MINUTES OF THE
36th MEETING OF THE
TOBACCO SETTLEMENT FINANCING CORPORATION
GOVERNANCE COMMITTEE
HELD ON TUESDAY, JANUARY 28, 2014 at 9:05 A.M.
AT ITS OFFICES AT
641 LEXINGTON AVENUE
NEW YORK, NY 10022

MEMBERS AND DESIGNEES

PRESENT:

Kenneth M. Bialo	Member
Linda Baldwin	Department of State, representing Cesar A. Perales, Secretary of State, Member (via videoconference)
Naomi Bayer	Member (via telephone)
Elaine McCann	New York State Division of the Budget, representing Robert Megna, Member (via videoconference)

Mr. C. Jason Kim, Senior Vice President and Counsel to the Agencies, acted as Secretary. He noted that the Housing Finance Agency ("HFA") Affordable Housing Corporation ("AHC") Governance Committee Chairman, Mr. Steven J. Weiss, is attending the meeting from the Agencies' Buffalo Regional Office at Electric Tower, 535 Washington Street, Suite 105. He also noted that Ms. Elaine McCann and Ms. Linda Baldwin, and Aida Brewer are attending the meeting via videoconference from the New York State Division of Budget conference center at the Capitol Building, Room 131, in Albany, and that Ms. Marge Rogatz is attending via videoconference from the office of Expedia at 325 Duffy Avenue, Hicksville, NY. A public notice was given of the time and location of the venues in accordance with the New York State Open Meetings Law.

Mr. Kim asked for motions and seconds to call the Governance Committee meetings to order of the New York State Housing Finance Agency (HFA) and the New York State Affordable Housing Corporation (AHC) boards; the State of New York Mortgage Agency (SONYMA) board; the State of New York Municipal Bond Bank Agency ("MBBA") board and the Tobacco Settlement Financing Corporation ("TSFC") board. Ms. Elaine McCann, New York State Division of the Budget, representing Robert Megna, moved to call the HFA and AHC meetings to order; Mr. Weiss seconded the motion. Ms. Rogatz moved to call the SONYMA meeting to order; Ms. McCann seconded the motion. Mr. Bialo moved to call the MBBA and TSFC meeting to order; Ms. McCann seconded the motion.

Mr. Kim stated that Ms. Bayer is the Committee Chairperson for the Municipal Bond Bank Agency and the Tobacco Settlement Financing Corporation in her absence Mr. Bialo will chair

the MBBA and TSFC meetings. He announced that as items are presented to each Committee throughout the meetings, these motions and seconds, will be used, unless specific items call for a different vote, or unless any Committee member wishes to record his or her vote differently.

The meetings of the Governance Committees of the affiliated agencies were opened in joint session for the consideration of various mattes of shared importance. These minutes reflect only those items being considered by the Members of the Tobacco Settlement Financing Corporation, (TSFC). A record of items considered by the Governance Committees of the other affiliated agencies is contained in the minutes of each Committee respectively. Mr. Kim stated that for purposes of convenience and to make sure the meetings of the respective agencies go smoothly, items shared by one or more of the Agencies will be presented by HFA/AHC Committee Chairman Weiss.

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The first item on the agenda was the adoption of the minutes of the TSFC Governance Committee 30th meeting held on December 10, 2013. Absent comments or corrections from the Members, the minutes were deemed approved.

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The next item on the agenda was a resolution recommending the approval of Board Self-Evaluations. Mr. C. Jason Kim, Senior Vice President and Counsel to the Agencies, reported that this self-evaluation is done on an annual basis and is one of the requirements put in place by the 2009 amendments to the Public Authorities Accountability Act ("PAAA") of 2005 which requires that the Governance Committee assist the Board in their performance of self-evaluations. He reported that the evaluations were circulated to Board Members in December, 2013.

Mr. Kim thanked the Members of the Board for their cooperation in compliance with the PAAA. He then reported on the compilation results. He noted that there was no disagreement amongst the Board Members regarding the sixteen criteria included in the form. He also noted that there were a couple of items, though, where a majority of the Board members noted that they either "agreed" or "somewhat agreed" that the Board was fully meeting its responsibilities. For example, whether the Board set clear and measurable performance goals in accordance with its mission and whether it knows its statutory obligations. Mr. Kim referred to two other items wherein the Board somewhat agreed and somewhat disagreed concerning the Board's fulfilment of its responsibilities. One relates to whether Board members have sufficient opportunity to research, discuss, question and prepare, before decisions are made and votes taken. The second relates to the Board and whether it exercises appropriate oversight of the Chief Executive Officer and other executive staff.

