

**MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF DIRECTORS OF THE  
STATE OF NEW YORK MORTGAGE AGENCY  
HELD ON JANUARY 27, 2011 AT 3:26 P.M  
AT ITS OFFICES AT 641 LEXINGTON AVENUE  
NEW YORK, NEW YORK 10022**

DIRECTORS AND DESIGNEES

PRESENT:

|                   |   |
|-------------------|---|
| Judd S. Levy      | Chairman  |
| Karen A. Phillips | Vice Chairperson  |
| Brian E. Lawlor   | Director  |
| Don Lebowitz      | Director  |
| David J. Sweet    | Director  |
| Elaine McCann     | Division of the Budget, representing Robert Megna,<br>Director (via video conference) |

ABSENT:

|               |          |
|---------------|----------|
| Naomi Bayer   | Director |
| William Myers | Director |
| 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.

**The first item on the agenda was the President's Report.** President Lawlor congratulated MBBA staff on being awarded the *Bond Buyer* "2000 Deal of the Year" for the Northeast region in recognition of their Recovery Act Bond issues. He also stated that, overall, business was strong, noting the open funding rounds for the Housing Trust Fund for tax credits, Homes for Working Families, as well as HFA 80/20 and Affordable deals. He stated that although Governor Cuomo had not yet named a Commissioner of Housing, the issue was clearly under his consideration. Additionally, Mr. Lawlor stated that the real property tax cap and the expiration of rent control laws would impact the Agencies in the coming months, along with the

expiration of 421A, which had been a major generator of residential construction in New York City. He noted that the Governor's budget, to be announced on February 1<sup>st</sup>, would lay out a plan to close the \$10 billion budget deficit.

Mr. Mulholland, an HFA/AHC Board Member, took this opportunity to recognize Mr. Lawlor for his outstanding leadership, efforts, skill, integrity, and accomplishments, to which all Directors agreed, thanking Mr. Lawlor for his service to the Agencies and voicing their hopes for working with him into the future.

**The next item on the agenda was the report of the Audit Committee Meetings.** Chairman reported that the Committees had approved the minutes of their Committee meetings held on December 9, 2010; that a resolution approving the Disaster Recovery Audit Report was tabled for a future meeting; that the new auditors Ernst & Young had made a detailed presentation, along with the Agencies' auditing staff, relaying a thorough understanding of the financial results for the fiscal year ending October 31<sup>st</sup>, 2010. He noted that the Audit Committees had reviewed the management letter prepared by Ernst & Young, and had discussed some minor technical issues, but that the management letter was generally very well executed, especially as this was Ernst & Young's first audit of the Agencies' financials. Ultimately, Chairman Levy stated, the Audit Committees were very comfortable with the financial status of the Agencies and had passed resolutions recommending the approval of the audited financial statements. Additionally, the resolution approving SONYMA's servicer Audit of CitiMortgage, Inc. had been deferred to a future meeting because of Mr. Stephen Chopey's absence due to inclement weather.

**The next item on the agenda was the report of the Governance Committees.** The Committees adopted minutes for the meetings held on December 9<sup>th</sup>, 2010; a detailed presentation was made by the staff concerning the measurement reports mandated by the Agencies' Mission Statements—part of the ABO's new regulations regarding mission statements and measurement reports of the achievement of these missions. He also noted that the Committees reviewed an informational item regarding the proposed SEC regulation that would change the legal status of Directors, making them municipal advisors.

Mr. Valella reminded the Directors that staff had requested self-evaluations of the Audit and Governance committees be sent to staff by Tuesday, February 15<sup>th</sup>.

