

**MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF THE
STATE OF NEW YORK MORTGAGE AGENCY
HELD ON APRIL 2, 2009 AT 9:45 A.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
Deborah VanAmerongen	Director
Edward Szala	Director
William Myers	Director
Marge Rogatz	Director
Karen A. Phillips	Director
Leonard I. Weinstock	Director
Daniel Sheppard	Division of the Budget, representing Laura L. Anglin, Director (via video conference)

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 noted certain Board Directors were participating in the meeting via video conferencing. He noted that the public notice for the meeting had informed the public as to the participation by videoconference and had identified the location of the meeting, noting that the public had a right to attend.

The first item on the agenda was the President's Report. Priscilla Almodovar, the Agencies' President and Chief Executive Officer, reported on a provision of the American Recovery and Reinvestment Act that allows housing finance agencies to refund certain AMT bonds. She stated that the opportunity to refund bonds had been offered to all of the eligible developers. She noted that while refunding would currently only provide a relatively small financial advantage of 10-15 basis points, it was anticipated that over time there would be a

more significant benefit. She said that the Agencies had worked with the State Division of Budget, and thanked the State for agreeing to waive the bond issuance charge to facilitate the refundings, as well as the use of recycled bond proceeds.

Ms. Almodovar next reported that single family reservations continued to be low. She said with the current level of activity, the Agency did not foresee a need to come to market in May, as it would be able to use prepayments from older loans to buy new loans. She noted the dramatic difference from the market a year ago.

Ms. Almodovar reported on Agency involvement with Fannie Mae. She said that the affinity program would allow SONYMA to pass on preferential interest rates from Fannie Mae. She said that SONYMA anticipates providing down payment assistance for many of these loans. Ms. Almodovar stated that although the Agency was not receiving a fee for serving in this role, the Agency's involvement was important because without it the lower interest rate and closing cost assistance would not be made available to borrowers. She further stated that this would put the Agency in a good position with Fannie Mae as it develops programs with housing finance agencies.

Ms. Almodovar next reported that the Agency had received legislative approval to start up the student loan program with HESC, and that it was anticipated that the program would commence in the fall to provide funds for tuition for the January 2010 semester.

The next item on the agenda was the report of the Audit Committees. Chairman Levy reported that the Audit & Finance Committee had adopted the minutes of its January 29, 2009 meeting; and had passed resolutions approving an internal audit work plan for fiscal year 2010 and the continued retention of Deloitte & Touche LLP for audit services, and reviewed financial statement updates for the first quarter and the evaluations of the Audit and Finance Committee's performance. The Committee reviewed the Independent Auditors Report to Management and adopted a resolution authorizing the approval of the servicer audit report of HSBC Mortgage Corporation.

The next item on the agenda was the report of the Governance Committees. Chairman Levy reported that the Governance Committee had adopted the minutes of its January 29, 2009 meeting and had been provided with self-evaluation forms by staff.

The next item on the agenda was the report of the Mortgage Insurance Committee. Chairman Levy reported that the MIC had adopted the minutes of its March 4, 2009 meeting, and passed resolutions approving 100% mortgage insurance on a Community Preservation Corporation permanent first mortgage at Brooke Pointe Apartments; 100% mortgage insurance on a Community Preservation Corporation permanent first mortgage at Batavia Special Needs Apartments; and 100% mortgage insurance on a Community Preservation Corporation permanent first mortgage at 95-99 Skillman Street.

The next item on the agenda was the adoption of the minutes of the SONYMA Directors' meeting held on March 4, 2009. Mr. Weinstock moved to adopt the SONYMA minutes; Mr. Szala seconded the motion; and the minutes were adopted unanimously.