Mr. Kim noted that last year, the Board made certain recommendations which have been followed up by staff. Namely, the Board's recommendation that the HFA mission statement be revised to include the recommendation that HFA staff provide quarterly reports on the status of its pipeline. Such reports were included in both the June and October 2013 Board meeting materials.

Similarly, Mr. Kim reported that the SONYMA Board requested additional program information. As a result, in April and in June of 2013, the SONYMA Board was provided with copies of a monthly report detailing program information. In addition, the President's report now incorporates information on SONYMA's delinquency statistics and monthly reservation activity.

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

A RESOLUTION OF THE GOVERNANCE COMMITTEES 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 AGNECY AND TOBACCO SETTLEMENT FINANCING CORPORATION CONCERNING BOARD SELF-EVALUATIONS

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The next item on the agenda was a resolution recommending the review and approval of the Agencies' Mission Statements. Mr. Kim reported that in December 2009, certain broad amendments were adopted making changes to the PAAA of 2005. One of the amendments consisted of a new section (§2824-a) which was added to the Public Authorities Law, requiring all public authorities to adopt mission statements.

Mr. Kim further reported that there is a requirement that the Boards must re-examine and re-evaluate their mission statements and measurements on an annual basis, and publish a self-evaluation based on the stated measurements. He noted that the mission statements include a list of measurements by which performance of the agencies and the achievement of their goals can be evaluated. The results of this evaluation will also be included in the Agencies' Public Authorities Reporting Information Systems report.

Mr. Kim reported that as part of last year's mission statement evaluation process, staff recommended that the Board revise the HFA mission statement to include a requirement to provide quarterly pipeline project results. Today, the Governance Committee is asked to review the mission statements and the measurements, and adopt a resolution making recommendations to the Members.

Discussion ensued about bond issuance as it relates to MBBA's mission statement. Mr. Bialo noted that bonds are issued when requests come in through various municipalities throughout the State. Ms. Zucker noted that her office has been in conversations periodically exploring what MBBA can do in terms of facilitating local borrowing. She noted, however, that the Agency is in no way encouraging borrowing. It was soon determined that clarification in the language is needed regarding the role of MBBA as it relates to the creation of debt since the Agency is simply a conduit and has a passive role in terms of bond issuance.

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

A RESOLUTION OF THE GOVERNANCE COMMITTEES 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 AGNECY AND TOBACCO SETTLEMENT FINANCING CORPORATION CONCERNING REVIEW OF THE AGENCY MISSION STATEMENT

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The next two items on the agenda were information items. Information regarding these items were contained in the meeting materials provided which are incorporated herein by reference. There were no discussions regarding the following two items:

- **The Eighth Annual Evaluation by the Governance Committees**
- **The review of legal services contracts with law firms listed on the Agencies' prequalified panel of firms for legal services other than those pertaining to non-bond counsel services.**

The next item on the Agenda was a Follow-up discussion regarding MWBE Goals. HFA/AHC Committee Chairman, Mr. Weiss reported that the Committee had a teleconference call with staff to discuss the idea of incorporating goals for developers as well as property managers. He stated that the Committee discussed creating a Statement of Intent which was drafted by both Mr. Alex Valella, Vice President and Deputy Counsel of the Agencies, and Mr. C. Jason Kim.

Mr. Weiss noted that Ms. Wanda Graham, Vice President/Director, Fair Housing and Equal Opportunity, and her staff helped to create a survey to be circulated among the Affordable Housing Industry. He said that these results will be made available along with recommendations by the next Governance Committee meeting to be acted on.

There being no unfinished business Ms. McCann moved to adjourn; Ms. Baldwin seconded the motion and the meeting was adjourned at 9:28 a.m.

Mr. Kim announced that the next Governance Committee meeting would be held on Tuesday, April 8, 2014 at 9:00 a.m.

C. Jill

C. Jason Kim, Secretary