

HOUSING TRUST FUND CORPORATION

POLICY FOR THE USE OF CORPORATION DISCRETIONARY FUNDS

ARTICLE I

STATEMENT OF PURPOSE AND TITLE

101. This Policy is adopted pursuant to a recommendation by the Authorities Budget Office (ABO) that state Authorities and Public Benefits Corporations adopt governance policies that promote best practices in the areas of management and oversight of its operations.

102. The Corporation recognizes its obligation to implement fundamental financial management controls with respect to the funds it receives for its operations, and that it has a fiduciary duty to adopt policies that safeguard the assets and resources of the Corporation and protect against the use of those funds for purposes that do not advance the Corporation's core purpose and objectives.

103. This Policy may be referred to as the Corporation's "Discretionary Funds Policy".

ARTICLE II

DEFINITIONS

201. Definitions. The following terms shall, for the purposes of this Policy, have the following meanings unless the context shall clearly indicate some other meaning:

"Act" shall mean Section 45-a of the New York Private Housing Finance Law.

"Corporation" shall mean the Housing Trust Fund Corporation.

"Corporation Staff" shall mean any officer or employee of the Corporation or any employee of any other HCR agency that provides any services in any capacity, paid or unpaid, to the Corporation. It shall not include any employee, officer or member of any independent contractor or consultant providing goods or services to the Corporation.

"Discretionary Expenditure" shall mean an expenditure of the Corporation that is made at the judgment of a Member or Corporation Staff person in the regular conduct of their duties in accordance with this Policy, and which is not required to be made pursuant to a statute, regulation, program requirement, or a directive of a duly authorized person or entity other than the Corporation's Members or Staff having jurisdiction over the Corporation's operations or programs.

"Discretionary Funds" shall mean those funds obtained by the Corporation for its performance of services for a fee, from state and federal appropriations for the Corporation's administrative use, or from

revenue from any other source that does not require the use of such revenue for a particular purpose. Funds appropriated to the Corporation, or to any other agency which, in turn, passes them through to the Corporation, for the administrative purposes of a particular program will be considered Discretionary Funds if, although restricted to the purposes of such Program, are nonetheless available for the Corporation's use as it sees fit consistent with the Program's purpose.

"Expenditure" shall mean a payment of Corporation funds for goods or services.

"Fiscal Officer" shall mean either the Corporation's Treasurer or Assistant Treasurer.

"HCR" shall mean New York State Homes and Community Renewal.

"HCR Agency" shall mean any of the affiliates in the group known as HCR including the Corporation, the Division of Housing and Community Renewal ("DHCR"), the New York State Housing Finance Agency ("HFA"), the State of New York Mortgage Agency ("SONYMA"), the Affordable Housing Corporation ("AHC"), the State of New York Municipal Bond Bank Agency ("MBBA") and the Tobacco Settlement Financing Corporation ("TSFC"). For the purposes of this Policy only, the Homeless Housing and Assistance Corporation ("HHAC") shall be considered an HCR Agency.

"HTFC" shall mean Housing Trust Fund Corporation.

"Members" shall mean the Members of the Corporation as defined in the Act.

"Officer" shall have the same meaning as described in the Corporation's by-laws.

"Office of Professional Services" shall mean have the same meaning as described in the Corporation's by-laws.

"Office of Corporate Finance" shall mean the Corporation's finance unit within which the functions of the Corporation's Treasurer and Assistant Treasurer are discharged.

ARTICLE III

EXPENDITURES OF DISCRETIONARY FUNDS

301. Permitted Expenditures of Discretionary Funds.

(1) Corporation staff may expend Discretionary Funds only in connection with the discharge of their official duties on behalf of the Corporation, or as directed by the Corporation's Chairperson or a resolution of the Members, or as directed by a Fiscal Officer of the Corporation, the President of the Office of Professional Services, the Deputy Commissioner for Administration of DHCR, or the Director or Deputy Director of the Office of Corporate Finance.

(2) Discretionary Expenditures may only be made in furtherance of the Corporation's core purposes and objectives, and only for expenditures that are reasonable and necessary.

