MINUTES OF THE
43rd MEETING OF THE
STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY
AUDIT COMMITTEE
HELD ON TUESDAY, JUNE 9, 2015 AT 9:40 A.M.
AT ITS OFFICES AT
641 LEXINGTON AVENUE
NEW YORK, NY 10022

DIRECTORS AND DESIGNEES

PRESENT:

Kenneth M. Bialo	Committee Chairman
Andrew A. SanFilippo	Director
Elaine McCann	New York State Division of the Budget, representing Mary Beth Labate, Director (via videoconference)

Mr. Kenneth M. Bialo presided over the meeting.

Mr. C. Jason Kim, Senior Vice President and Counsel to the Agencies, acted as Secretary. He noted that Ms. Elaine McCann, representing Budget Director, Ms. Mary Beth Labate, from the Division of the Budget, and Mr. Christopher Curtis, Deputy State Treasurer, representing the Commissioner of Taxation and Finance 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.

Mr. Kim asked for motions and seconds to call the Audit Committee meetings to order of the New York State Housing Finance Agency (HFA) and the New York State Affordable Housing Corporation (AHC); the State of New York Mortgage Agency (SONYMA); the State of New York Municipal Bond Bank Agency ("MBBA") and the Tobacco Settlement Financing Corporation ("TSFC"). Mr. Christopher Curtis 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 A. SanFilippo moved to call the MBBA and TSFC meetings to order; Mr. Kenneth M. Bialo seconded the motion.

Mr. Kim stated 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 Director wishes to record his or her vote differently.

Mr. Kim reported that Commissioner Darryl Towns is the Acting Chairman for the HFA and AHC Audit Committees and in his absence Ms. Elaine McCann will chair the HFA and AHC

Committees; that Mr. Bialo is the Committee Chairman for MBBA and TSFC Audit Committees and that Mr. Anthony Bergamo is the Committee Chairman for SONYMA Audit Committee.

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 New York State Municipal Bond Bank Agency (MBBA). A record of items considered by the Audit Committee of the other affiliated agencies is contained in the minutes of each Committee respectively.

Mr. Kim stated that for purposes of convenience and to make sure the meetings of the respective agencies go smoothly, items shared by one or more of the Agencies will be presented by MBBA/TSFC Committee Chairman Bialo.

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The first item on the agenda was the adoption of the minutes of the 42nd MBBA Audit Committee Directors' meeting held on April 7, 2015. Absent comments or corrections from the Directors, the minutes were deemed approved.

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The next item on the agenda was a resolution recommending the approval of contracts with newly selected independent auditors for the Agencies. Ms. Sheila Robinson, Chief Financial Officer, explained the selection of Ernst &Young as the Agencies' auditing firm predates her arrival in 2010. She reported that on March 3, 2015, the Agency issued a Request for Proposal ("RFP") on the Agency website, placed an advertisement in the New York State Contract Reporter and sent the RFP out to a total of thirty-seven (37) firms. She said on April 7, 2015, six (6) responses were received and reviewed by a panel which included Steve Chopey from Internal Audit, Darryl Johnson, Deputy CFO, Gloria Boyd, V.P., Finance and Development, Mike Friedman, Senior Vice President of the Mortgage Insurance Fund and Wanda Graham of the Office of Economic Opportunity.

Ms. Robinson said that at a meeting held on April 17th, it was determined that four of the six firms presented the best credentials. She said the Agency required a five-year schedule with a fixed fee for the first three years. She said that after review of the four remaining proposals, the panel decided to recommend and retain Ernst & Young who submitted the strongest proposal including the most housing experience and a strong MWBE team of subcontractors (Mitchell & Titus and the Long Island Financial Management Service) to meet the 30% requirement (the lowest bidding firm did not have any current housing experience). She said the fee quoted by Ernst & Young was the second lowest bid submitted. She said Agency staff seeks approval from the Board to enter into a contract with Ernst & Young for a five-year term who will have a well-defined outline of work responsibilities for its MWBE subcontractor which will be continually be evaluated and reviewed.

A discussion ensued at which Committee members expressed their desire to have staff receive a written confirmation from Ernst & Young setting forth a detailed presentation of the division of

duties between Ernst & Young and the MWBE partner, as well as reiterating that Ernst & Young retains complete responsibility for all work done in connection with the audit. Ms. Robinson said it was confirmed that the contract will not be executed until the requisite side letter is from Ernst & Young.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was unanimously adopted subject to the conditions set forth above:

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY THE STATE OF NEW YORK MORTGAGE AGENCY, THE NEW YORK STATE AFFORDABLE HOUSING CORPORATION, THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND THE TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING THE RETENTION AND SELECTION OF ERNST & YOUNG LLP FOR AUDIT SERVICES

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There being no unfinished business, Ms. McCann moved to adjourn, Mr. SanFilippo seconded the motion and the meeting was adjourned at 10:03 a.m.

The next Audit Committee meeting is scheduled to meet on Tuesday, September 8, 2015 at 9:00 a.m.

C. Jason Kim, Secretary