

**MINUTES OF THE MEETING OF THE
NEW YORK STATE AFFORDABLE HOUSING CORPORATION
38TH AUDIT COMMITTEE MEETING
HELD ON JANUARY 28, 2013 AT 9:04 A.M.
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

MEMBERS AND DESIGNEES

PRESENT:

Darryl C. Towns	Acting Committee Chairman
Thomas H. Mattox	Member (via video conference)
Elaine McCann	Division of the Budget, representing Robert Megna, Member (via video conference)

The meetings were opened by Kenneth M. Bialo, Audit Committee Chairman of the Municipal Bond Bank Agency (MBBA) and Tobacco Settlement Financing Corporation (TFSC).

Alejandro J. Valella, Vice President and Deputy Counsel of the Agencies, acted as Secretary and asked for motions and seconds to call the meetings to order of the Audit Committees of the New York State Housing Finance Agency ("HFA"), the State of New York Mortgage Agency (SONYMA), the New York State Affordable Housing Corporation ("AHC"), the State of New York Municipal Bond Bank Agency ("MBBA") and the Tobacco Settlement Financing Corporation ("TSFC").

Ms. McCann made a motion to call the HFA and AHC meetings to order; Acting Committee Chairman Towns seconded the motion. Mr. Lebowitz made a motion to call the SONYMA meeting to order; Mr. Bergamo seconded the motion; Committee Chairman Mr. Bialo made a motion to call the MBBA and TSFC meeting to order; Mr. SanFilippo seconded the motion.

Mr. Valella noted that Mr. Bialo is the Committee Chair for the Audit Committees for MBBA and TSFC and will Chair those meetings; Commissioner Darryl Towns is the Acting Committee Chair for HFA and AHC and will Chair those meetings; Mr. Bergamo is the SONYMA Committee Chair and will Chair those meetings. Mr. Valella noted that as items are presented to each Committee throughout the meetings, these motions and seconds will be used, unless specific items call for a different vote, or unless any committee member wishes to record his or her vote differently.

The meetings of the Audit Committees were opened in joint session for the consideration of various matters of shared importance. Mr. Valella stated that items shared by the one or more

of our committees will be presented by Mr. Bialo. Mr. Valella noted that Ms. Elaine McCann and Mr. Thomas Mattox were participating in the meetings by video conference from the New York State Division of Budget conference center at the Capitol Building, Room 131, in Albany, New York. Ms. Marge Rogatz a SONYMA Director from the office of Expedia at 325 Duffy Avenue, Hicksville, NY. A public notice was given of the time and locations of the venues. Ms. Aida Brewer, designee for Commissioner Mr. Mattox; Mr. William Mulrow, Chairman of the Agencies; Ms. Naomi Bayer, a SONYMA/MBBA/TSFC Director/Member, and Ms. Susan Watson, designee for Secretary of the State Caesar Perales, Member/Director of MBBA/TSFC attended this committee meeting as guests.

The first item on the agenda was the adoption of the minutes of the 37th New York State Affordable Housing Corporation Audit Committee meeting held on January 28, 2013. Absent comments or corrections from the Members, the minutes were deemed approved.

The next item on the agenda was a resolution recommending approval of the Information Technology – Disaster Recovery Audit Report. Mr. Steve Chohey discussed the Information Technology Disaster Recovery Audit Report as of September 2012. He stated that the disaster recovery plan is how the agency can recover if an unexpected event were to occur, and basically, it identifies agency-wide the critical operations and procedures and what is essential to recover the operations. He stated that the audit included reviewing the disaster recovery plan and the scope of the testing. Mr. Chohey stated that the findings show that the agencies could recover its operations in a reasonable timeframe. He further stated that the purpose of this report is for the Board to be aware of their findings. MBBA/TSFC Committee Chairman Mr. Bialo asked if internal controls are in place and being adhered to. Mr. Chohey confirmed that they are in place, being adhered to, and are best practice internal controls.

Mc. Elaine McCann moved to adopt the resolution; Acting Committee Chairman Towns 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 AUDIT COMMITTEES REVIEWING AND
APPROVING INTERNAL AUDIT'S INFORMATION TECHNOLOGY -
DISASTER RECOVERY AUDIT REPORT**

The next item on the agenda was a resolution approving the Internal Audit's Treasury Audit Report. Mr. Chohey stated that the internal audit department review the accounting and internal controls for the treasury functions. He stated that a review was

conducted of the investment portfolio for HFA funds (\$2.5 billion) and SONYMA (\$2.3 billion). Mr. Chohey stated that the funds for HFA consisted primarily of construction funds which were \$1 million, \$600 million of debt reserves, and the remaining \$900 million for various operating accounts. He stated that the funds for SONYMA consisted of \$50 million for bond proceeds, \$175 million for debt service, \$1.6 billion from the MIF of which \$375,000 had been segregated and were being managed by a financial advisor and approximately \$47 million for the convention center. He stated that the audit analyzed the investment portfolio, tested transactions, reviewed the SWAP agreements, reviewed arbitrage and the collateralized investments, and reconciled the department records to the general ledger. Mr. Chohey stated that they were able to satisfactorily obtain the Agencies' objectives. MBBA/TSFC Committee Chairman Mr. Bialo asked if internal controls are in place and being adhered to. Mr. Chohey confirmed that they are in place, being adhered to, and are best practice internal controls.

Ms. Elaine McCann moved to adopt the resolution; Acting Committee Chairman Towns 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 AUDIT COMMITTEES REVIEWING AND
APPROVING INTERNAL AUDIT'S TREASURY AUDIT REPORT**

The next item on the agenda is an information item regarding the seventh annual evaluation by Audit Committee. Mr. Valella stated that the members of the audit committee have received the self-evaluation forms and that these forms are to be completed and that the results will be reported at the next audit committee meeting.

The next item on the agenda was a report of the Agency Whistle Blower activities. Mr. Valella stated that the committee had requested a monthly review of the Agency's whistle blower activities. Ms. Michele Weinstat stated that there was no activity since the last committee meeting.

There being no unfinished business, Ms. McCann moved to adjourn; Darryl Towns seconded the motion, and the meeting was adjourned at 11:06 a.m.


Alejandro Valella