

**MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF THE
STATE OF NEW YORK MORTGAGE AGENCY
HELD ON APRIL 27, 2011 AT 6:04 P.M
AT ITS OFFICES AT 641 LEXINGTON AVENUE-E
NEW YORK, NEW YORK 10022**

DIRECTORS AND DESIGNEES

PRESENT

Judd S. Levy	Chairman
Naomi Bayer	Director
Don Lebowitz	Director
Robert Megna	Director (via video conference)
Elaine McCann	Division of the Budget, representing Robert Megna, Director (via video conference)
Karen A. Phillips	Director
Marge Rogatz	Director
David J. Sweet	Director
Darryl C. Towns	Director

ABSENT

William Myers	Director
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Chairman Levy thanked the board members for their indulgence in meeting late in the day. He introduced Mr. Darryl C. Towns, newly-appointed Commissioner of the Division of Housing, and Community Renewal, Messrs. Thomas Mattox, Commissioner of Taxation and Finance, and Robert Megna, Budget Director, noting that both were attending the meetings accompanied by their designees, Ms. Aida Brewer, and Ms. Elaine McCann, respectively. Chairman Levy stated that due to the late starting time, he would make some changes to the order of the agenda items to accommodate the needs of the Directors.

The first item on the agenda was the President's Report. Mr. Lawlor thanked the Directors, and stated it had been a pleasure and honor to lead the agencies during his tenure, and wished Mr. Towns the greatest success and a smooth transition. He thanked the Directors, and said he would continue to work with them in a different capacity.

The Committee Reports were deferred to the end of the meeting.

The next item on the agenda was an approval of the minutes of the Director's Meeting of the State of New York Mortgage Agency held on March 16, 2011, which minutes were deemed approved, absent corrections from Directors.

The next item on the agenda was an item approving the appointment of Darryl C. Towns as the Agencies' President and Chief Executive Officer, effective April 7, 2011. Chairman Levy referred the Directors to the memorandum in the materials submitted to the Members and Directors, which summarized Mr. Town's experience. Chairman Levy noted that Mr. Towns had been appointed Commissioner of the Division of Housing and Community Renewal and that his appointment as President and Chief Executive Officer of the Agencies was now before the Directors. Chairman Levy stated he was impressed with Mr. Towns' dedication to the mission of the Agencies. Chairman Levy stated he was confident he would do an excellent job as the Chief Executive Officer. Ms. Rogatz stated that she welcomed the opportunity to appoint Mr. Towns.

Vice Chairperson Phillips moved to adopt the resolution; Ms. McCann seconded the motion; and the following resolution was adopted unanimously:

**A RESOLUTION OF THE NEW YORK STATE HOUSING
FINANCE AGENCY THE AFFORDABLE HOUSING
CORPORATION THE STATE OF NEW YORK MORTGAGE
AGENCY THE TOBACCO SETTLEMENT FINANCING
CORPORATION AND THE STATE OF NEW YORK MUNICIPAL
BOND BANK AGENCY APPOINTING DARRYL C. TOWNS AS
EXECUTIVE DIRECTOR WITH THE TITLE OF PRESIDENT
AND CHIEF EXECUTIVE OFFICER**

Mr. Towns thanked the Directors and those with whom he had worked in the legislature. He noted that he values the missions of the Agencies and looks forward to a successful tenure. He thanked Messrs. Levy and Lawlor, whom he called his "two person transition team" for introducing him to the Agencies. He noted that "tough economic times," would require the Agencies to make some adjustments, but that any adjustments should preserve the strength of the Agencies. He said that he looked forward to the Directors' guidance.

The next item on the agenda was a resolution approving compensation for the President and Chief Executive Officer. Chairman Levy noted that the Directors' folders contained a memorandum summarizing this item. He opened the floor to

questions and comments. There being no comments, Chairman Levy asked for a vote on the matter.

