MINUTES OF THE MEETING OF THE 33rd NEW YORK STATE HOUSING FINANCE AGENCY AUDIT COMMITTEE HELD ON DECEMBER 9, 2010 AT 8:36 A.M. AT ITS OFFICES AT 641 LEXINGTON AVENUE NEW YORK, NEW YORK 10022

MEMBERS AND DESIGNEES

PRESENT:

Judd S. Levy	Chairman
Elaine McCann	Division of the Budget, representing Robert Megna, Member Via Video Conference
Megan Anderson	Division of the Budget, representing Robert Megna, Member Via Video Conference

Chairperson 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 New York State Housing Finance 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 adoption of the minutes of the 26th AHC Audit Committee Members' meeting held on September 14, 2010. Absent comments and corrections from the Members, the minutes were deemed approved.

The next item on the agenda was a resolution reviewing and approving Internal Audit Staff Functions. Mr. Stephen Chopey, Vice President of Internal Audit, highlighted certain information, which is incorporated herein by reference. He noted that the By-Laws require review and approval of this resolution at this time. Chairman Levy asked whether the resolution would adjust compensation and whether Mr. Chopey was comfortable that the fifth staff member that this resolution would add would be sufficient to meet the expanding needs of Homes and Community Renewal. Mr. Chopey stated that this would not adjust compensation, and that the additional staff had been added after careful consideration of expanding Agency needs. There were no further questions from the board.

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

A RESOLUTION 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 AUDIT COMMITTEES REVIEWING AND APPROVING INTERNAL AUDIT'S TREASURY AUDIT REPORT

The next item on the agenda was an adoption of Action Plan for 2011. Ms. Joanne Hounsell, Senior Vice President and Interim Chief Financial Officer, discussed certain information in connection with this item. Chairman Levy asked how the Audit Plan had changed from the previous year's agenda, and voiced his concern that after the Agencies' major integration and a new partnership with Ernst & Young, more substantive changes might be in order. Ms. Hounsell stated that Mr. Chopey's audit plans would be more likely to affect these changes, but that Committee Agenda meetings reflected the essentials of what needed to be accomplished during the fiscal year, and that the Action Plan may incorporate other items as required. There were no further questions from the Committee.

Chairman Levy moved to adopt the resolution; Ms. Anderson 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 MORTGAGE AGENCY STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY TOBACCO SETTLEMENT FINANCING CORPORATION AUDIT COMMITTEES APPROVING AN ACTION PLAN FOR THE PERIOD FROM JANUARY 1,2011 THROUGH DECEMBER 31,2011

The next item on the agenda was a training session by Ernst & Young. Ms. Hounsell introduced Gary Weinstock, Vice President and Comptroller, and Randy Nelson the executive director, and Louis Roberts, Senior Manager. This was a presentation on the Audit Committee's roles and responsibilities, on financial statements, and an update on GASB. Ernst & Young provided extensive materials for this presentation to the Members. They discussed the materials required for audit reports, and those that the Agency might want to provide, and the consequences of providing or not providing that information. The Members were especially concerned with the possibility of providing information for GASB beyond that which is required. Mr. Nelson discussed the MD&A extensively. Chairman Levy was particularly concerned with an explanation of liabilities and exposures. The group discussed the implications of the financials extensively. Mr. Lawlor concurred with the Chairperson in affirming that these presentations should be

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

A RESOLUTION 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 AUDIT COMMITTEES REVIEWING AND APPROVING INTERNAL AUDIT'S TREASURY AUDIT REPORT

The next item on the agenda was a resolution reviewing and approving Procurement Audit Reports. Mr. Chopey stated that there were no adverse findings requiring the Members' consideration and there were no further questions from the Board.

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

A RESOLUTION 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 AUDIT COMMITTEES REVIEWING AND APPROVING INTERNAL AUDIT'S PROCUREMENT AUDIT REPORT

The next item on the agenda was a resolution reviewing and approving Accounts Payable Audit Report. Mr. Chopey stated that there had been one item requiring response from the Members in the Payable Audit Report, but that it had been previously discussed with the Board and responded to by management. There were no further questions from the Board.

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

A RESOLUTION 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 AUDIT COMMITTEES REVIEWING AND APPROVING INTERNAL AUDIT'S ACCOUNTS PAYABLE AUDIT REPORT

The next item on the agenda was a resolution reviewing and approving Treasury Audit Report. Mr. Chopey stated that the investment portfolio, arbitrage regulations, and swaps had all been examined and found satisfactory. There were no further questions from the Members on the report.

held on a regular basis. Chairman Levy thanked the Ernst & Young presenters for their clear and thorough presentation.

During the above presentation, Ms. Anderson left the meeting and was replaced by Ms. McCann who arrived at 9:12 a.m.

The next item on the agenda was a report on Whistle Blower Activities. The report showed no Whistle Blower activities, so no actions were taken on this item at this time.

There being no unfinished business, Ms. McCann moved to adjourn the meeting; Chairperson Levy seconded the motion, and the meeting was adjourned at 10:05 a.m.

Secretary