**The next item on the agenda was the report of the Mortgage Insurance Committee.** Chairman Levy reported that the committee had approved a resolution recommending the approval of 100% mortgage insurance on a \$16,293,692 CPC permanent mortgage loan for the rehabilitation of South Bronx Community Management Housing Portfolio located on scattered sites throughout the South Bronx, containing 732 units subject to HPD regulation. Certificate #10-1728; approved a resolution recommending the approval of 100% mortgage insurance on an \$11,200,000 CPC permanent mortgage loan for the conversion of Lafayette Hotel Apartments, 391 Washington Street, Buffalo, Erie County, containing 115 affordable units. Certificate #1-102; approved a resolution approving 100% mortgage insurance on a \$5,400,000 CPC permanent mortgage loan for the construction of 32 Burling Lane, New Rochelle, Westchester County, containing 30 affordable units. Certificate #8-267; approved a resolution for 100% mortgage insurance on a \$2,332,000 JPMorgan Chase permanent mortgage loan for the

construction of Hillcrest Commons, Route 52, Town of Carmel, Putnam County, containing 76 low income units for seniors. Certificate #5-246; approved a resolution increasing in mortgage amount from \$6,175,000 to \$6,970,000 on an HDC loan for Beacon Towers Cooperative, 21 West 138th Street, New York, New York County containing 73 cooperative units. Certificate #10-1384. Additionally, the committee had reviewed information items regarding the following topics: Summary Status Report; Approval Loans Report; Committed Loans Report; Application Priority Report; Claims Status Report; Delinquency Status Report; and Tax Surcharge.

**The next item on the agenda was the approval of the minutes of the SONYMA Directors' meeting held on January 27, 2011.** There being no objections or corrections by the Directors, the minutes were deemed approved.

**The next item on the agenda was a resolution reviewing and approving the Agencies' Mission Statements.** Mr. Alejandro Valella, Vice President and Deputy Counsel, presented this item, highlighting certain aspects of the self-evaluation process. Mr. Valella explained that the Governance Committees met to review the measurement reports prepared by staff in accordance with the mission statements, and that staff had given a presentation that detailed the measurement data from the Agencies' mission statements. He reported that the main comment from the Governance Committees was that some of the data would be more useful if presented on a comparative basis, rather than submitting only the information for the current reporting period. The committees also had minor comments about the fiscal health report, but recommended that the Directors approve the mission statement measurement reports.

There were no questions from the Directors.

Mr. Lawlor moved to adopt the resolution; Ms. Phillips 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 NEW YORK STATE AFFORDABLE HOUSING CORPORATION, AND THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY REVIEWING AGENCY MISSION STATEMENTS.**

**The next item on the agenda was a resolution approving the Agencies' Financial Statements for Fiscal year 2009-2010.** Chairman Levy noted that the Audit Committees felt very comfortable with the morning's presentation. Mr. Mulholland apologized for missing the morning's meeting but commented that the written presentation was very informative and helpful. There were no further questions from the Directors.

Mr. Lawlor moved to adopt the resolution; Vice Chairperson Phillips 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, THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND THE TOBACCO**

**SETTLEMENT FINANCING CORPORATION APPROVING AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2010.**

The next item on the agenda was Resolution approving the Agencies' Public Authorities Reporting Information Systems (PARIS) Filing Report. The report was included in the materials provided to the Directors before the meeting. There were no questions on this item.

Mr. Lawlor moved to adopt the resolution; Vice Chairperson Phillips 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 ACCEPTING A FILING UNDER THE PUBLIC AUTHORITIES REPORTING INFORMATION SYSTEM.**

The next item on the agenda was Resolution approving the Agencies' Annual Procurement Report for Fiscal Year (November 1, 2009-October 31, 2010) and review of the Agencies' 4th Quarter Procurement Report (August 1, 2010-October 31, 2010). There were no questions about this material, which was provided to the Directors before the meeting.

Chairman Levy moved to adopt the resolution; Vice Chairperson Phillips 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 AFFORDABLE HOUSING CORPORATION, THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND THE TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING THE ANNUAL PROCUREMENT REPORT.**

The next item on the agenda was a resolution approving Annual Investment Reports and Quarterly Investment Reports. There were no questions about this item from the Directors.

