

**MINUTES OF THE
61ST MEMBERS MEETING OF THE
TOBACCO SETTLEMENT FINANCING CORPORATION
HELD ON DECEMBER 12, 2013
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

MEMBERS AND DESIGNEES

PRESENT:

William J. Mulrow	Chairman
Kenneth M. Bialo	Vice Chairman
Linda Baldwin	Department of State, representing Cesar A. Perales, Secretary of State, Member (via telephone)
Naomi Bayer	Member
Elaine McCann	New York State Division of the Budget, representing Robert Megna, Member (via video conference)
Andrew A. SanFilippo	Member

Chairman William J. Mulrow presided over the meeting.

Mr. C. Jason Kim, Senior Vice President and Counsel to the Agencies, acted as Secretary. He noted that Ms. Elaine McCann, Commissioner Thomas Mattox and Ms. Aida Brewer participated in the meetings via video conference from the New York State Division of Budget conference center at the Capitol Building Room 131 in Albany; a public notice was given of the time and location of the venue in accordance with the New York State Open Meetings Law.

Mr. Nestor M. Davidson, Commissioner Thomas H. Mattox, Joyce L. Miller, Darryl C. Towns, HFA/AHC Members; Ms. Marge Rogatz and Mr. Anthony Bergamo, SONYMA Directors, attended this meeting as guests.

Mr. Kim asked for motions and seconds to call to order the Members' meeting of the State of New York Municipal Bond Bank Agency ("MBBA"). Mr. SanFilippo moved to call the MBBA meeting to order; Ms. McCann seconded the motion.

Mr. Kim stated that as items were presented to the Board throughout the meeting, these motions and seconds would be used, unless specific items called for a different vote, or unless any Board member wished to record his or her vote differently.

The meetings of the affiliated Agencies were opened in joint session for the President's report, the recital of the Committee reports, the adoption of the minutes of previous meetings and consideration of various matters of shared importance. These minutes reflect only those items

being considered by the Tobacco Settlement Financing Corporation. A record of items considered by the other Agencies is contained in the minutes of each of the Agencies.

The first item on the agenda was the President's Report. Chairman Mulrow requested that Darryl C. Towns, President/CEO of the Agencies, present his report. Commissioner Towns reported that since the November meeting, the Agencies have closed on three (3) HFA affordable deals and two (2) 80/20s. He also reported that two (2) more 80/20s and five (5) more affordable deals are expected to close by year-end. He noted that staff has really been working hard and because of the activity of both the Board and staff, the Agencies are approaching another "banner" year.

Commissioner Towns reported that on 12/11/13, Governor Andrew M. Cuomo announced the third round of his Regional Economic Development Council ("REDC") awards where he awarded over \$700 Million Dollars throughout the ten-region competition; a portion of The Division of Housing and Community Renewal's ("DHCR") funds were involved in that process with up to \$1.5 Million Dollars in rural area revitalization projects; up to \$25 Million Dollars in NYS Community Development Block Grant Program; up to \$2.2 Million Dollars for the New York Main Street Program; and up to \$200,000 for New York Main Street Technical Assistance Program. Commissioner Towns noted that the REDC and their awards are responsible for a tremendous transformation throughout the State.

Commissioner Towns noted that on today's HFA agenda, the Board will be asked to consider a \$120 Million Dollar Bond Issuance for 205 E. 92nd Street in Manhattan; this project will contain forty-seven (47) units of affordable housing. He also noted that as for SONYMA, the Members will be asked to consider a resolution authorizing the issuance of both new money and refunding bonds totaling nearly \$600 Million Dollars. He stated that earlier, the Mortgage Insurance Committee, approved insurance for two (2) projects -- 269 affordable rental units in the Bronx and 300 affordable cooperative units in Queens.

Commissioner Towns reported that on Tuesday, December 10th, 2013, the Audit Committee met. As a result, there will be an update to the Minority and Women's Business Enterprise ("MWBE") Goal plans as well as a report on ethics policies and amendments to the Code of Ethics as it relates to Members and Directors. He noted that senior management is working on suggestions made by the Board to take a road trip to tour some upstate projects next spring along with an offsite educational session.