(3) Generally, Discretionary Expenditures are subject to those costs approved in the Corporation's annual budget. However, the Corporation's Treasurer and Assistant Treasurer are each authorized to approve expenditures which are not included in that budget provided they are not considered material and are reported to the Members at a subsequent regularly scheduled Meeting of the Members.

(4) All applicable statutes and regulations and other policies of the Corporation must be adhered to as required when making Discretionary Expenditures. These include, but are not limited to, the State Finance Law, Public Authorities Law, Private Housing Finance Law, Corporation's Procurement Policy, regulations of the State Comptroller, the State Director of the Budget and the Authorities Budget Office, the requirement to publish certain procurement opportunities in the New York State Contract Reporter, the requirement to post published procurement opportunities on the Corporation's website, the requirement to bring contracts in excess of \$100,000 to the Members for approval by resolution, and the requirement to obtain the approval of the Corporation's contracts in excess of \$1,000,000 from the Office of the State Comptroller.

(5) Discretionary Expenditures that are made in connection with employee costs for salaries are subject to a salary schedule as approved and amended from time to time by the Corporation's Chairperson. Similarly, payments can only be made for those fringe benefits authorized by the Members. Indirect costs associated with Corporation employees can only be made in accordance with the indirect cost plan as provided to the Corporation by DHCR.

(6) Travel reimbursements shall be made in accordance with the policies and reimbursement rates contemporaneously in effect for employees of the State of New York, including the requirement for supervisory approval, except if a specific change to those policies is approved by Corporation management for Corporation employees.

(7) The Corporation may purchase or lease and assign cell phones, laptop computers and vehicles to its staff for business use.

(8) All Discretionary Expenditures for non-personal services shall be made pursuant to the Corporation's budget unless otherwise approved as set forth in Section 301 (1) of this Policy above.

(9) The Corporation's management may determine that de minimus personal use of the Corporation's assets and supplies by the Corporation's staff may be permitted from time to time such as occasional use of phones, computers and copying machines.

302. Expenditures of Discretionary Funds Not Permitted.

- (1) Discretionary Funds may not be expended for the following purposes:
- a) in support of the private or personal interests or benefit of the Members, management or staff of the Corporation or any HCR Agency;
 - b) to purchase food, beverages or other refreshments for the personal use of the Members, management and staff of the Corporation or HCR Agencies, or for persons with whom the Corporation conducts business, unless prior authorization is received as described in Section 301 (1) of this Policy, above;
 - c) to purchase flowers and gifts for the Members, management and staff of the Corporation or HCR Agencies;

- d) to subsidize or provide free use of Corporation goods or services for the personal use of current or former Members, management and staff of the Corporation or HCR Agencies;
- e) for celebrations of special occasions that do not directly relate to the purpose of the Corporation, such as catering, summer picnics or other outings, office parties, holiday parties and retirement parties. However, nothing in this section shall prohibit Corporation staff from participating in these occasions at their own cost or from collecting personal contributions from among other participants to offset the costs of these occasions provided those funds are kept separate and apart from any Corporation funds;
- f) for charitable contributions or sponsorships of events not associated with the Corporation's mission;
- g) for purchases of alcohol or tobacco products;
- h) for membership dues in professional organizations on behalf of individual Corporation staff unless Corporation management determines that such dues are primarily for the benefit of the Corporation or the Corporation requires such individual to participate in such organization;
- i) for renewal of professional licenses for Corporation staff unless Management determines that such licenses are for the benefit of the Corporation or the Corporation requires such individual to obtain such license;
- j) for personal use of authority vehicles unless it is in the Corporation's best interests based on costs or staff time. All such permitted uses must be properly documented for tax purposes;
- k) for the costs of purchasing or mailing holiday cards, invitations or expressions of sympathy to current or former Corporation staff or their families;
- l) to purchase or lease cell phones, computers or vehicles to assign to non-Corporation staff; or
- m) any purpose which would cause a violation of the Corporation's Ethics policies for Members and staff.

ARTICLE IV

EXCEPTIONS

401. The Members reserve the right to except any expenditure of Discretionary Funds from any of the policies enumerated herein on an individual or blanket basis, prospectively or retroactively. Such exception shall be made by resolution of the Members or by the recording of such exception in the official minutes of the Corporation's Meetings by the Corporation's Secretary.