Vice Chairperson Phillips moved to adopt the resolution; Ms. McCann seconded the motion; and the following resolution was adopted unanimously:

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY THE AFFORDABLE HOUSING CORPORATION THE STATE OF NEW YORK MORTGAGE AGENCY THE TOBACCO SETTLEMENT FINANCING CORPORATION AND THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY APPOINTING DARRYL C. TOWNS AS EXECUTIVE DIRECTOR WITH THE TITLE OF PRESIDENT AND CHIEF EXECUTIVE OFFICER

Chairman Levy noted that his intent had been to abstain from voting on the President's proposed compensation, since the Chairman had not been involved in the setting of the compensation, but that, because he was advised by Counsel that four votes are needed to approve an action by HFA, he had voted in the affirmative. Chairman Levy stated that he was satisfied that his views on the matter had been heard. Chairman Lebowitz stated that the Chairman did not stand alone in the salary level concern. Chairman Levy emphasized that his reticence lay in the fact that the Directors were not given the opportunity to establish the salary, even though it is their duty. Mr. Lebowitz agreed, and hoped that he could discuss this issue with the new CEO/President.

The next item on the agenda was a resolution authorizing the revocation of Governance Committee concurrent rule. Chairman Levy noted that the Directors' materials contained a memorandum summarizing this item. He noted that unless the rule was revoked, the salaries of a number of Senior Vice Presidents would be above permissible levels. Ms. Bayer spoke in favor of revoking the rule for current and future employees and expressed the hope that the flexibility that would be provided by this revocation would allow the Agencies to function in a manner appropriate to the largest issuer of housing debt in the country. She noted that it would be difficult to attract top-flight talent at certain lower salary levels, and noted that she was hopeful that if the resolution were passed it would provide the ability and flexibility to attract talent.

Mr. Lebowitz emphasized that there is some precedent of disparity in salaries between someone running a State agency and the people working for them. He noted that there are many staff members in the State agencies that earn more than the Commissioner, whose salaries are set by statutes.

Mr. Megna noted this disparity of income in the State agencies and stated that the new administration is particularly concerned about the fact that some Commissioners are making less than various Executives and Deputy Commissioners and that the Governor is trying to correct that situation wherever he can. He noted that the Governor does not

think that it is a good idea for subordinate employees to make significantly more than the Commissioner.

Ms. Rogatz stated that a New York State public authority with a New York City office must compensate their employees at higher rates. Failing that, Ms. Rogatz stated, she's concerned about what the rating agencies will say if the Agencies do not have the ability to hire the caliber of professionals recognized by the rating agencies to ensure competitiveness.

Mr. Towns stated that the Directors' points had been noted. He explained that neither he nor Mr. Megna disagreed with the Directors, and that their shared goal was to continue to run the Agencies in the most professional manner possible.

Ms. Bayer noted that it might be beneficial to do a comparative analysis of what compensation may be for similar positions in different state housing finance agencies.

Vice Chairperson Phillips moved to adopt the resolution; Ms. McCann seconded the motion; and the following resolution was adopted unanimously:

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY THE AFFORDABLE HOUSING CORPORATION THE STATE OF NEW YORK MORTGAGE AGENCY THE NEW YORK STATE TOBACCO SETTLEMENT FINANCING CORPORATION AND THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY REVOKING A GOVERNANCE COMMITTEE RULE CONCURRENT RULE AS TO SALARIES FOR SENIOR OFFICERS

The next item on the agenda was a resolution approving the appointment of Brian E. Lawlor as the Agencies' Senior Vice President and Chief Operating Officer, effective April 27, 2011. Chairman Levy noted that the Directors were very familiar with Mr. Lawlor's experience. He noted that the Chief Operating Officer would be appointed at a salary of \$149,000, and that his employment as Chief Operating Officer would be effective as of April 27th, 2011. The Directors expressed their thanks for and appreciation of Mr. Lawlor's continued service to the Agency.

