

**MINUTES OF THE REGULAR MEETING OF THE
THE 433RD MEMBERS' MEETING OF THE
NEW YORK STATE HOUSING FINANCE AGENCY
HELD ON DECEMBER 1, 2011, AT 2:36 P.M.
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

MEMBERS AND DESIGNEES

PRESENT:

Karen A. Phillips	Vice Chairperson
Thomas H. Mattox	Member
Darryl C. Towns	Member
Steven J. Weiss	Member
Elaine McCann	Division of the Budget, representing Robert Megna, Member (via video conference)
Aida Brewer	Division of Taxation and Finance, representing Thomas A. Mattox, Member

ABSENT:

Royce A. Mulholland	Member
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Vice Chairperson Phillips chaired the meeting; Alejandro J. Valella, Vice President and Deputy Counsel, acted as secretary. The meetings of the Affiliated Agencies opened in joint session for consideration of 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 other Agencies is contained in the minutes of each Agency respectively.

The first item was the report of the Audit Committee. Vice Chairperson Phillips reported that the Audit Committee took the following actions:

- Adopted Minutes
- Approved the Audit Committee Action Plan for 2012
- Approved the Internal Audit Staff Functions
- approved the Internal Audit's Information Technology Audit Report;
- approved Internal Audit's Housing Portfolio Management Audit Report

Vice Chairperson Phillips noted that the resolution approving the revised Whistleblower Policy was tabled.

The next item was the President's Report. Commissioner Towns emphasized that it was a busy time at the Agencies. He said that the Agencies are focused on ending the year strong. He noted that January's meeting will reflect the Agencies work with the Regional Economic Development Councils. He also wished everybody Happy Holidays.

The next item on the agenda was the approval of the minutes of the 432nd Member's meeting for HFA, held on November 9, 2011. There were no objections or corrections by the Members therefore the minutes were deemed approved.

The next item on the agenda was a resolution authorizing the approval of the Whistleblower Policy. This item was tabled for discussion at a later date.

The next item on the agenda was a resolution authorizing the approval of the Agencies' MWBE Goal Plan for FY 2012-2013. This item was a consent item therefore the Members did not discuss it. Vice Chairperson Phillips did commend the Agencies' aggressive goals and acknowledged the Agencies' hard work in developing this Plan.

Steven Weiss moved to adopt the resolution; Elaine McCann 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 THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY APPROVING EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION 2012-2013 MASTER GOAL PLANS.

The next item on the agenda was a resolution authorizing the approval to enter into Financial Advisor Services contracts with firms on the Agencies' newly established prequalified panel. MBBA Director Andrew SanFilippo asked about the criteria that the Agencies used to arrive at the selection of these firms and George Graham, Senior Vice President of Debt Issuance, responded. George Graham first explained the Agencies' outreach process. He noted that about twelve firms responded to the outreach. He then outlined that the Agencies formed a Committee to review the responses and that its criteria included the firms' experience and qualifications in public finance, the firms' specific expertise in affordable housing finance, as well as the firms' location and costs. Marian Zucker, President of the Office of Finance and Development, also emphasized that this was the criteria used by the Committee.

MBBA Director Andrew SanFilippo followed up by inquiring whether there was a scoring sheet because he wanted to see what criteria was emphasized most. Mr. Graham and Ms. Zucker said that a scoring sheet existed and that it placed a heavy

emphasis on experience. MBBA Director Andrew SanFilippo then stated that the staff should provide the Board of Directors with the scoring sheet results in the future.

Thomas Mattox then asked whether adopting this resolution was time sensitive and whether the Board of Directors could wait to see the scoring sheet before voting. MBBA Vice Chairman Bialo interjected by asking whether this established panel would permit the Agencies to do the work that needed to be done. Ms. Zucker answered assertively that this range of financial advisors would permit the Agencies to do the necessary work. She emphasized that this panel of financial advisors provided a range of different experience that would prove helpful. Several Members and Directors then noted that in the future they should be provided with the scoring sheet results.

Steven Weiss moved to adopt the resolution; Elaine McCann 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 THE ENTERING INTO A CONTRACTS WITH FIRMS ON THE AGENCIES' PREQUALIFIED PANEL FOR FINANCIAL ADVISOR SERVICES.

