**MINUTES OF MEETING OF THE AUDIT COMMITTEE MEETING OF THE STATE OF NEW YORK MORTGAGE AGENCY**

**HELD ON THURSDAY, SEPTEMBER 5, 2019 AT 9:00 A.M.**
**AT ITS OFFICES AT**
**AT 25 BEAVER STREET**
**NEW YORK, NEW YORK 10004**

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**MEMBERS AND DESIGNEES**

**PRESENT:**

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| Kenneth Adams | Agency Chairman |
| Jesse Olczak | New York State Division of the Budget, representing Robert Mujica, Budget Director, Member (via video conference) |

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Committee Chairman Nestor Davidson presided over the meeting. Ms. Linda Manley, Senior Vice President and Counsel to HCR, formally opened the meetings and acted as secretary.

Ms. Manley noted that Mr. Jesse Olczak, representing Mr. Robert F. Mujica, the Director of the New York State Division of the Budget participated via video conference from the Office of the Division of the Budget at the Capitol Building, Room 131 in Albany and Andrew SanFilippo is participating from the Agencies' Buffalo regional Office at Electric Tower, 535 Washington Street, Suite 105.

Ms. Manley asked for motions and seconds to call to order the Audit Committee meetings of the New York State Housing Finance Agency ("HFA"), the New York State Affordable Housing Corporation ("AHC"), the State of New York Mortgage Agency ("SONYMA"), the New York State Municipal Bond Bank Agency ("MBBA"), and the New York State Tobacco Settlement Financing Corporation ("TSFC"). Committee Chairman Davidson moved to call the HFA and AHC meetings to order and Chairman Adams seconded the motion. Chairman Adams moved to call the SONYMA meeting to order and Jesse Olczak seconded the motion. Mr. San Filippo moved to call the MBBA and TSFC meetings to order and Chairman Adams seconded the motion.

These minutes reflect only those items being considered by the Members of SONYMA. A record of items considered by the other Agencies is contained in the minutes of each of the Agencies.

Ms. Manley stated that as items were presented to each Board throughout the meetings, these motions and seconds would be used, unless specific items called for a different vote, or unless any Directors wished to record his or her vote differently.

Ms Manley noted that Chairman Adams would chair the Audit Committees for SONYMA, MBBA and TSFC; and that Mr. Davidson would chair the Audit Committees for HFA and AHC.

Lastly, Ms. Manley noted that for purposes of convenience, items shared by one or more agencies would be presented by Mr. Davidson.

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**The next item on the Agenda was the adoption of the minutes of the SONYMA Audit Committee meeting held on June 13, 2019.** There being no objections or corrections from the Members, Mr. Davidson deemed the minutes of the SONYMA Audit Committee meeting held on that date approved.

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**The next item on the Agenda was the approval of the Review servicer audit report of Key Bank, N.A.** Mr. Chopey reviewed the mortgage records and systems of internal control for Key Bank as of January 1st 2019. He noted that this servicing bank was a full service mortgage group servicing residential and commercial properties. Their audit results were satisfactory. Committee Chairman Davidson inquired about whether the audit was done annually. Mr. Chopey stated that the audit was not a yearly audit, adding that the Internal Audit group conducts periodic audits of randomly selected servicers for the SONYMA program, with a focus on auditing representative institutions, in terms of size, portfolio, location and the like.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was adopted unanimously:

**A RESOLUTION OF THE AUDIT COMMITTEE OF THE STATE OF NEW YORK MORTGAGE AGENCY REVIEWING AND APPROVING SERVICER AUDIT OF KEY BANK, N.A.**

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**The next item on the Agenda was approval of Review servicer audit report of M&T Bank, N.A.** Mr. Chopey summarized the audit process for the M&T Bank audit and stated that the results were satisfactory.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was adopted unanimously:

**A RESOLUTION OF THE AUDIT COMMITTEE OF THE STATE OF NEW YORK MORTGAGE AGENCY REVIEWING AND APPROVING SERVICER AUDIT OF M&T BANK, N.A.**

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Mr. Davidson noted that the next items were information items and that there would be no discussion unless Committee Members so requested

**The next item on the Agenda is an information and a presentation of the Independent Auditor's (Ernst & Young) Audit Plan.** Mr. Davidson noted that the Auditor's presentation materials were not included in the Board materials and asked that the presentation be delayed until the materials were made available. Staff provided the presentation materials to the Committee members and the presentation commenced. Sonia Kinckle, Acting Comptroller, introduced the auditors from Ernst & Young to the board. The auditors presented the Audit Plan to the Board. Chairman Adams asked whether the Agency's BAM project would be helpful to them in performing our audits. The Auditors stated that what they currently understood to be the main features of the BAM improvements, when finalized in put in place, would be useful and would increase the efficiency of the audit testing process. Committee Chairman Davidson inquired about identifying significant risks and how the Auditors went about that assessment process.

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**The next item on the Agenda was an information item the presentation of Financial statement update for the 2nd and 3rd quarter Fiscal 2019; first quarter 2020 for AHC.**

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**The next item on the Agenda was an information item the presentation of the Report of Administrative Budget Expenditures for the nine months period ending July 31, 2019 and the six months ending April 30th, 2019, and updated Financials Plans.**

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**The next item on the Agenda was the approval of the Administrative Budget Request and Financial Plans for FY 2020.** Mr. Johnson presented the item requesting approval for the upcoming budget for the Agencies which is proposed to total $78.4 million, for ordinary and extraordinary expenses for the next fiscal year, and the proposed financial plans for the next 3 years. He summarized the details of the budget, noting that the Agencies were staying within the 2% increase limit. Mr. Ballan asked staff to confirm that the Agencies' staff count did not include employees working for other parts of the State. Ms. Manley stated that approximately 18 months ago there was an internal audit of the HR function that raised this issue, and at that time the Agencies put in place new procedures for anyone on-boarded to one of the public authorities from other State agencies. Ms. Manley noted that the Agencies have not on-boarded anybody since those procedures were developed and Ms. Nabiolo confirmed the statement.

Considering the first and second motions previously entered for all five (5) Committees, the motions were carried, 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 ADOPTING AN ADMINISTRATIVE BUDGET FOR FISCAL YEAR NOVEMBER 1, 2019 TO OCTOBER 31, 2020 AND FINANCIAL PLANS FOR FISCAL YEARS 2020, 2021, 2022 AND 2023 WITH RESPECT TO THE NEW YORK STATE HOUSING FINANCE AGENCY STATE OF NEW YORK MORTGAGE AGENCY STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION AND THE NEW YORK STATE AFFORDABLE IIOUSING CORPORATION'S ADMINISTRATIVE BUDGET FOR FISCAL YEAR APRIL 1, 2020 TO MARCH 31, 2021 AND FINANCIAL PLAN FOR FISCAL YEARS 2021, 2022, 2023, AND 2024 AND PRELIMINARY CASH BUDGETS FOR THE NEW YORK STATE HOUSING FINANCE AGENCY AND THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY FOR FISCAL YEAR 2021 AND RECOMMENDING THE APPROVAL THEREOF TO THE MEMBERS AND DIRECTORS OF THE RESPECTIVE AGENCIES.**

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There being no unfinished business, Committee Chairman Davidson asked for a first and second motion to adjourn the SONYMA Audit Committee meeting. Considering the first and second motions previously entered, the motions were carried and the meeting was adjourned at 12 pm.

Ms. Manley informed the Members that the next Committee meeting is scheduled for Thursday, December 12th, 2019 at 9:00 a.m.

Linda S. Manley, Secretary