Vice Chairperson Phillips moved to adopt the resolution; Ms. McCann seconded the motion; and the following resolution was adopted unanimously:

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY NEW YORK STATE AFFORDABLE HOUSING CORPORATION STATE OF NEW YORK MORTGAGE AGENCY THE NEW YORK STATE TOBACCO SETTLEMENT FINANCING CORPORATION AND THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY APPOINTING BRIAN

LAWLOR AS SENIOR VICE PRESIDENT AND CHIEF OPERATING OFFICER

The next item on the agenda was a resolution authorizing the approval of amendments to the Code of Ethics. Chairman Levy noted that the amendments to the Code were not significant and had been reviewed earlier in the day at the Governance Committee Meeting.

Vice Chairperson Phillips moved to adopt the resolution; Ms. 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, THE NEW YORK STATE HOUSING TRUST FUND CORPORATION NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION ADOPTING AN UPDATED CODE OF ETHICAL CONDUCT FOR THE MEMBERS AND DIRECTORS OF THE AGENCIES

The next item on the agenda was a resolution accepting the Audit Committee's Self-Evaluation. Chairman Levy noted that this report was vetted at the audit committee meeting and there were no questions from the board.

Vice Chairperson Phillips moved to adopt the resolution; Ms. McCann seconded the motion; and the following resolution was adopted unanimously:

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION AND THE STATE OF NEW YORK MORTGAGE AGENCY CONCERNING SELF-EVALUATION

The next item on the agenda was a resolution accepting the Governance Committee's Self-Evaluation. Chairman Levy noted that this report was vetted at the Audit Committee meeting and there were no questions from the Directors.

Vice Chairperson Phillips moved to adopt the resolution; Ms. 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, NEW YORK STATE AFFORDABLE HOUSING

**CORPORATION, STATE OF NEW YORK MUNICIPAL BOND
BANK AGENCY AND TOBACCO SETTLEMENT FINANCING
CORPORATION CONCERNING SELF-EVALUATION**

The next item on the agenda was a resolution authorizing the approval of Quarterly Bond Sale Report. The Directors had received information about this item in the materials given to them in advance of the meeting. There were no questions from the Directors.

Vice Chairperson Phillips moved to adopt the resolution; Ms. 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 a resolution approving Quarterly Investment Reports. The Directors had received information about this item in the materials given to them in advance of the meeting. There were no questions from the Directors.

Vice Chairperson Phillips moved to adopt the resolution; Ms. McCann 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 THE TOBACCO SETTLEMENT FINANCING
CORPORATION AND THE NEW YORK STATE AFFORDABLE
HOUSING CORPORATION APPROVING QUARTERLY
REPORTS OF INVESTMENTS**

The next item on the agenda was a resolution authorizing the approval of Benefits Resource Contract (E-TRAC Services). The Directors had received information about this item in the materials given to them in advance of the meeting. There were no questions from the Directors.

Vice Chairperson Phillips moved to adopt the resolution; Ms. 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 NEW YORK STATE AFFORDABLE HOUSING**

CORPORATION AUTHORIZING APPROVAL OF A CONTRACT FOR THE ADMINISTRATION OF THE QUALIFIED TRANSPORTATION EXPENSE BENEFIT PLAN

The next item on the agenda was a resolution approving the Agencies' various Facilities & Administration Services contract and annual review of various Facilities and Administrative Services contracts and purchase order agreements. The Directors had received information about this item in the materials given to them in advance of the meeting. There were no questions from the Directors and the item was approved unanimously.

The next item on the agenda was an information item reviewing the Quarterly Procurement Report for the period ending January 31, 2011. The Directors had received information about this item in the materials given to them in advance of the meeting. There were no questions from the Directors.

The next item on the agenda was an information item reviewing the Insurance Brokerage Services Contract and Various Insurance Agreements. The Directors had received information about this item in the materials given to them in advance of the meeting. There were no questions from the Directors.

The next item on the agenda was a review of the administrative Budget Report as of January 31, 2011. The Directors had received information about this item in the materials given to them in advance of the meeting. There were no questions from the Directors.

The next item on the agenda was an information item reviewing the Financial Statement Update for the 1st Quarter Fiscal 2011 (3rd Quarter Fiscal 2011 for AHC). The Directors had received information about this item in the materials given to them in advance of the meeting. There were no questions from the Directors.

