

**MINUTES OF THE  
40TH MEETING OF THE NEW YORK STATE AFFORDABLE HOUSING  
CORPORATION  
AUDIT COMMITTEE  
HELD ON JUNE 11, 2013 AT 9:15 A.M.  
AT ITS OFFICES AT 641 LEXINGTON AVENUE  
NEW YORK, NEW YORK 10022**

MEMBERS AND DESIGNEES

PRESENT:

Darryl C. Towns	Acting Committee Chairman
Aida Brewer	Department of Taxation and Finance, representing Thomas H. Mattox, Commissioner, Member (via video conference)
Elaine McCann	Division of the Budget, representing Robert Megna, Member (via video conference)

The meetings were opened by Acting Committee Chairman Darryl C. Towns, of the Audit Committees of the New York State Housing Finance Agency (HFA), the New York State Affordable Housing Corporation (AHC) and the State of New York Mortgage Agency.

Alejandro J. Valella, Vice President and Deputy Counsel of the Agencies, acted as Secretary. He noted that Elaine McCann and Aida Brewer were participating in the meetings via video conference from the New York State Division of Budget conference center at the Capitol Building, Room 131, in Albany. A public notice was given of the time and locations of this venue.

Alejandro J. Valella, Vice President and Deputy Counsel of the Agencies, acted as Secretary and asked for motions and seconds to call the Audit Committee meetings to order of the New York State Housing Finance Agency (HFA), the New York State Affordable Housing Corporation (AHC), and the State of New York Mortgage Agency (SONYMA). Ms. McCann made a motion to call the HFA Audit Committee meeting to order; Ms. Brewer seconded the motion. Ms. McCann made a motion to call the AHC Audit Committee meeting to order; Ms. Brewer seconded the motion. Ms. McCann made a motion to call the SONYMA Audit Committee meeting to order; Commissioner Towns seconded the motion.

Mr. Valella stated that Commissioner Towns was the Audit Committee Acting Chairman for the HFA and AHC Audit Committees and will chair the meetings for those committees; and that Anthony Bergamo was Audit Committee Chairman for the SONYMA and in his absence, Commissioner Towns would chair the meeting for SONYMA.

Mr. Valella stated that as items are presented to each Committee throughout the meetings, these motions and seconds would be used, unless specific items call for a different vote, or unless any Committee Member or Director wishes to record his or her vote differently. He stated that, for purposes of convenience and to ensure that the Committee

meetings of the respective Agencies run smoothly, items shared by one or more of the Agencies will be presented by Acting Chairman Towns.

The meetings of the Audit Committees of the affiliated Agencies were opened in joint session for the consideration of various matters of shared importance. The meetings of the Audit Committees of the affiliated Agencies were opened in joint session for the consideration of various matters of shared importance. These minutes reflect only those items being considered by the Members of the New York State Affordable Housing Corporation. A record of items considered by the Audit Committees of the other affiliated Agencies is contained in the minutes of each Committee respectively.

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**The first item on the agenda was the adoption of the minutes of the 39th New York State Affordable Housing Corporation ("AHC") Audit Committee meeting held on April 9, 2013.** Absent comments or corrections from the Members, the minutes were deemed approved.

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**The next item on the agenda was a resolution recommending the approval of AHC's audited financial statements for the fiscal year ending March 31, 2013.** Gary Weinstock, Vice President/Comptroller, introduced three representatives of Ernst & Young LLP: Randy Nelson, Executive Director; Louis M. Roberts, Assurance Services Senior Manager; and Amy Wong, Assurance Services Manager.

Mr. Weinstock stated that during the past fiscal year, AHC received its usual annual state appropriation of \$25 million and that these funds drawn down from the state to pay grant awards during the past year. He stated that grant awards that were disbursed by AHC were \$26 million, compared to \$29 million in 2012. He further stated that there are timing differences between the time that awards are approved and the time the funds are expended as needed, which is why the amounts disbursed are different every year even though \$25 million has been the appropriation amount for the past few years. He stated that the Schedule of Investments is also included with the audit report, which includes an opinion by Ernst & Young. He stated that this Schedule is required by the Public Authorities Accountability Act. He stated that the report indicates that AHC's investment position as of March 31, 2013 is in compliance with AHC's investment policy and the Comptroller's guidelines, and that the reports have clean opinions. He then stated that beginning with this year, the opinions will look different according to new regulations, and the board would see these changes again with HFA and SONYMA for the fiscal year ending October 31, 2013.

Mr. Louis M. Roberts stated that regarding the opinions, the AICPA went through a project to clarify opinion standards and that the content of opinions are essentially same but they now highlight management's responsibilities, the auditors' responsibilities, and opinions. He further stated that rather than each of these being together in one long paragraph, they are broken out, and also some language is clarified. In relation to the audit of AHC and the related Schedule of Investments, Ernst & Young did not identify any significant adjustments, encountered no significant difficulties in performing the audit, did

not identify errors or frauds or illegal acts, and found no material weaknesses in internal controls. He stated that all disclosures required under generally accepted accounting principles are in the footnotes to the statements. Mr. Roberts also reaffirmed Ernst & Young's independence throughout the course of the audit.

Mr. Valella asked if Ernst & Young received staff cooperation, and Mr. Roberts responded that they did.

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

**A RESOLUTION OF THE AUDIT COMMITTEE OF THE NEW YORK STATE AFFORDABLE HOUSING CORPORATION REVIEWING AND APPROVING AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2012-2013.**

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There being no unfinished business, Ms. McCann moved to adjourn; Ms. Brewer seconded the motion, and the meeting was adjourned at 9:25 A.M.

  
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Alejandro J. Valella, Acting Secretary