Bond issuer.

Ms. Almodovar next reported on the Neighborhood Stabilization Program. She stated that HUD had approved the Agency's plan for administering the funds, that response to the Request for Proposals were due February 10th, and that management planned to bring the selection parameters to the March meeting.

Ms. Almodovar stated that an RFP for investment banks had been issued and responses were due on January 30<sup>th</sup>. She said that she anticipated recommendations for a new panel would be brought to the April meeting.

Ms. Almodovar next reported on the Agencies' results for 2008. She reported that SONYMA had experienced significant increases in activity during the first nine months of 2008 as the private sector decreased its lending activities. She stated that during the last quarter, SONYMA had lost its previous competitive advantage as its rates became high as compared with conventional mortgages. She noted reservations were down due to the season, a weakening market and alternative products. Next she reported on activity for MIF; she said that events in the private sector had created business opportunities for MIF, noting the importance of insurance and benefit of our bond rating to developers. She stated that 164 projects with a combined value of \$399 million and a total of 6800 affordable units had been insured.

Ms. Almodovar next asked Deborah VanAmerongen to report on pending legislation in Washington and the state of the tax credit market. Ms. VanAmerongen stated that in the past the major buyers of low income tax credits had been financial institutions, with Fannie Mae and Freddie Mac purchasing up to 40% of the credits. She also noted that those institutions were no longer in the market. She stated that other financial institutions that are still in the market do not need to offset taxes due to state of economy, and consequently the price of the credits has dropped dramatically. She noted that starting in February 2008 DHCR's projects began to experience a financing gap due to the loss of equity investments. She stated that, while there was still a market in New York City, in upstate it has disappeared. She noted that DHCR and HFA were working with the state banking department to create an equity fund to encourage involvement in the tax credit market.

Ms. VanAmerongen next reported on provisions of the House version of the economic stimulus bill, which would allow states to sell up to 40% of their tax allocation to the Treasury at 85 cents on the dollar; she expressed concerns that this would weaken the market in the long term. She next reported on a Senate provision that would allow five year look-back to capture previous tax liability. Chairman Levy noted that the 80/20 projects were not as vulnerable to the loss of tax credit equity, but were being affected by the real estate market.

Marian Zucker, Executive Vice President, reported on rate trends. She noted a falloff in the project pipeline which she attributed to a loss of tax credit investors. She noted a change in who was investing in Agency bonds, with a bond issue being sold entirely to retail investors for the first time. She added that in January municipal bonds began to trade higher than taxable, and concluded by noting that it was hard to know what to expect in the coming year.

**The next item on the agenda was the report of the Audit Committee.** Chairman Levy reported that the Committee adopted the minutes of its December 3, 2008 meeting and adopted resolutions approving the Fiscal 2008 Financial Statements, the Follow-Up Audit of 2007 Audit Reports, the Servicer Audit Report of M&T Mortgage Corporation and the Servicer Audit Report of Community Bank, N.A.

**The next item on the agenda was the report of the Mortgage Insurance Committee.** Chairman Levy reported that the SONYMA Mortgage Insurance Committee adopted the minutes of its December 3, 2008 meeting; adopted resolutions approving 100% mortgage insurance for Cedar Avenue Apartments with one vote against and approved Jennings Hall, 1 Liberty Court, and 257 Lafayette Avenue unanimously.

**The next item on the agenda was the adoption of the minutes of the SONYMA Directors' meeting held on December 3, 2008.**

Mr. Szala moved to adopt the SONYMA minutes; Mr. Weinstock seconded the motion and the minutes were adopted unanimously.

**The next item on the agenda was a resolution approving Annual Investment Reports and a presentation of the AHC Quarterly Investment Report for informational purposes.** Gary Weinstock, Vice President and Comptroller, highlighted certain information contained in the materials provided to the Directors in connection with this item. Mr. Weinstock noted that earlier in the day, at the Audit Committee, the Agencies' external auditor, Mr. Glenn Friedrich from Deloitte & Touche, had made a presentation in connection with the Agencies' financial statements. Chairman Levy noted the improvement in content and presentation of the Agencies' MD & A sections of the reports, and highlighted the stability the Agencies had been able to achieve despite the fallout from the issues affecting the financial markets.

