

**MINUTES OF THE  
46TH MEETING OF THE NEW YORK STATE HOUSING FINANCE AGENCY  
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 Housing Finance Agency. 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 45th New York State Housing Finance Agency (“HFA”) 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 approving the HCR Subordinate Mortgage Loan Program Audit.** Mr. Stephen Chohey, Vice President—Internal Audit, stated that the audit reviewed accounting records and systems of internal control as of September of 2012. He stated that as of the audit date, approximately \$61 million in funds were on the Agency’s records. He stated that the program receives funding from various sources including the Agency, refinancing of bonds, and state appropriation. Mr. Chohey further stated that the funds are provided to projects that require additional funding to maximize affordable housing and to reach low-income and special needs population to a low-interest subordinate mortgage. Mr. Chohey stated that these funds can be provided with other moneys received from other state, federal, and local agencies. He stated that to date, 125 projects have benefitted from this program. Mr. Chohey stated that projects obtain funding by submitting an application and financial documentation which are reviewed by an underwriter and that once the underwriter deems that the project is worthy of funds, it goes to the credit committee and then to the Board for approval. Mr. Chohey further stated that the audit included a review of underwriting practices, regulatory compliance, accounting policies, requisitions, and loan documentation, as well as a reconciliation of the fund account. Mr. Chohey stated that the result of the audit is that the program is able to satisfactorily achieve objectives. Mr. Chohey noted that there was one item in the report which management has responded to. Mr. Chohey asked that the Committee accept the report and management’s response.

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 HOUSING FINANCE AGENCY REVIEWING AND APPROVING INTERNAL AUDIT’S HCR SUBORDINATE MORTGAGE LOAN AUDIT REPORT.**

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The next item on the agenda was a resolution recommending approval of the Independent Auditor's Report relating to the audit of the Schedule of Expenditures of Federal Awards. 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 the audit of the Schedule of Federal Expenditures, also referred to as the Single Audit, was performed by Ernst & Young and relates to federal programs in which HFA and SONYMA participate. He stated that the reports being presented had no findings in 2012 or 2011. He stated that the reports are made as of October 31, 2012, comparing to 2011. He stated that the audit reviews the Agencies' compliance with federal requirements of various federal programs from which funding is received. He stated that one of the most important components of the report is the Schedule of Federal Expenditures and that the Schedule lists expenditures made by the Agencies for each of the programs participated in. He stated that during fiscal 2012, HFA expended approximately \$30 million of federal funds and that SONYMA expended approximately \$800,000 under various federal programs. He stated that the audits had no findings and were being presented for approval.

Mr. Louis M. Roberts reaffirmed that the audits did not identify any findings or material weaknesses. He stated that Ernst & Young will be issuing an unqualified opinion over compliance and internal controls over reporting of the Schedule of Expenditures of Federal Awards.

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

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AND STATE OF NEW YORK MORTGAGE AGENCY AUDIT COMMITTEES REVIEWING AND APPROVING AUDITED SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS - SINGLE AUDIT REPORT FOR FISCAL YEAR ENDED OCTOBER 31, 2012.**

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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