

**MINUTES OF THE
51ST MEETING OF THE
NEW YORK STATE AFFORDABLE HOUSING CORPORATION
AUDIT COMMITTEE
HELD ON TUESDAY, SEPTEMBER 8, 2015 AT 9:15 A.M.
AT ITS OFFICES AT
641 LEXINGTON AVENUE
NEW YORK, NY 10022**

MEMBERS AND DESIGNEES

PRESENT:

Jerry Boone	Member, (via videoconference)
Elaine McCann	New York State Division of the Budget, representing Mary Beth Labate, Member (via videoconference)
James S. Rubin	Member, (via telephone)

Ms. Elaine McCann presided over the meetings.

Mr. Adam S. Schuman, Senior Vice President and Counsel to the Agencies, acted as Secretary. He noted that Ms. Elaine McCann, representing Budget Director, Ms. Mary Beth Labate participated in the meetings via video conference from the New York State Division of the Budget conference center at the Capital Building, Room 131 in Albany, NY. He also noted that Mr. Andrew SanFilippo attended the meetings from the Agencies' Buffalo Regional Office at Electric Tower, 535 Washington Street, Suite 105 via video conference. A public notice was given of the time and location of the venues in accordance with the New York State Open Meetings Law.

Mr. Christopher Curtis, Deputy State Treasurer, Commissioner of Taxation and Finance and the New York State Commissioner of Taxation and Finance, Mr. Jerry Boone, on the HFA/AHC Audit Committees both attended this meeting, as guests, via video conference from the New York State Division of the Budget conference Center at the Capital building, Room 131 in Albany, NY.

Mr. Schuman 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); the State of New York Municipal Bond Bank Agency (MBBA) and the Tobacco Settlement Financing Corporation (TSFC). Commissioner Jerry Boone moved to call the HFA and AHC meetings to order; Ms. Elaine McCann seconded the motion. Mr. Anthony Bergamo moved to call the SONYMA meeting to order; Ms. Elaine McCann seconded the motion. Mr. Andrew SanFilippo moved to call the MBBA and TSFC meetings to order; Mr. Kenneth Bialo seconded the motion.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was unanimously adopted:

A RESOLUTION OF THE AUDIT COMMITTEES 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 ADOPTING AN ADMINISTRATIVE BUDGET FOR FISCAL YEAR NOVEMBER 1, 2015 TO OCTOBER 31, 2016 AND FINANCIAL PLANS FOR FISCAL YEAR 2016, 2017, 2018 AND 2019 WITH RESPECT TO 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 CORPORAITON AND THE NEW YORK STATE AFFORDABLE HOUSING CORPORATION'S FINANCIAL PLAN FOR FISCLA YEARS 2017, 2018, 2019 AND 2020, AND PRELIMINARY CASH BUDGETS FOR THE NEW YORK STATE HOUSING FINANCE AGENCY AND THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY FOR FISCAL YEAR 2016AND RECOMMENDING THE APPROVAL THEREOF TO THE MEMBERS AND DIRECTORS OF THE RESPECTIVE AGENCIES

The next item on the agenda was a resolution approving AHC's Internal Audit's Report together with Management's response. Mr. Chohey reported that Management seeks approval of the Internal Audit's audit report of the Affordable Housing Corporation dated June 1, 2015, together with Management's Response. Mr. Chohey explained that, in this case, the Internal Audit Group conducted an examination of the operations, accounting records and system of internal control for the Affordable Home Ownership Development program administered by the AHC, as of March 31, 2014. He explained that the grant program is funded by appropriations from the State of New York in the amount of approximately \$25 million annually. He said in accordance with AHC's Fiscal year 2014 annual report, total program earnings were \$1.5 million while expenses for the program totaled approximately \$2.9 million, thereby creating a net operating loss of approximately \$1.45 million.

Mr. Chohey explained that the purpose of the program is to promote homeownership to families and individuals of low and moderate income. He said to achieve these goals, AHC provides financial assistance for the construction, acquisition, rehabilitation and improvement of homes; the grants are issued to individuals. He further explained that the audit included a review of the underwriting, the automated systems, etc.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was unanimously adopted:

A RESOLUTION OF THE NEW YORK STATE AFFORDABLE HOUSING CORPORATION AUDIT COMMITTEE REVIEWING AND APPROVING INTERNAL AUDIT'S AUDIT OF THE AFFORDABLE HOUSING CORPORATION

The next item on the agenda was the **Independent Independent Auditor's – (Ernst & Young Presentation) – Audit Plan**. Mr. Gary Weinstock, Vice President/Comptroller introduced Mr. Louis Roberts, Partner, and Ms. Amy Wong, Assurance Senior Manager from Ernst & Young, the Agency's Independent Auditor. They provided a summary of the services they intend to provide and the items covered included:

- a. Client Service Team
- b. Audit Plan and Scope
- c. Reports to be issued
- d. Key dates and timetable

Mr. Roberts referred to Page 3 of the Report which itemized the services and deliverables and other audit and audit-related services for the year ending October 31, 2015 and ending October 31, 2016; page 4 of the Report included an Executive Summary and page 5 of the Report included their audit plan and timetable. He referred to Pages 6-8 which highlighted the areas of audit emphasis. Ms. Wong noted, in particular, and highlighted Page 7, the summary of planned audit procedures and reviewed the significant processes that Ernst & Young will undergo in order to confirm balances, check risk disclosures, etc.

MBBA/TSFC Committee Chairman Mr. Bialo asked about forecasting and the State's input. Mr. Roberts noted that Ernst & Young reviews forecast projections made by New York State for reasonableness but said overall, the forecast projected by New York State is usually in alignment with that of the Agencies.

He said a noteworthy addition was the added \$98.9 million savings which was included in the paragraph that discussed refunding. He said the rest of the Report was described as informational in nature.

The next item on the Agenda was the **Report of Administrative Budget Expenditures for the nine months period ending July 31, 2015 and the six months ending April 30, 2015, and updated Financials Plans**. This was an information item and it was noted that information regarding this item was contained in the materials provided to the Members in advance of the meeting, which materials are incorporated herein by reference.

The next item on the Agenda was the **Financial Statement update for the 2nd and 3rd quarter Fiscal 2015 and 1st Quarter Fiscal 2016 for AHC**. This was an information item and it

was noted that information regarding this item was contained in the materials provided to the Members in advance of the meeting, which materials are incorporated herein by reference.

There being no unfinished business, Commissioner Boone moved to adjourn, Ms. McCann seconded the motion and the meeting was adjourned at 10:00 a.m.



Adam H. Schuman, Secretary