

**MINUTES OF THE 36th MEETING OF THE
NEW YORK STATE HOUSING FINANCE AGENCY
AUDIT COMMITTEE
HELD ON JUNE 14, 2011 AT 1:08 P.M.
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

MEMBERS AND DESIGNEES

PRESENT:

Aida Brewer	Department of Taxation and Finance, representing Thomas H. Mattox, Commissioner, Member
Elaine McCann	Division of the Budget, representing Robert Megna, Member (via video conference)
Thomas H. Mattox	Department of Taxation and Finance, Commissioner, Member
Royce A. Mulholland	Member

Karen A. Phillips, Vice Chairperson of State of New York Mortgage Agency ("SONYMA"), attended and 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. A record of items considered by the other Agencies' Audit Committees is contained in the minutes of each Committee respectively.

Vice Chairperson Phillips noted that Elaine McCann was participating in the meeting video conference from the New York State Division of Budget conference center at the Capital Building, Room 143, in Albany. A public notice was given of the time and locations of both venues.

Aida Brewer, Deputy Commissioner and Treasurer, Department of Taxation and Finance; Don Lebowitz, Director of SONYMA; Marge Rogatz, Director of SONYMA; David J. Sweet, Director of SONYMA; Darryl C. Towns, Commissioner of Division of Housing and Community Renewal ("DHCR") and Director of SONYMA; and Steven J. Weiss, Member of New York State Housing Finance Agency ("HFA") and New York State Affordable Housing Agency ("AHC"), attended the meeting as guests.

The first item on the agenda was the adoption of the minutes of the 35th New York State Housing Finance Agency ("HFA") Audit Committee held on April 27, 2011. Absent comments or corrections from the Members, the minutes were deemed approved.

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 and Federal Awards ("Single Audit Report"). Gary Weinstock, Vice President/Comptroller, introduced Joanne Hounsell, Senior Vice Present and Interim Chief Financial Officer, and David Milkosky and Louis Roberts from Ernst & Young, the Agencies' auditors. Mr. Weinstock highlighted certain information contained in the materials provided in connection with this item, which materials are incorporated herein by reference. He stated that Single Audit Reports, also known as A-133 reports, are required to be performed when any entity expends more than \$500,000 of Federal funds during a fiscal year, and that both HFA and SONYMA met that threshold this year. He stated that the compliance audits, performed by Ernst & Young, are required to be filed with the Federal Audit Clearinghouse by the end of July. Mr. Weinstock reported that for fiscal 2010, under HUD's Interest Reduction Payment Program (Section 236 or IRP program), \$14,614,324 in Federal funds were expended; that Section 8 expenditures were \$5,719,612; that Neighborhood Stabilization Program ("NSP") expenditures were \$8,989,994; and the Tax Credit Assistance Program ("TCAP") expenditures were \$47,950,322. Mr. Weinstock stated that the Single Audit reports for HFA and SONYMA will include each Agency's audited financial statements, which were previously approved by the respective Boards at their January 27, 2011 meeting, in addition to certain required schedules and the Independent Auditor's Opinion Letters related to compliance issues. He stated that the HFA report shows no findings by the Auditors.

Mr. Mattox moved to adopt the resolution; Ms. McCann 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, 2010

The next item on the agenda was an information item concerning the Administrative Budget Report for the period November 1, 2010 to April 30, 2011. The Members had received information about this item in the materials given to them in advance of the meeting. Mr. Lebowitz asked if the "\$18.2 million deficit" of SONYMA's Mortgage Insurance Fund, noted in the meeting materials as resulting from NYHELPS unused bond proceeds call of \$75 million, represented an actual cash loss. Ms. Hounsell explained that this notation was due to a timing difference and was money recognized in a prior period, and that no cash had been lost.

The next item on the Agenda was an information item regarding the **Financial Statement Update for the Second Quarter Fiscal 2011**. The Members had received information about this item in the materials given to them in advance of the meeting. There were no questions from the Members.

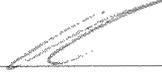
Ms. Willig noted for the record the 1:25 P.M. arrival of Royce A. Mulholland, Member of HFA.

The next item on the agenda was a resolution recommending approval of **Audited Supplementary Financial Information (“OFI” Report) as of October 31, 2010**. Mr. Weinstock highlighted certain information contained in the materials provided in connection with this item, which materials are incorporated herein by reference. He stated that the OFI Report was very detailed and noted each project’s mortgage balance, and that the final report will include HFA’s audited financial statements which were previously approved by the Members at their January 27, 2011 meeting. There were no questions from the Members.

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

**A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE
AGENCY AUDIT COMMITTEE REVIEWING AND APPROVING
SUPPLEMENTARY FINANCIAL INFORMATION REPORT**

There being no unfinished business, Vice Chairperson Phillips moved to adjourn; Mr. Mattox seconded the motion, and the meeting was adjourned at 1:35 P.M.



Secretary