The next item on the agenda was a resolution adopting an amendment to the **Administrative Budget for Cost Recovery Charges**. Joanne Hounsell, Senior Vice President and Deputy CFO, highlighted certain information contained in the materials provided to the Directors in connection with this item, which materials are incorporated herein by reference. She explained that the budget amendment reflected an increase in the cost recovery fees that the State charged to authorities statewide. She noted that the Agencies had budgeted \$6.8 million for the fee based on prior years' charges, but that the actual charges received from the State's Division of the Budget had been for \$9.475 million. She clarified that the amendment was to update the budget to reflect the actual charges, not to approve the payment of the fee. Mr. Sheppard explained that these charges were established by the legislature and allocated by the Director of the Division of the Budget. Mr. Sheppard stated that he was comfortable with the Agencies' ability to meet their 2008-2009 obligations. Chairman Levy read from a Moody's report which had been distributed to Directors highlighting concerns that increased charges by states facing economic difficulties to housing finance agencies during economic downturns could have negative effects on the agencies' bond ratings. The report was made part of the record of the minutes. He noted that SONYMA and HFA projections indicated decreased activity which would be reflected in less revenue, and expressed concern about the Agencies' ability to pay increased State fees without adverse impact in future fiscal years. Mr. L. Weinstock noted that because of the vagueness of the state process in determining the fees, he was not in a position to pass on the appropriateness of the new amount. Ms. Almodovar noted that the Division of the Budget representation on the Agencies' boards meant the department was well aware of the potential impacts, and would be involved in discussion with the Agencies if their fiscal situation changed, with which Mr. Sheppard concurred. Mr. Sheppard noted that given the board's concerns, in the future and prior to determining cost recovery fees, Division of the Budget would give the board adequate notice as to the proposed amount.

Mr. Weinstock moved to adopt the resolution; Mr. Szala 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 THE TOBACCO SETTLEMENT FINANCING CORPORATION ADOPTING AN AMENDMENT TO THEIR ADMINISTRATIVE BUDGET FOR FISCAL YEAR NOVEMBER 1, 2008 TO OCTOBER 31, 2009 AND THE NEW YORK STATE HOUSING FINANCE AGENCY AND THE STATE OF NEW YORK MORTGAGE AGENCY ADOPTING AN AMENDMENT TO THEIR FINANCIAL PLANS FOR FISCAL YEARS 2009, 2010, 2011 AND 2012

The next item on the agenda was a resolution approving the pre-qualified panel of underwriting firms for the Agencies' bond issues. Chairman Levy directed the Directors to the detailed memo describing the selection process provided in advance of the meeting, which information is incorporated herein by reference, and requested that discussion be limited to questions regarding the matter. Ms. Phillips noted the lack of MWBE representation on the



senior manager panel, and requested that the unsuccessful applicants receive feedback about what they can do to improve their chances of either qualifying for the panel, or moving up from the co-manager panel. Ms. Rogatz stated that giving feedback to proposers should become part of all RFP processes. Mr. Myers asked whether staff had gleaned any particular insight, information or advice during the review process. Ms. Zucker responded that she would re-review the proposals from this perspective, and would present any relevant suggestions to the board.

Mr. Weinstock moved to adopt the resolution; Mr. Szala 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 A PRE-QUALIFIED PANEL OF UNDERWRITING FIRMS.

The next item on the agenda was a resolution appointing Senior Vice President for Information Technology, Telecommunications, Facilities and Administrative Services. Mr. Charles Rosenwald, CFO/COO, highlighted certain information contained in the materials provided to the Directors in advance of the meeting, which information is incorporated herein by reference. He noted that this new position would combine the information technology and administrative departments under a single position, creating efficiencies from consolidation, and recommended the appointment of Edwin Bonilla.

Mr. Weinstock moved to adopt the resolution; Mr. Szala 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 APPOINTING EDWIN BONILLA AS SENIOR VICE PRESIDENT FOR INFORMATION TECHNOLOGY, TELECOMMUNICATIONS, FACILITIES AND ADMINISTRATIVE SERVICES.

The next item on the agenda was a resolution reviewing and approving the continued retention of Deloitte & Touche LLP for Audit Services. Mr. Gary Weinstock, Vice President/Comptroller, highlighted certain information contained in the materials provided to the Directors in advance of the meeting, which information is incorporated herein by reference. He reported that Deloitte has been under contract with the Agencies since 1999, and was chosen as a result of an RFP process in 1999 and again in 2004. Mr. G. Weinstock said Deloitte's contract with the Agencies was reviewed annually, and noted that the engagement letter from Deloitte was unchanged from the past year, except for the company's fee. He recommended retaining the firm for another year, and postponing the issuance of a new RFP until the financial market settled. He noted industry practice recommendations that recognize the efficiencies of retaining the same accounting firm while rotating the partner in charge of the

account, and added that rotation of partners has occurred four times since the firm was brought on board.