Chairman Levy moved to adopt the resolution; Ms. Phillips 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 AFFORDABLE HOUSING CORPORATION, THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND THE TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING ANNUAL AND QUARTERLY REPORTS OF INVESTMENTS.**

**The next item on the agenda was an informational discussion surrounding a proposed SEC Regulation.** Mr. Valella presented on this item, stating that the SEC had put out a press release about the Dodd-Frank bill, which would define Directors as "Municipal Advisors," under the justification that Directors provide advice, and that appointed Directors are not answerable to the communities they serve. Elected or ex-officio board members would be excluded from the characterization as municipal advisors, due to a perceived increased accountability. Mr. Valella requested Board approval to send a strong comment against the rule arguing that 1) Directors *are* the entity, they are not advisors to the entity and that 2) there is no distinction under the Public Authorities Law in New York State between the fiduciary duties of appointed and ex-officio and elected officers. He voiced his concern that not many Directors would willfully choose to serve on the Agencies' boards if this regulation were approved, and stated that this sentiment was being expressed by public authorities nation-wide, arguing that imposing these new and significant obligations and costs to potential board members would discourage public service. The Directors voiced their agreement with Mr. Valella's concerns, and approved his comments against the bill.

**The next item on the agenda was a resolution approving 100% mortgage insurance on a \$16,293,692 CPC permanent mortgage loan for the rehabilitation of South Bronx Community Management Housing Portfolio located on scattered sites throughout the South Bronx.** There were no questions from the board.

Vice Chairperson Phillips moved to adopt the resolution; Mr. Sweet 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 THE SOUTH BRONX COMMUNITY MANAGEMENT PORTFOLIO, SCATTERED SITES, BRONX COUNTY.**

**The next item on the agenda was a resolution approving 100% mortgage insurance on an \$11,200,000 CPC permanent mortgage loan for the conversion of Lafayette Hotel Apartments, 391 Washington Street, Buffalo, Erie County.** Mr. SanFillippo noted that this would be located in an historical landmark building, the Pan-American Exposition Hotel. Chairman Levy noted that the project enjoyed extensive support from the City of Buffalo and the State of New York and had been approved as a Central Economic and Community Development project.

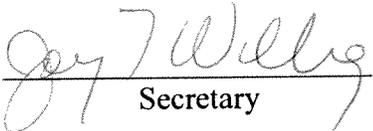
Mr. Sweet moved to adopt the resolution; Ms. McCann seconded the motion; and the following resolution was adopted unanimously:

**A RESOLUTION OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR LAFAYETTE HOTEL APARTMENTS, 391 WASHINGTON STREET, BUFFALO, ERIE COUNTY.**

The next item on the agenda was a resolution approving 100% mortgage insurance on a \$8,357,409 CPC permanent mortgage loan for the rehabilitation of Abbey Manor Apartments, 4029 Long Beach Road, Island Park, Nassau County. Discussion of this resolution was postponed until the March 3<sup>rd</sup> board meeting.

The next item on the agenda was an informational report on the NYHELPS Student Loan Program. Ms. Zucker presented this item. She noted that Student Loan reservations had increased slightly, but that the Agency had been working with HESC and the financing team in preparation for seeking the rating agencies' approval to extend the acquisition period for a portion of the funds. She noted that HESC had advised the Agency that there would be sufficient demand for the program in the upcoming year to extend approximately \$10 million for a period ending May 2012, but that this could be influenced by Governor Cuomo's budget, which would be released to the public on February 1<sup>st</sup>. Ms. Zucker noted that the extension had been sized so that there would not be a requirement for any further infusion of cash from the State, and that she expected a fairly significant bond call. Ms. McCann confirmed the Department of the Budget's desire to have a full understanding of the policies and financial commitments of the program, but noted that waiting a few days for the budget should not prevent the board's full flexibility to act by the deadlines. Ms. Zucker explained that no action was required from the board, and that an extension of the full amount of unexpended proceeds was highly unlikely, since it would require a contribution from the State. The Board expressed concern about the fact that no Board action was needed for the execution of the call. They noted that while legally no Board action was needed, the Board wanted to be informed as to the amount of the call, prior to the decision on the extension.

There being no unfinished business, Chairman Levy moved to adjourn the meeting; Vice Chairperson Phillips seconded the motion; and the meeting was adjourned at 4:34 p.m.

  
Secretary