Commissioner Towns referred to the tremendous work performed by staff who really worked hard to make sure that the Agencies would reach these outstanding performance numbers. He wished everyone happy holidays and noted that the Agencies are looking forward to getting back in the New Year and continuing their efforts to create affordable housing throughout New York State for New Yorkers.

Chairman Mulrow echoed the President's comments about the productivity and amazing work performed by staff under tough conditions. He said it has really been a banner effort for which members of the staff can attest to.

Commissioner Towns acknowledged Frank Murkowski, Treasurer and Director of Corporate Finance, Housing Trust Fund Corporation, who is retiring, for his outstanding work; this acknowledgement was followed by applause.

The next item on the agenda was the report of the Audit Committee. Mr. Kim reported that the Audit Committee held a meeting earlier that day and adopted the minutes of September 10, 2013. He next reported that the Audit Committee adopted the following resolutions:

- All five Committees adopted a resolution approving Audit Committee Action Plan for FY 2014.
- All five Committees adopted a resolution approving Internal Audit Staff Functions.
- All five Committees adopted a resolution approving Internal Audit's Account Payable Audit Report.

The next item on the agenda was the report of the Governance Committee. Mr. Kim reported that the Governance Committee held a meeting earlier that day and adopted the minutes of September 10, 2013. He next reported that the Governance Committee adopted the following resolutions:

- All five Committees recommended for approval amendments to Member and Director Code of Ethical Conduct.
- All five Committees approved salary ranges for Senior Officers, with a request that a follow-up report be provided to the Committees.
- All five Committees approved the extension of the contract with Genworth Mortgage Insurance Corporation for Administrative Services.
- All five Committees approved an MWBE Goal Plan for 2014-15.
- All five Committees adopted a resolution recommending the review and amendment to the Agencies' Lobbying law Policies.
- TSFC approved a resolution approving Legal Services Agreement with K&L Gates
- HFA, SONYMA, MBBA and TSFC reviewed financial advisor services contracts with firms on the Agencies' prequalified panel.
- All five Committees reviewed a Report on Agency Administration of Ethics Policy.
- All five Committees reviewed a report on Salary Adjustments (Management Confidential) SONYMA reviewed Computational Analytic Services contract with cfX Inc.

The next item on the agenda was the adoption of the minutes of the 60th Tobacco Settlement Financing Corporation meeting held on November 7, 2013. Absent comments or corrections from the Members, Mr. Kim reported that the minutes were deemed approved.

The next item on the agenda was a resolution approving amendments to the Supplemental Guidance to the Members Code of Ethical Conduct. Mr. Kim reported that under their Charters, the Governance Committees have specified responsibilities with respect to the Agencies' administration of ethics matters. He noted that each of the Governance Committees is responsible for establishing procedures, including developing and implementing the Agencies'

governance guidelines, to promote honest and ethical conduct by the Agencies' Members, Directors, officers and employees, and to enhance public confidence in the Agencies.

Mr. Kim also reported that on June 11, 2008, the Governance Committee meeting approved a new Member and Director Code of Ethical Conduct and later, at the Board's April 27, 2011 meeting, the Board approved minor amendments to their Code of Ethical Conduct to reflect changes to the State Ethics law.

Mr. Kim explained that the amended guidance is basically to conform to recent updates that have been promulgated by the Joint Commission on Public Ethics ("JCOPE"). He noted that the amendments are consistent with and reflect the training that was provided to the Members during the training that took place in September and October 2013.

Mr. Kim highlighted the main items in the proposed amendments as follows: a) the amended Guidance generally permits the Members acceptance of invitations to political fundraisers and charitable events; JCOPE guidance has excluded this from the definition of gift, b) it permits Members acceptance of food or beverages valued at fifteen dollars or less, which has now also been excluded from the definition of a "gift," and c) it now permits attendance at "widely-attended" events when related to the Members duties or responsibilities.

