

TRANSCRIPT OF AUDIT COMMITTEE MEETINGS HELD ON SEPTEMBER 8, 2022

Chairman Adams opened the meetings by welcoming a new SONYMA Board member, EJ. Freeman, appointed by the Speaker of the State Assembly to replace Elaine Gross, who has retired and moved out of State. Chairman Adams noted that the SONYMA Board would miss the contributions of Ms. Gross, particularly in the area of Fair Housing where her expertise and willingness to educate the Board in the complex issues surrounding the topic were much welcome.

Chairman Adams also noted the resignation of Havidan Rodriguez from the SONYMA Board. He stated that he would also be missed, but that it was not surprising to him that Mr. Rodriguez found it impossible to commit the time needed to participate in the Board, given his substantial responsibilities as President of the State University of New York at Albany.

Mr. Freeman thanked Chairman Adams for his warm welcome and noted that he made an effort to attend the meeting in person, but that traffic issues prevented him from making it to the Agencies' office. He noted that he hoped to participate in person at the next meeting.

Alejandro J. Valella, Vice President and Deputy Counsel to the Agencies, stated that he will now open the September 8, 2022 meetings of the Audit Committee of the New York State Housing Finance Agency, the State of New York Mortgage Agency, the Affordable Housing Corporation, the State of New York Municipal Bond Bank Agency and the Tobacco Settlement Financing Corporation and noted that the Governor's Executive Order in response to the continuing impact of COVID-19 has extended the exemption to the Open Meetings law that provides that public bodies may meet to take actions without permitting in public in-person access to such meetings and authorizes meetings to be held remotely by conference call, provided that the public has the ability to view or listen to such proceeding and that such meetings are recorded and later transcribed. As a result, today's Board meeting is being held via conference call instead of a public meeting open for the public to attend in person and certain Board members and staff are present at the Agencies' offices at 641 Lexington Avenue in New York City. But a call-in number has been made public, so that any interested members of the public can listen to the proceedings. A public notice of the meeting has also been posted.

Mr. Valella noted that Chairman Adams, SONYMA Board member Dave Kapell and HFA/HTFC Member James McIntyre were attending the meeting in person at 641 Lexington Avenue.

Mr. Valella asked for a motion to call the meeting of the HFA and AHC Audit Committees to order. Chairman Adams made the motions and Mr. Curtis seconded. Mr. Olczak voted aye; Mr. Valella noted the presence of a quorum for HFA and AHC.

Mr. Valella asked for a motion to call the meeting of the SONYMA Audit Committee to order. Chairman Adams made the motion and Mr. Olczak seconded. Ms. Miller voted aye. Mr. Valella noted the presence of a quorum for SONYMA.

Mr. Valella asked for a motion to call the meeting of the MBBA and TSFC Audit Committees to order. Mr. SanFilippo made the motion and Chairman Adams seconded the motion. Mr. Olczak voted aye and Ms. Miller voted aye. Mr. Valella noted the presence of a quorum for the MBBA and TSFC.

Chairman Adams is the Agencies' Chairman and will Chair the Audit Committees for HFA, AHC, SONYMA, MBBA and TSFC.

Chairman Adams proceeded to present the first item as **the approval of the transcript of the Audit Committee meeting held on June 9, 2022.**

Chairman Adams presented the next item: **Item 2: a Resolution recommending the approval of the Administrative Budget Request and Financial Plans for FY 2023.**

Mr. Johnson presented the item. He provided a summary of the memorandum included in the Audit Committee books. He noted that budget request asks for \$99.9 Million, and approximately 1.99% over the fiscal year, 2022 approved budget. He added that 54% of the budget ask is to support salaries. The remaining 46% is for the category known as Other Than Personal services, which would be a rent, travel and other such ancillary matters. Mr. Johnson noted that the Agencies have generally have two types of expenses: allocated and direct expenses. Allocated expenses include salaries, which are allocated based on an employee's work responsibilities. These are allocated based on the percentage of time that an employee spends working for a particular agency. Other allocated expenses are applied to common costs such as rent, office supplies, and cleaning. Mr. Johnson closed noting that we have a strong revenue forecast for each of the agencies, with only AHC needing financial support.

Chairman Adams asked about an HR matter with a budgetary impact. He noted that the Agencies have lost a number of people through retirement as well as resignations during the COVID period and that it is difficult to fill these vacant lines. There's always a gap which could produce some short-term savings. But he asked how the Agencies were approaching the topic on a broader level, and more specifically how this would affect payrolls in the broader budget.

Mr. Johnson answered by noting the cross training that was being done in the accounting department to address some of the short-term impacts. Ms. Mallow noted that the Agencies have currently approximately twenty (20) job openings and that we are actively recruiting, in a very tough job market, to fill those positions.

Chairman Adams noted that the Division of the Budget, represented by Mr. Olczak on the Board and Audit Committee, takes a keen interest in reviewing the Agencies' proposed budget and asked Mr. Olczak for his thoughts on the proposed budget and whether the was comfortable with it.

Mr. Olczak noted that the budget had been reviewed by DOB and that he was comfortable with the proposal. He reminded the Committee that this was the second step of a two-step process

this year, since the current budget had been amended some months ago in order to accommodate increases in spending required by the new Housing Plan allocations.

Chairman Adams thanked Mr. Olczak and the agency staff for the work on the budget and asked Committee members if there were any other questions. There were no questions.

Mr. Valella moved for adoption of the resolution transmitted in connection therewith. Considering the first and second motions previously entered for the HFA, AHC, SONYMA, MBBA and TSFC Committees, Mr. Valella asked all Committee members voting to approve to signify by saying aye. The motion was carried, and the resolution adopted unanimously.

Chairman Adams presented the next item: **Item 3: Approval of Internal Audit's IT Audit and Risk Assessment Report.** Ms. Babayeva presented the item, summarizing the audit and management response. She noted that the audit was generally satisfactory.

Chairman Adams asked about timing for a follow-up on the audit findings and Ms. Babayeva replied that the audit findings requiring management response would be re-reviewed within approximately six (6) months.

Mr. Valella moved for adoption of the resolution transmitted in connection therewith. Considering the first and second motions previously entered for the HFA, AHC, SONYMA, MBBA and TSFC Committees, Mr. Valella asked all Committee members voting to approve to signify by saying aye. The motion was carried, and the resolution adopted unanimously.

Chairman Adams noted that the next two items are Information Items. There will be no discussion of these items unless Committee members so request.

ITEM 4. Financial Statement Update for the Second Quarter of Fiscal 2022 and the First Quarter of Fiscal 2023 for AHC

ITEM 5. Budget and Financial Plan for the Second Quarter of Fiscal 2022 and the First Quarter of Fiscal 2023 for AHC

Chairman Adams noted that the last item is also an Information **Item 6: the presentation of the Ernst & Young Audit Plan.**

A representative of Ernst & Young summarized for the Committee the presentation found in the Committee books, focusing on the objectives of the upcoming audit. One new item noted for the Committee is the fact that the audit will focus for the first time on testing the implementation of the new BAM system which is now live.

Mr. SanFilippo asked Mr. Valella if the Committee needed to vote on the audit plan, and Mr. Valella responded that there is not vote required; he noted that the vote comes in January when the results of the audit are approved.

Chairman Adams asked Mr. Valella to adjourn the Audit Committee meetings.

Mr. Valella noted that, assuming the first and second previously entered for all the Committees, all in favor of adjourning, please signify by saying Aye. The motion was carried. The meetings were adjourned.

Mr. Valella noted that the next Audit Committee meetings are scheduled for Thursday, December 15, 2022 at 9:00 am.

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