

TRANSCRIPT OF AUDIT COMMITTEE MEETINGS HELD ON MARCH 11, 2021

Linda Manley, Senior Vice President and Counsel to the Agencies, stated that she will now open the March 11, 2021 meeting 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 because of the novel corona virus emergency in the State, and Federal bans on large meetings or gathering and pursuant to Governor Cuomo's executive order 220.1 issued on March 12, 2020, which order was extended on February 14, 2021 certain provision of the open meetings law have been suspended.

Ms. Manley also stated that the Board meeting would be held by conference call instead of as a public meeting open for the public to attend in person, and that a call-in number was made public for the public to listen to the proceedings.

Ms. Manley noted that because of these special features a change in voting procedures would be put in place for this meeting and she would be asking each Board member to record their votes individually.

Ms. Manley 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; Ms. Manley noted the presence of a quorum for HFA and AHC.

Ms. Manley 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. Ms. Manley noted the presence of a quorum for SONYMA.

Ms. Manley asked for a motion to call the meeting of the MBBA and TSFC Audit Committees to order. Ms. Miller made the motion and Mr. SanFilippo seconded the motion. Mr. Olczak voted aye and Chairman Adams voted aye. Ms. Manley 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 December 10, 2020.**

Chairman Adams noted that the next item on the Agenda was a resolution recommending approval of the Fiscal 2020 Financial Statements and Schedule of Investments. Ms. Robinson, the Agencies' CFO introduced the staff members who would be making a presentation on the financial statements. Mr. Johnson summarized changes in revenues, expenses and changes in net position, and presented a short summary of the 2020 Financial Statements and Schedule of Investments. He and Ms. Kinckle highlighted that the Agencies were each fiscally healthy and productive. Mr. James McIntyre shared that the municipal market has been active and that the pricing of housing bonds has generally remained consistent. He noted an increase of 12% in municipal issuances and the increased importance of taxable bonds (up over 106% year to year). He noted that the Agencies that make up HCR, that are bond issuing entities, primarily HFA and SONYMA, were combined the number one issuer of housing bonds in the nation, comprising 7.6% of the housing market. He then provided a summary of individual agency activity, noting that HFA, despite the COVID pandemic and extreme market disruptions, remained

extremely active in the municipal market with over \$2.2 billion bonds issued. He noted that AHRB 2020 Series A and B executed a private placement put bond structure as a result of market disruption in March, and then converted the issuance, saving the Agency over \$22 million PV in interest cost.

He added that the refunding of AHRB 2020 Series H and I, generated over \$37 million in savings while creating financial flexibility, if refunded projects require assistance, reserving the right to restructure loans in the future. He added that financing strategies preserved over \$57 million of volume cap by recycling bonds. He stated that HFA was awarded Sustainable Bond of the Year for the US muni market by Environmental Magazine as first US municipality to follow the Sustainability Bond Guidelines and link their issuance to the United Nations Sustainable Development Goals. He added that HFA negotiated its first ISDA agreements to hedge existing debt and provide new capital market solutions, and was the first US muni issuer to execute a SOFR-based interest rate swap. HFA was invited to join the inaugural advisory board of NASDAQ's Sustainable Bond Network.

Focusing on profitability, he noted the increased overall profitability of the Indenture, and how continuing efforts to dramatically grow investor base have lowered HFA's cost of borrowing.

On SONYMA , he noted the issuance of that agency's first Social Bond series, based on its affordable housing activities. He also noted the preservation of volume cap through replacement refundings and the repositioning of its variable rate portfolio.

Ms. Eckles presented various slides on the SONYMA program. She noted that SONYMA purchased 1,335 loans, down slightly from 1,512 in 2019, with \$288.5M in purchased loans, down slightly from \$318.1M in 2019. She added that 67.8% of our borrowers received Down Payment Assistance worth \$6.7 Million, and that 94.54% of SONYMA loans are current (3.8% better than the NY State average). She summarized slides to show priorities for the program, which include putting low-income families into homeownership and serving minority communities.

She gave a detailed presentation on the achievements of the SONYMA Community Restoration Fund. She noted that the Fund leveraged equity and private capital to turn \$10 Million in HCR subsidy into more than a \$112 Million fund to acquire 570 non-performing notes from across the State. The Fund modified 181 notes to date. This is more than 40% of the original 570 properties that were owner-occupied, exceeding original projections. The Fund liquidated 384 of the 570 assets through reperforming loan sales and REO sales to owner occupants and offered pandemic-related forbearance to borrowers and plan to liquidate remaining assets afterwards.

She added that the Fund continues to be utilized for additional distressed mortgage acquisition. It anticipates purchasing 77 non-performing loans from HUD in Q2 2021 on vacant and abandoned homes in NYS. The CRF will foreclose, repair any damage from deferred maintenance and then sell to low- or moderate-income owner occupants.

Mr. Friedman then made a presentation on the activities of the Mortgage Insurance Fund, followed by a presentation on the various swaps that HFA and SONYMA have entered into, which presentation was made by Mr. McIntyre. Mr. McIntyre then provided an overview of the overall position of the Affordable General Resolution and provided a detailed account of the steps taken by the financing team, almost a year ago, when the COVID pandemic first impacted the capital markets, to completely revise the financing plan in order to ensure effective market access.

Board member Ballan complimented staff on the presentation and paid particular notice to the efforts of Mr. McIntyre and the financing and legal team during these very difficult times.

