MINUTES OF THE MEETING OF THE
THE AFFORDABLE HOUSING CORPORATION
AUDIT COMMITTEE
HELD ON SEPTEMBER 14, 2010 AT 11:34 A.M.
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022

MEMBERS AND DESIGNEES

PRESENT:

Judd S. Levy	Chairman
Royce A. Mulholland	Member
Aida Brewer	Department of Taxation and Finance, representing Jamie Woodward, Member (via video conference)
Elaine McCann	Division of the Budget, representing Robert Megna, Member (Via Video Conference)

Chairman Levy chaired the meeting; Joy F. Willig, the Agencies' Senior Vice President and Counsel, acted as secretary. The meetings of the Audit Committees 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 Affordable Housing Corporation 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 25th AHC Audit Committee Members' meeting held on June 10, 2010. There were no objections or corrections by the Members, and the minutes were deemed approved.

The next item on the agenda was a resolution approving Internal Audit's Debt Issuance Audit Report. Stephen Chopey, Vice President of Internal Audit, highlighted certain information contained in the materials provided to the Members in connection with this item, which materials are incorporated herein by reference. He noted that the audit reviewed internal controls for bond sales of approximately $1.2 billion last fiscal year, and that only minor issues were found. He asked that the committee approve the report that addressed those issues.

Royce A. Mulholland moved to adopt the resolution; Elaine McCann seconded the motion, and the following resolution was adopted unanimously:

A RESOLUTION OF THE AUDIT COMMITTEES OF THE NEW YORK STATE HOUSING FINANCE AGENCY, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION, AND STATE OF NEW YORK MORTGAGE AGENCY REVIEWING AND APPROVING INTERNAL AUDIT'S DEBT ISSUANCE AUDIT REPORT

The next item on the agenda was a resolution reviewing and approving the Fourth Annual Evaluation by the Audit and Audit & Finance Committees. Joanne Hounsell, Senior Vice President and Interim Chief Financial Officer, highlighted certain information contained in the materials provided to the Members in connection with this item, which materials are incorporated herein by reference. She noted that the committee's scores indicated general satisfaction with their performance. In response to one Member's recommendation that the Committee receive more training, Ms. Hounsell emphasized that the new auditors, Ernst & Young, have put themselves at the Committees' disposal for trainings, and added that resources include webinars and presentations by staff.

Ms. Hounsell reported on the transition between auditing firms, noting that Deloitte & Touche had billed the agency a fee for providing transition services and access to Agency files. She added that staff analysis indicated that the fee appeared reasonable and represents a small fraction of the overall contract. David Mukowski from Ernst & Young noted that this type of fee is customary, but that Ernst & Young does not charge for these services. Ms. McCann requested that this issue be specifically addressed in future auditor contracts.

Royce A. Mulholland moved to adopt the resolution; Elaine McCann seconded the motion, and the following resolution was adopted unanimously:

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 CONCERNING SELF-EVALUATION

The next item on the agenda was a presentation by the Auditors' (Ernst & Young). Representatives from the Agencies' new external auditing firm, Ernst & Young, introduced themselves; presenters included David Mukowski, Coordinating Partner, Kimberly Hancy, Senior Manager, and Randy Nelson, Engagement Partner. They gave an informational presentation to the Committees regarding various aspects of the services they will provide, including the client service team, the audit plan and scope, the reports to be issued, key dates, and a time table. Ms. Hancy noted the need to stay current with ongoing guidance regarding the American Recovery and Reinvestment Act and the Housing and Economic Recovery Act, which will be relevant to auditing the TCAP and NSP programs. Mr. Levy asked the auditors how the frequency and length of the Agencies' Audit Committee meetings compared to other Housing Finance Agencies with which Ernst and Young has experience. Mr. Mukowski stated that other Housing Finance Agencies held audit committee meetings with roughly the same frequency as nyhomes. Some Members voiced concern over extending the meetings, but were amenable to the idea of additional educational sessions. Pursuant to this discussion, Mr. Levy requested that Members/Directors submit items about which they would like additional education.

The next item on the agenda was an information item reviewing the Financial Statement Update – 3rd Quarter Fiscal 2010. Gary Weinstock, Vice President and Comptroller, highlighted certain information contained in the materials provided to the Members

in connection with this item, which materials are incorporated herein by reference. Chairman Levy thanked staff for the improvement in the quality of the reports, and requested that the effort to improve them continue, suggesting that including information regarding changes to the Agencies' operating environment would be helpful.

There being no unfinished business, Mr. Mulholland moved to adjourn the meeting; Ms. McCann seconded the motion; and the meeting was adjourned at 12:15 p.m.

Secretary