HFA/AHC Board Member Ms. Miller asked whether invitations to attend complimentary educational conferences (i.e. affordable housing) by conference sponsors from professional associations, etc. was considered as she is concerned about the effect it would have on educational opportunities for Directors, Members and staff. After Mr. Kim gave a definition on the number of persons that comprises a widely-attended event (25+), he asked the Ethics Officer, Ms. Michele Weinstat, Associate Counsel, to provide additional information.

Ms. Weinstat explained that if there is an educational aspect to the conference, it is not required that it qualify as a "widely-attended" event.

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

A RESOLUTION 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 CORPORATIN REVIEWING AND APPROVING CERTAIN CHANGES TO THE GUIDANCE SUPPLEMENTING CODE OF ETHICAL CONDUCT FOR THE MEMBERS AND DIRECTORS OF THE AGENCIES.

Chairman Mulrow directed the Members' attention to the Shared Consent Items 4, 5, 6 and 7 on the agenda and stated that information regarding these items were contained in the meeting materials provided which are incorporated herein by reference. There were no discussions on these items, except for the discussions concerning MWBE efforts and the bond sale report that are set forth below.

Resolution approving MWBE Goal Plan for 2014-2015:

Ms. McCann commented on the remarkable changes that have taken place in regards to the MWBE effort. She complimented Ms. Wanda Graham, Vice President/Director, Fair Housing and Equal Opportunity (“the Office of Fair Housing”), and her staff and highlighted the fact that Ms. Graham has an opportunity to expand these efforts as a result of the suggestions made by Mr. Weiss through the Governance Committee. Ms. McCann urged the Board to remember to “push forward” on the affirmative fair housing marketing and planning aspect.

Consequently, Ms. Graham responded by confirming that the Office of Fair Housing was asked by the Governance Committee to expand its reach when looking at construction projects; additionally, ownership, property management and development will be included in the Office of Fair Housing’s goal plan. She also noted that her office will also look at mechanisms that are in place for noncompliance; and make a report of her findings to the Governance Committee in January 2014.

Mr. Davidson asked Ms. Graham to further explain the process with respect to affirmative action and fair housing. Ms. Graham explained that her Office is working with several groups and reviewing the affirmative action marketing plans for all of the projects and reviewing how they tenant the projects. She further reported that her office is working with DHCR staff and the Policy Office to insure that in their reports, the Agencies are furthering fair housing efforts in each of the areas it develops.

HFA/AHC Board Member Mr. Davidson asked whether anything was done in terms of project analysis. Ms. Zucker spoke on behalf of the underwriting team by reporting that the Agencies have prioritized projects (focusing on 9% tax credit projects for these purposes) in areas where there are census tracts with statistics that indicate the Agency is not just locating projects in areas of poverty. On the HFA side (4% tax credits), site developments are considered so that the development is not concentrated in areas of poverty but strive to have more mixed-income developments (although this is sometimes difficult financially) and to project sites in higher performance school districts and higher-income level areas (she noted that zoning is a problem especially in suburban areas). Ms. Zucker noted that the Agencies tend to rely on and work with its local partners.

Ms. Graham stated that her Office is also working with the Fair Housing Justice Center (“FHJC”) to analyze how it is funding projects. Ms. McCann noted that the FHJC is particularly interested in the low-income housing tax credits provided. Commissioner Towns noted that Mr. Davidson has a background in Fair Housing which the Agencies look to build upon.

Ms. Graham noted that she welcomes the opportunity, collectively or individually to further explain the process to the Members about the equal opportunity side of fair housing, as well.

Considering the first and second motions previously entered, the motions were carried, and the following resolutions were adopted:

A RESOLUTION 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 AGENCY, AND THE TOBACCO

SETTLEMENT FINANCING CORPORATION APPROVING THE ANNUAL UPDATED AND CONSOLIDATED EQUAL OPPORTUNITY AFFIRMATIVE ACTION 2013-2014 MASTER GOAL PLAN.