Mr. Weinstock moved to adopt the resolution; Mr. Szala 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 CONTINUED RETENTION OF DELOITTE & TOUCHE LLP FOR AUDIT SERVICES

The next items on the agenda were consent items authorizing approval of contracts for temporary employee placement, employment advertising and payroll processing services. Information with respect to these items was provided to the Directors in advance of the meeting, which information is incorporated herein by reference. The items up for annual review included the Benefit Resource contract (E-TRAC services); Access & Adecco agreements for temporary employment services; Sky agreement for employment advertising; ADP/Managistics for payroll processing services; and Mercer Health & Benefits actuarial valuation consulting services contract (GASB 45). Aida Brewer asked if her previous concerns about receiving assurance from ADP regarding the security of funds being held prior to disbursement had been resolved; Ms. Willig responded that she would follow up prior to the next board meeting.

Mr. Weinstock moved to adopt the resolution; Mr. Szala 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 AND NEW YORK STATE AFFORDABLE HOUSING CORPORATION AUTHORIZING APPROVAL OF CONTRACTS FOR TEMPORARY EMPLOYEE, EMPLOYMENT ADVERTISING AND PAYROLL PROCESSING SERVICES

The following items on the agenda were presented for informational purposes. Information with respect to each of these items was provided to the Directors in advance of the meeting, which information is incorporated herein by reference:

Annual Review of:

- Metlife dental insurance agreement
- E.G. Bowman insurance brokerage agreement
- Lincoln Life & Annuity Company of New York disability insurance agreement
- State of New York Department of Civil Services Health Insurance Agreements

Quarterly Procurement Contract Report for period commencing November 1, 2008 ending January 31, 2009. Ms. Rogatz commented on the procurement report, noting that while

she appreciated the Agencies' efforts to open up the process, she felt that M/WBE businesses were still not adequately represented in the Agencies contracts. Ms. Willig noted that the report reflected all contracts in place, and that while the procurement process was evolving it would take some time before current efforts would be reflected in the report.

Contracts with firms listed on the Agencies' pre-qualified Financial Advisor Panel.

Financial Statements Updates for the First Quarter Fiscal 2009

Annual review of lease for the Agencies' offices at 641 Lexington Avenue, New York, with First Lexington Corporation

Quarterly Investment Reports for the period ending January 31, 2009

Report of Administrative Budget Expenditures for the First Quarter 2009 and Status Report of Financial Plans.

The next item on the agenda was a resolution approving Estimated Excess Balance for the Mortgage Insurance Fund. 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. He stated that pursuant to the Public Authorities Law the MIF was required to estimate its excess balance. He noted that this year the estimate was \$10 million, down from \$100 million the year before due to the reduction in surtax receipts. Ms. Almodovar stated that if any changes regarding reserves for new commitments and claims became advisable due to the drop-off in revenue that staff would bring recommendations to the board for their review before implementation.

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

A RESOLUTION OF THE STATE OF NEW YORK MORTGAGE AGENCY REGARDING THE ESTIMATED EXCESS BALANCE IN THE MORTGAGE INSURANCE FUND FOR THE TWELVE MONTH PERIOD ENDING MARCH 31, 2009

The next item on the agenda was a resolution authorizing the approval of the selection of Master Servicer for SONYMA Fannie Mae Affinity Program. George Leocata, Senior Vice President of Single Family Programs, highlighted certain information contained in the materials provided to the Directors in connection with this item, which materials are incorporated herein by reference. He stated that a Program was being developed in conjunction with Fannie Mae's affinity program, under which loans would be structured in accordance with Fannie Mae's My Community Program. He stated that lenders would be originating loans that would be sold to a master servicer that would be responsible for administering and selling the loans to Fannie Mae. He explained that as SONYMA did not have the expertise to be a master servicer that the Agency had issued an RFP, and was now ready to award a contract to M&T to fill this role. Mr. Myers noted that some banks might not

participate in the program because of concerns that they might lose customers to M&T, which includes advertising in the monthly statements sent to mortgage holders. However, he noted that despite this concern, the M&T proposal was the better of the two bids received. Ms. Phillips highlighted that SONYMA marketing opportunities in relation to the program should be maximized.

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

**A RESOLUTION OF THE STATE OF NEW YORK MORTGAGE
AGENCY AUTHORIZING THE ENTERING INTO A MASTER
SERVICER CONTRACT WITH M&T BANK**

The next item on the agenda was an information item first quarterly 2009 report on the financial status of existing hedges. Information with respect to this item was provided to the Directors in advance of the meeting, which information is incorporated herein by reference. There was no discussion or questions about this item.

There being no unfinished business, Mr. Weinstock moved to adjourn the meeting; Mr. Szala seconded the motion; and the meeting was adjourned at 11:10 a.m.


Secretary