The presentation was followed by a detailed presentation from representatives of Ernst & Young on the results of the audit. They noted that they were delivering a clean opinion, with no exceptions, that they had received excellent cooperation from staff, particularly from the Accounting department. They noted that the audit was accomplished in a completely “virtual” manner, due to the Pandemic, and that Ernst & Young was highly appreciative of the Agencies’ staff.

Chairman Adams thanked Ms. Robinson’s staff, as well as the auditors for completion of the audit under these trying conditions.

Ms. Manley moved for adoption of the resolution transmitted in connection therewith.

For HFA and AHC, Ms. Manley stated assuming the first and second previous entered, Chairman Adams voted aye; Mr. Olczak voted aye; and Mr. Curtis voted aye.

For SONYMA, Ms. Manley stated assuming the first and second previous entered, Chairman Adams voted aye; Mr. Olczak voted aye and Ms. Miller voted aye.

For MBBA and TSFC, Ms. Manley stated assuming the first and second previous entered, Chairman Adams voted aye; Ms. Miller voted aye; Mr. Olczak voted aye; and Mr. SanFilippo voted aye.

Ms. Manley stated that motions are carried and the resolutions are adopted.

Chairman Adams presented the next item a **resolution approving Internal Audit’s Work plan for 2021**.

Ms. Meishan Cui presented the item.

Ms. Manley moved for adoption of the resolution transmitted in connection therewith.

For HFA and AHC, Ms. Manley stated assuming the first and second previous entered, Chairman Adams voted aye; Mr. Olczak voted aye; and Mr. Curtis voted aye.

For SONYMA, Ms. Manley stated assuming the first and second previous entered, Chairman Adams voted aye; Mr. Olczak voted aye and Ms. Miller voted aye.

For MBBA and TSFC, Ms. Manley stated assuming the first and second previous entered, Chairman Adams voted aye; Ms. Miller voted aye; Mr. Olczak voted aye; and Mr. SanFilippo voted aye.

Ms. Manley stated that motions are carried and the resolutions are adopted.

Chairman Adams presented the next item was a **resolution approving Internal Audit’s Human Resources Audit**.

Ms. Meishan Cui presented the item.

Ms. Manley moved for adoption of the resolution transmitted in connection therewith.

For HFA and AHC, Ms. Manley stated assuming the first and second previous entered, Chairman Adams voted aye; Mr. Olczak voted aye; and Mr. Curtis voted aye.

For SONYMA, Ms. Manley stated assuming the first and second previous entered, Chairman Adams voted aye; Mr. Olczak voted aye and Ms. Miller voted aye.

For MBBA and TSFC, Ms. Manley stated assuming the first and second previous entered, Chairman Adams voted aye; Ms. Miller voted aye; Mr. Olczak voted aye; and Mr. SanFilippo voted aye.

Ms. Manley stated that motions are carried and the resolutions are adopted.

Chairman Adams presented the next item an HFA consent item, **the approval of the HFA OFI Report, which would also go to the Boards.** No questions or comments presented regarding this item.

Ms. Manley moved for adoption of the resolution transmitted in connection therewith.

For HFA, Ms. Manley stated assuming the first and second previous entered, Chairman Adams voted aye; Mr. Olczak voted aye; and Mr. Curtis voted aye.

Ms. Manley stated that motions are carried and the resolutions are adopted.

Chairman Adams presented the next item a SONYMA action item, a **resolution approving Internal Audit's report on the MIF Single-Family insurance program.**

Ms. Meishan Cui presented the item.

Ms. Manley moved for adoption of the resolution transmitted in connection therewith.

For SONYMA, Ms. Manley stated assuming the first and second previous entered, Chairman Adams voted aye; Mr. Olczak voted aye and Ms. Miller voted aye.

Ms. Manley stated that motions are carried and the resolutions are adopted.

Chairman Adams presented the next item a TSFC action item, a **resolution approving Internal Audit's report on the TSFC accounting records.**

Ms. Meishan Cui presented the item.

Ms. Manley moved for adoption of the resolution transmitted in connection therewith.

For TSFC, Ms. Manley stated assuming the first and second previous entered, Chairman Adams voted aye; Ms. Miller voted aye; Mr. Olczak voted aye; and Mr. SanFilippo voted aye.

Ms. Manley stated that motions are carried and the resolutions are adopted.

Chairman Adams noted that the final item was an Information Item, which involves the audit committee self-evaluation, with audit committee members being asked to fill out and return their evaluation forms.

Chairman Adams asked Ms. Manley to adjourn the Audit Committee meeting.

Ms. Manley assumed the first and second previously entered adjourn the Audit Committee meeting, on behalf of HFA and AHC – Chairman Adams, Mr. Olczak and Mr. Curtis voted aye to adjourn the meeting.

Ms. Manley assumed the first and second previously entered adjourn the Audit Committee meeting, on behalf of SONYMA – Chairman Adams, Mr. Olczak and Ms. Miller voted aye to adjourn the meeting .

Ms. Manley assumed the first and second previously entered adjourn the Audit Committee meeting, on behalf of MBBA – Chairman Adams, Ms. Miller, Mr. SanFilippo and Mr. Olczak voted aye to adjourn the meeting.

Ms. Manley assumed the first and second previously entered adjourn the Audit Committee meeting, on behalf of TSFC – Chairman Adams, Ms. Miller and Mr. Olczak voted aye to adjourn the meeting.