Resolution approving the Agencies' Disaster Recovery Testing Process:

A RESOLUTION 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 REVIEWING AND APPROVING THE AGENCIES' DISASTER RECOVERY TESTING PROCESS

Resolution approving Annual and 4th Quarter Bond Sale Reports:

A RESOLUTION OF 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 APPROVING THE AGENCIES' BONDSALEREPORTS

Ms. Zucker referred to the bond sale report and noted that the Agencies entered the market nineteen (19) times and sold bonds through a variety of market conditions. HFA, in part, was "in the market" fifteen (15) times. She noted that her department considers whether it is meeting the Agencies' MWBE goals by reviewing who managed the deals, how "the economics" are distributed among the participants, co-managers, etc. She said that over the last year MWBE's constituted 32% of our senior management appointments, 14% of co-senior management appointments and 40% of our co-manager appointments ending up with approximately 26% of compensation.

Ms. Zucker reported on the \$1.2 Billion Dollars sale of tobacco bonds which lowered the State's borrowing costs. She noted that it was a really interesting transaction that did really well on the market. She also noted that staff was very thoughtful about market conditions and benefitted from having two series of bonds which helped drive demand and pricing.

Chairman Mulrow noted that the housing bonds transactions as between HFA and New York City Housing Development Corporation (HDC) are fairly significant transactions which show the commitment that New York State has to affordable housing. Ms. Zucker expressed delight in working with partners from the Division of the Budget, the Chief Financial Officer of the Agencies and her team. Chairman Mulrow noted the extraordinary amount of work and he gave great credit to the staff and to the Agencies. He congratulated Ms. Zucker on her efforts.

Resolution approving Annual and 4th Quarter Bond Sale Reports:

A RESOLUTION OF 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 APPROVING THE
AGENCIES' BOND SALE REPORTS**

Resolution authorizing the review and amendment to the Agencies' Lobbying Law Policies:

Mr. Kim stated that there is a new state law commonly referred to as "Project Sunlight Law" intended to promote transparency between outside parties, employees and Directors of State Agencies. As far as it relates to the Agencies, any time there is a meeting at the Agency between an outside party and an individual in a decision-making capacity, that appearance will be documented into a database in compliance with the reporting requirement. He stated that electronic mail correspondence and telephone conversations are not covered. He said that in person appearances should be reported to him or Mr. Valella. He said that there is a system in place to log-in the date and names of the people involved.

Mr. Weiss inquired about the distinction made between an in-person meeting versus a pitch made via telephone or email. Mr. Kim speculated that when the law was initially enacted telephone calls and email correspondence may have been considered too burdensome to log. He noted the qualitative difference between meeting someone in person who is trying to pitch a service to the Agency.

**A RESOLUTION 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 AGENCY, AND TOBACCO
SETTLEMENT FINANCING CORPORATION APPROVING AMENDED
LOBBYING POLICIES**

The next item on the agenda was an information item on the review of Board Self-Evaluation. Chairman.

Mr. Kim reported on the annual review requirement to conduct Board self-evaluations. A copy of the survey was included in the Board materials but will be emailed separately for administrative conveniences. He said that the due date for feedback is January 14, 2014, but that return of surveys is appreciated a week earlier in order to address any outstanding issues in time for the January Board meeting

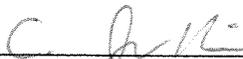
The next item on the Agenda was the review of Report on Agency Administration of Ethics Policy.

Regarding the Agency's administration of its ethics policy, it was noted that ethics training was conducted by the Agency and completed by all Board Members for the 2013 year; Mr. Weiss attended the ethics training but was not listed to attend; his name will be added to the attendee list.

Chairman Mulrow stated that information regarding these items were contained in the meeting materials provided to the Members which are incorporated herein by reference. There was no discussing regarding these items.

There being no unfinished business, Chairman Mulrow asked for a motion to adjourn the meeting. Vice-Chairman Bialo moved to adjourn; Mr. SanFilippo seconded the motion, and the meeting was adjourned at 9:24 a.m.

Mr. Kim noted that the next Board meeting was scheduled for Wednesday, January 29th, 2014, at 8:30 a.m.



C. Jason Kim, Secretary