The next item on the agenda was a resolution authorizing the approval of Quarterly Bond Sale Reports (for the period commencing 8/1/11 and ending 10/31/11) and Annual Bond Sale Reports (for the period commencing 11/1/10 and ending 10/31/11). This item was a consent item therefore the Members did not discuss it. Marian Zucker noted that the Annual Bond Sale Report incorrectly stated that the Agencies issued approximately \$1.6 billion and that the Report should be corrected to state that the Agencies issued approximately \$2.4 billion.

Steven Weiss moved to adopt the resolution; Elaine McCann 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 THE AGENCIES' BOND SALE REPORTS.

The next item on the agenda was an information item on the annual review of contracts with the Agencies' External Independent Auditor. No action was required on this item because it was an information item.

The next item on the agenda was an information item on the annual review of the legal services contract with K&L Gates. Vice Chairperson Bialo summarized the legal services contract for the Members. He stated that K&L Gates is performing a specialized service that involves protecting a TSFC derivative position in connection with the Lehman Brothers' bankruptcy. He noted that the fee to K&L Gates is estimated to be between \$50,000 and \$100,000. He stated that the fee ultimately depends on how the legal proceeding moves forward this year. Genevieve D'Agostino, Senior Vice President and Treasurer, noted that TSFC's claim is for \$125 million. Vice Chairperson Bialo stated that he is satisfied that K&L Gates has provided a respectable estimate given the stage of the proceeding. The Members were then assured that this expense has been budgeted for. No further action was required on this item because it was an information item.

The Members were next provided with a presentation on HFA's activities in 2011. Marian Zucker made the presentation. The presentation provided a breakdown on this data:

- the types of housing projects financed;
- the types of units financed;
- the amount of HFA investment; and
- the amount of investment leveraged by HFA investment.

The presentation ended with some photos of HFA financed projects. Ms. Zucker acknowledged the role of SONYMA in helping finance these projects.

The next item on the agenda was an information item on the Policy on Private Placement Bonds. Marian Zucker presented on this item. She first summarized that this policy relates to recently enacted legislation empowering HFA to finance multifamily projects with unrated bonds sold on a private placement basis to certain financial institutions. She noted that the policy outlined today related exclusively to 80/20 projects and that a different policy would be developed for other affordable housing financings. She then explained that the 80/20 projects had certain qualities that made them a good starting place for developing this policy.

Ms. Zucker suggested that the banks that typically provide credit enhancement would likely be interested in becoming bond purchasers in these private placement deals. Her presentation focused on these aspects of the policy:

- limiting eligible bond purchasers to institutional investors;
- requiring that bond denominations not be less than \$100,000; and
- expecting eligible projects to be at least a \$50,000,000 issuance.

Ms. Zucker stated that the policy was focused on making certain the bond purchasers understood how to manage the risks and knew how to underwrite the financing.

Steven Weiss then commented that banks are interested in being a private placement purchaser because they get Community Reinvestment Act credit, whereas they could not get this credit as a credit enhancer. Ms. Zucker stated that Community Reinvestment Act credit policy differs bank to bank. She stated that a bank might prefer to be the private placement purchaser to earn more income.

Ms. Zucker then alluded to an existing project that might be looking to refinance into this type of private placement arrangement. She discussed the possibility that other 80/20 projects might look to do this as well. She then outlined another aspect of the policy called the "default avoidance mechanism." Ms. Zucker emphasized that the policy was still in draft form, but that a final version would soon be brought before the Members. She also acknowledged the team members who worked on developing the policy.

Steven Weiss stated that he thought the policy was good. Vice Chairperson Phillips inquired about HFA's origination fee on these deals. Vice Chairperson Phillips also asked about the Community Reinvestment Act. The Board Members then discussed whether they should just approve the policy at this meeting, but they then decided to hold off on approving the policy until the next meeting.

There being no unfinished business, Steven Weiss moved to adjourn the meeting; Commissioner Towns seconded the motion; and the meeting was adjourned at 3:40 P.M.



Secretary