Mr. Szala moved to adopt the resolution; Mr. Weinstock seconded the motion 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 STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND THE TOBACCO SETTLEMENT FINANCING CORPORATION REVIEWING AND APPROVING AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2008.**

The next item on the agenda was a resolution approving the Agencies' Annual Procurement Report for Fiscal Year 2008 and review of the 4<sup>th</sup> Quarter Procurement Report for the period 8/1/08-10/31/08. Information with respect to this item was provided to the Directors in advance of the meeting, which information was incorporated herein by reference. There were no questions raised or discussion about this item.

Mr. Szala moved to adopt the resolution; Mr. Weinstock seconded the motion 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 THE ANNUAL PROCUREMENT REPORT.**

The next item on the agenda was a resolution accepting Public Authorities Reporting Information Systems (PARIS) Annual Report filing. Information with respect to this item was provided to the Directors in advance of the meeting, which information is incorporated herein by reference. There were no questions raised or discussion about this item.

Mr. Szala moved to adopt the resolution; Mr. Weinstock seconded the motion and the following resolution was adopted unanimously:

**A RESOLUTION OF 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 ACCEPTING A FILING UNDER THE PUBLIC AUTHORITIES REPORTING INFORMATION SYSTEM**

The next item on the agenda was a resolution approving Annual Investment Reports and the presentation of the AHC Quarterly Investment Report for informational purposes. Charles Rosenwald CFO/COO, highlighted certain information contained in the materials provided to the Directors in connection with this item, which materials are incorporated herein by reference. Mr. SanFilippo inquired about the Agencies' criteria for investment, evaluation of price levels and adherence to financial guidelines. Mr. Rosenwald addressed the questions and an exchange ensued. Mr. Rosenwald offered to arrange a subsequent meeting to answer Mr. SanFilippo's questions in more depth.

Mr. Szala moved to adopt the resolution; Mr. Weinstock seconded the motion and the following resolution was adopted unanimously:

**A RESOLUTION OF 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 APPROVING ANNUAL REPORTS OF INVESTMENTS**

The next item on the agenda was the 2008 Fiscal Analysis (Administrative Budget and Financial Plans). Information with respect to this item was provided to the Directors in advance of the meeting, which information was incorporated herein by reference. There were no questions raised or discussion about this information item.

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$16,800,000 New York State Housing Finance Agency fee mortgage loan and a \$2,210,000 leasehold mortgage loan at Cedar Avenue, Bronx, Bronx County, Certificates 10-1561 and 10-1562. Michael Friedman, Senior Vice President/Director of the Mortgage Insurance Fund, highlighted certain information contained in the materials provided to the Directors in connection with this item, which materials are incorporated herein by reference. Mr. Weinstock asked why there was an increase of \$750,000 in the first mortgage; Mr. Friedman replied that due to a shift in interest rates, the amount of the first mortgage had increased, and the subsidy on the project had been reduced accordingly, not affecting the overall project budget. Chairman Levy informed the Directors that the project had been discussed in detail during the MIF Committee meeting, and Mr. Weinstock noted he had voiced his concerns during that meeting.

Mr. Weinstock renewed his motion to increase the project reserve to 100%. There was no second to the motion. Ms. Phillips moved to adopt the resolution; Ms. VanAmerongen seconded the motion and the following resolution was adopted with Mr. Weinstock voting against it:

**A RESOLUTION OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR CEDAR AVENUE APARTMENTS, 1854-1874 CEDAR AVENUE, BRONX, BRONX COUNTY.**

The next item on the agenda was a resolution approving the grant of funds to renew a contract with Neighbor Works America. Information with respect to this item was provided to the Directors in advance of the meeting, which information was incorporated herein by reference. There were no questions raised or discussion about this item.

Mr. Szala moved to adopt the resolution; Mr. Weinstock seconded the motion and the following resolution was adopted unanimously:

**A RESOLUTION OF THE STATE OF NEW YORK MORTGAGE AGENCY AUTHORIZING THE GRANT OF FUNDS.**

Next Mr. Friedman introduced Ms. M. Lauren McGill as the new General Counsel to the MIF and Mr. Jeffery Lee a new Assistant Counsel for the MIF.

There being no unfinished business, Mr. Szala moved to adjourn the meeting; Mr. Weinstock seconded the motion; and the meeting was adjourned at 3:08 p.m.

  
Secretary