MINUTES OF THE 18th MEETING OF THE
STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY
AUDIT COMMITTEE
HELD ON JANUARY 28, 2010 AT 10:08 A.M
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022

DIRECTORS AND DESIGNEES

PRESENT:

Judd S. Levy	Chairman
Andrew A. SanFillippo	Director
Elaine McCann	Division of the Budget, representing Robert Megna, Director

ABSENT:

Kenneth Bialo	Director
Charles Capetanakis	Director

Chairman Levy chaired the meeting; Joy F. Willig, the Agencies' Senior Vice President and Counsel, acted as secretary. The meetings of the HFA, AHC, MBBA and TSFC Audit Committees and the SONYMA Audit and Finance Committee were opened in joint session for the consideration of various matters of shared importance. These minutes reflect only those items being considered by the Directors of the State of New York Municipal Bond Bank Agency Audit Committee. A record of items considered by the other Agencies' Audit Committees is contained in the minutes of each Committee respectively.

The first item on the agenda was the approval of the minutes of the 17th MBBA Audit Committee Members' meeting held on September 10, 2009. There were no objections or corrections by the Directors, and the minutes were deemed approved.

The next item on the agenda was a resolution reviewing and approving Follow-Up Audit of 2008 Audit Reports. Stephen Chopey, Vice President of Internal Audit, highlighted certain information contained in the materials provided to the Directors in connection with this item, which materials are incorporated herein by reference. The Directors had no questions or issues to discuss regarding this item.

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

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY, TOBACCO SETTLEMENT FINANCING CORPORATION AUDIT COMMITTEES AND STATE OF NEW YORK MORTGAGE AGENCY AUDIT AND FINANCE COMMITTEE REVIEWING AND APPROVING INTERNAL AUDIT'S FOLLOW-UP AUDIT OF 2008 AUDIT REPORTS

The next item on the agenda was a resolution approving the fiscal 2009 Financial Statements. Gary Weinstock, Vice President/Comptroller, Mr. Glenn Friedrich, Partner-in-Charge of the Deloitte and Touche Audit Team, Joanne Hounsell, Senior Vice President and Deputy CFO, Charles Rosenwald, CFO/COO, Genevieve D'Agostino, Vice President and Treasurer, and Marian Zucker, Executive Vice President, all participated in the presentation highlighting certain information contained in the materials provided to the Directors in connection with this item, which materials are incorporated herein by reference. Mr. Friedrich noted that there were no changes of significance in accounting policies, and that his firm would issue a clean unqualified opinion. Mr. SanFilippo questioned Mr. Friedrich about collateralization, valuation and monitoring of Agency investments. Mr. Friedrich replied that Deloitte & Touche monitors all investments by Treasury, and Ms. D'Agostino explained that investments are direct obligations in which the Agencies have a perfected security interest.

Ms. Zucker spoke about market conditions over the last year, describing a challenging start, equilibrium regained over the course of the year, and a return to normal by year end. She added that the volume of bonds issued by all of the affiliated Agencies in 2009 was close to the level of the previous year, due in part to the MBBA Build America Bonds program, which represented fifteen percent of sales. She noted that housing bond issuance had been down significantly due to reduced demand.

Mr. Weinstock noted that the fees collected by the Agency last year were reduced from the year before, and less than expenditures, and that HFA had budgeted to cover operating shortfall.

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

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY, AND TOBACCO SETTLEMENT FINANCING CORPORATION AUDIT COMMITTEES AND THE AUDIT AND FINANCE COMMITTEE OF THE STATE OF NEW YORK MORTGAGE AGENCY APPROVING AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2009

The next item on the agenda was a resolution adopting the 2010 Action Plan for the Audit Committee. Ms. Hounsell highlighted certain information contained in the materials

provided to the Directors in connection with this item, which materials are incorporated herein by reference. Chairman Levy requested that the Plan be updated to include information about the Build America Bond program.

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

A RESOLUTION OF THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY, AND TOBACCO SETTLEMENT FINANCING CORPORATION AUDIT COMMITTEES APPROVING AN ACTION PLAN FOR THE PERIOD FROM JANUARY 1, 2010 THROUGH DECEMBER 31, 2010

The next item on the agenda was an informational item regarding a Request for Proposals for independent auditors for the Agencies. Ms. Hounsell described the RFP process for soliciting independent auditors being undertaken in compliance with procurement guideline requiring such a solicitation every five years. She noted that the solicitation was being limited to the top four accounting firms due to the complexity of Agency transactions and limited number of firms with the capacity to properly handle our needs. Mr. Mulholland asked if these firms would be allowed to joint venture with minority and women owned firms. Ms. Willig responded affirmatively, and added that the firms would also be evaluated on minority and female participation by personnel within the invited firms. Ms Hounsell stated that the process would start in March, with responses due in May, and that staff anticipated that the committee would be presented with a recommendation for an independent auditor in June.

There being no unfinished business, Ms. McCann moved to adjourn the meeting; Chairman Levy seconded the motion; and the meeting was adjourned at 12:12 p.m.

Secretary