The next item on the agenda was a resolution approving 50% mortgage insurance on a \$28,640,000 HDC permanent mortgage loan for the rehabilitation of West Farms Square Apartments, 1001-1005 East Tremont Avenue, et al. Bronx, Bronx County. Ms. Bayer recused herself from voting due to Enterprise's involvement in the syndication.

Vice Chairperson Phillips moved to adopt the resolution; Ms. McCann seconded the motion; and the following resolution was adopted:

A RESOLUTION OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING MORTGAGE INSURANCE AND A COMMITMENT FOR THE PROVISION THEREOF FOR WEST FARMS SQUARE APARTMENTS, 1001-1005 EAST TREMONT AVENUE ET AL, BRONX COUNTY

The next item on the agenda was an extension of contract with Radian Guaranty, Inc. There were no questions from the Directors. Mr. Lebowitz asked about Radian's financial difficulties due to the real estate crisis. Ms. Zucker noted that their responsibility in regards to this contract is limited to servicing the original portfolio, and that this contract doesn't increase the Agency's exposure to Radian.

At this point, Chairman Levy announced his intention to resign as Chairman of the Board. Chairman Levy voiced his appreciation for the 4 ½ years he spent serving as Chairman of the Agencies. He stated that his time at the Agencies was especially meaningful considering his work in housing since the 1970's. He stated that he had served on a number of private and nonprofit boards, but that none had Directors who were so dedicated, committed and involved with their work. He said that he believes that the commitment of the Directors and staff is directly responsible for the Agencies' success as the largest housing agency in the country with the highest rated state mortgage insurance program. He commended Directors, Staff, Priscilla Almodovar and Brian Lawlor on the increased volume in affordable and supportive housing during their respective tenures.

He noted he would submit his resignation to the Governor on Friday, April 29th, but that he wanted to speak on one issue before that time: the independence of the Agencies. He noted that the Legislature created the Agencies as independent public authorities, and that he had serious concerns about the loss of that independence and what it would mean in terms of the Directors' fiduciary duties.

He noted that Moody's had expressed concern over Louisiana's decision to integrate its State agencies and its independent authorities, and in the same report had specifically cited New York State as a concern. He also cited a report from Standard and Poor's that also expressed concern about California's decision to lower compensation for its staff members, possibly sacrificing the ability to attract and retain qualified and talented people.

Additionally, he noted that earlier in the day, Fitch gave the State of New York Mortgage Insurance Fund a negative outlook while affirming its ratings, saying that a downgrade could be triggered by continued economic pressure on New York's commercial real estate sector and a reduced commitment from New York State by diverting the receipts, continued required transfers of retained earnings from new commitments or higher levels of delinquencies.

Chairman Levy emphasized that positive ratings of the Governor's actions to balance the budget were not the same as positive ratings of the Agencies and that, further, cutting senior staff salaries by a couple hundred thousand dollars would not make a considerable impact on an operating budget of \$45 million. He noted that the Agencies were not funded by the State, that their profits helped finance the state government, and that compromising talent would compromise profits for the Agencies and the state government. In the interest of independence, Chairman Levy emphasized the importance

of Directors prioritizing their own fiduciary duties over the wishes of the appointing body.

Chairman Levy thanked the Directors for the opportunity to express these opinions in his closing moments, and for the remarkable opportunity to serve as Chairman as he looked forward to new and additional opportunities and to the new and continued success of the independent state agency.

Ms. Rogatz took the opportunity to commend the Chairman on cultivating a phenomenal board with management like none she had seen on a federal or a state level, which she characterized as “beyond superb.” She thanked the Chairman for his excellent leadership personally and on behalf of residents of the state. She thanked him for being dedicated, smart, fair, concerned, and fun to work with.

Ms. Bayer noted that Chairman Levy had consistently performed above and beyond the call of duty, not only bringing his housing expertise and decades of experience to the position, but also serving as Chief Executive Officer for six months, giving guidance through research and hosting working sessions, and conducting meetings that were open for the Directors’ opinions but where he also knew how to close a conversation at the appropriate moment.

Vice Chairperson Phillips noted that the Agencies had accomplished remarkable things under the Chairman’s leadership. She noted that his qualifications and perspective from both the investment banking side and the community development side. She commended him on behalf of all the people in the state who benefitted immensely from the Agencies’ accomplishments under his leadership.

Mr. Lebowitz spoke of the Chairman’s dedication, knowledge, ethics, and his ability to lead a team and get the most out of a team—not just the board, the entire agency. He noted that the Agencies had made an irrevocable impact on the state by putting roofs over New Yorkers’ heads, which is both significant and enduring.

Mr. Sweet added that he would like to applaud Chairman Levy’s wisdom, noting that his parting words would guide the Directors going forward. He noted the “constructive and welcome” spirit in which his words were given would serve the people of the state of New York.

Ms. Zucker spoke personally and on behalf of staff, saying that it had been a pleasure from start to finish. She thanked him for his leadership, for challenging staff, and for making the Agency the best it could be through his constant questioning, prodding, and pushing all done constructively and helpfully to make staff reach for the stars.

A report on the activities of the Audit Committee followed. The following items came before the Audit Committee: The minutes for the SONYMA Audit Committee Directors' meeting held on January 27, 2011; a resolution approving the

Disaster Recovery Audit Report, a resolution approving Internal Audit's Work Plan for Fiscal Year 2012; the 2010 Self-Evaluation of Audit Committees' Performance; a resolution approving SONYMA'S Servicer Audit of CitiMortgage, Inc.; and a financial statement update for the 1st Quarter of Fiscal 2011.

A report on the activities of the Governance Committee followed. The following items came before the Governance Committee: Adoption of the Minutes of the 23rd SONYMA Governance Committee Directors' meeting held on January 27, 2011; a Resolution approving amendments to Code of Ethics; and a Review and approval of the 2010 Self-Evaluation of Governance Committees' Performance.

A report on the activities of the Mortgage Insurance Committee followed. The following items came before the Mortgage Insurance Committee: the Minutes of the March 16, 2011 meeting; Resolution recommending the approval of 50% mortgage insurance on a \$28,640,000 HDC permanent mortgage loan for the rehabilitation of West Farms Square Apartments, 1001-1005 East Tremont Avenue, et al. Bronx, Bronx County; Resolution approving 50% mortgage insurance on a \$10,485,000 HDC permanent first mortgage loan for the rehabilitation of 32-06 21st Street, Astoria, Queens County; Resolution approving 100% mortgage insurance on a \$6,600,000 HFA construction loan and \$5,200,000 permanent first mortgage loan for the rehabilitation of Woodstock Manor, 755 Palisade Avenue, Yonkers, Westchester County; Resolution approving 1000/0 mortgage insurance on a \$5,940,000 CPC permanent first mortgage loan for NOTA Apartments, 810, 816, 822 University Avenue & 19 Elton Street, Rochester, Monroe County; Resolution approving 100% mortgage insurance on a \$5,000,000 CPC permanent first mortgage loan for the rehabilitation of 49, 67-69 Sheridan Avenue, Albany, Albany County; Resolution approving 100% mortgage insurance on a \$4,000,000 CPC permanent first mortgage loan for the construction of The Hammocks at Timber Banks - Phase III, 3406 and 3408 Hammocks Drive, Baldwinsville, Onondaga County; Resolution approving 100% mortgage insurance on a \$3,125,000 CPC permanent first mortgage loan for the rehabilitation of Liberty Gardens - Phase I, 300, 500, 700 N. Levitt Street, Rome, Oneida County; Approval Loans Report; Committed Loans Report; Application Priority Report; Claims Status Report; Delinquency Status Report; Tax Surcharge Collections Report

The reports were deemed accepted.

There being no unfinished business, Chairman Levy moved to adjourn the meeting; Vice Chairperson Phillips seconded the motion; and the HFA meeting was adjourned at 7:24 PM.


Secretary