MINUTES OF THE 29th MEETING OF THE
TOBACCO SETTLEMENT FINANCING CORPORATION
GOVERNANCE COMMITTEE
HELD ON SEPTEMBER 10, 2013 AT 9:45 A.M.
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NY 10022

MEMBERS AND DESIGNEES

PRESENT:

Kenneth M. Bialo	Member
Linda M. Baldwin	Department of State, representing Cesar A. Perales, Secretary of State, Member
Renee Nowicki	Division of the Budget, representing Robert L. Megna, Member (via video conference)

ABSENT:

Naomi Bayer	Member

Alejandro J. Valella, Vice President and Deputy Counsel of the Agencies, acted as Secretary. He noted that Renee Nowicki and Aida Brewer were participating in the meetings via video conference from the New York State Division of Budget conference center at the Capitol Building, Room 131, in Albany; Marge Rogatz was participating in the meetings via video conference from the office of Expedia at 325 Duffy Avenue in Hicksville, New York; and Steven Weiss from HCR Buffalo office. A public notice was given of the time and locations of these venues.

Mr. Valella asked for motions and seconds to call the Governance Committee meetings to order of the New York State Housing Finance Agency (HFA), the New York State Affordable Housing Corporation (AHC), and the State of New York Mortgage Agency (SONYMA). Mr. Weiss made a motion to call the HFA Governance Committee meeting to order; Commissioner Towns seconded the motion. Mr. Weiss made a motion to call the AHC Governance Committee meeting to order; Commissioner Towns seconded the motion. Ms. Rogatz made a motion to call the SONYMA Governance Committee meeting to order; Ms. Nowicki seconded the motion. Mr. Bialo made a motion to call the MBBA Governance Committee to order; Ms. Nowicki seconded the motion. Mr. Bialo made a motion to call the MBBA Governance Committee to order; Ms. Nowicki seconded the motion.

Mr. Valella stated that Steven J. Weiss is the Governance Committee Chairman for HFA and AHC, and will chair the Committee meetings for HFA and AHC. Don Lebowitz

is the Committee Chairman for SONYMA and in his absence Ms. Rogatz will chair the Committee meeting for SONYMA. Ms. Naomi Bayer is the Committee Chairperson for the Municipal Bond Bank Agency and the Tobacco Settlement Financing Corporation and in her absence Mr. Kenneth Bialo will chair the Committee meetings for MBBA and TSFC.

Mr. Valella stated that as items are presented to each Committee throughout the meetings, these motions and seconds would be used, unless specific items call for a different vote, or unless any Committee Member or Director wishes to record his or her vote differently. He stated that, for purposes of convenience and to ensure that the Committee meetings of the respective Agencies run smoothly, items shared by one or more of the Agencies will be presented by HFA/AHC Committee Chairman Weiss.

The meetings of the Governance Committees of the affiliated Agencies were opened in joint session for the consideration of various matters of shared importance. These minutes reflect only those items being considered by the Members of the Tobacco Settlement Financing Corporation. A record of items considered by the Governance Committees of the other affiliated Agencies is contained in the minutes of each Committee respectively.

The first item on the agenda was the adoption of the minutes of the 28th Tobacco Settlement Financing Corporation held on April 9th, 2013. Absent comments or corrections from the Members, the minutes were deemed approved.

The next item on the Agenda was a resolution adopting updated Procurement and Contract Guidelines. Ms. Lisa Pagnozzi, Contract Administrator, discussed this item. She reported that staff proposes certain substantive amendments to the Consolidated Guidelines intended to improve the procurement process and align agency MWBE procedures with State law by and that the following amendments were made

1. Increasing the monetary threshold from $15,000 to $50,000 for request for proposal processes.
2. Increasing the monetary threshold amount for the waiver of competitive processes for MWBEs from $100,000 to $200,000.
3. Allowing staff to rely on Federal Government (GSA) procurement processes, just as the guidelines currently permit staff to rely on State Contract procurement processes.
4. Initial approval of contracts and annual review to contracts by Governance Committees, with the Board reviewing contracts annually each January as part of its approval of the Agencies' consolidated annual procurement report.

Ms. Pagnozzi explained that to date, if any agency unit sought to engage in a procurement in excess of $15,000, it was required, subject to certain limited exceptions, to engage in a full blown, four-week, Request For Proposal ("RFP") process; the $15,000 limit was put in place, in the 1990s, at a time when it mirrored the requirement under State law to post contract opportunities in the State's Contract Reporter for procurements in excess of that amount. She said that since that time, the State Contract Reporter limit has

been raised to $50,000. She said that by increasing the threshold to $50,000, staff will be permitted to engage in competitive processes that are less time consuming and complex than RFPs for a range of procurements that currently require RFPs. Ms. Pagnozzi said that the second substantive change would mirror the statutory limit for this type of exception to competitive processes under the Article 15-A amendments put in place in 2010. She said that the third substantive change would permit staff to follow Federal procurement procedures as well as State procurement procedures and would facility procurement processes in administrative areas for goods and services. Ms. Pagnozzi said that the last substantive change is to align the guideline changes with the changes in the bylaws wherein the Board delegated its authority to the Governance Committee for procurements in excess of $100,000 for one year duration.

She said that additionally, minor changes were being made with respect to the terminology for more clarity and readability and a flow chart has been added to assist staff in the procurement selection process. Ms. Pagnozzi said that senior staff is authorized to make determinations related to single sole source but now the President/CEO will be asked to authorize these types of contractual agreements. She further added that that HTFC will be added as an affiliate agency.

After a full discussion, out of the four proposed changes to the Procurement and Contract Guidelines, Mr. Bialo voted against Item 2 which proposed to increase the monetary threshold amount for the waiver of competitive processes for MWBEs from $100,000 to $200,000.

Considering the first and second motions previously entered, the motions were carried and the following resolution was adopted with the recusal of Mr. Bialo on Item No. 2.

A RESOLUTION OF THE GOVERNANCE 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 THE TOBACCO SETTLEMENT FINANCING CORPORATINO APPROVING AND ADOPTING UPDATED PROCUREMENT AND CONTACT GUIDELINES

The next item on the agenda was the approval to enter into a contract with law firms to provide legal services to HFA in its role as lender to the recently acquired loan portfolio and authorization to enter into contracts with law firms recently added to the non-bond counsel panel. Information regarding this item was contained in the meeting materials provided to the Members which are incorporated herein by reference. There was no discussion on this item.

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, STATE OF NEW YORK MORTGAGE AGENCY, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY, AND THE TOBACCO SETTLEMENT FINANCING CORPORATINO APPROVING CONTRACTS WITH FIRMS DENTONS US LLP AND CONTRACTS WITH FIRMS ADDED TO THE AGENCIES' PREQUALIFIED PANEL OF NON-BOND COUNSEL LAW FIRMS.

The next item on the agenda was an informational item in connection with the reporting to the Governance Committee of the selection of the Agencies by ESD for an MWBE Document Audit Review. Information regarding this item was contained in the meeting materials provided to the Members which are incorporated herein by reference. There was no discussion on this item.

The next item on the agenda was an informational item in connection with the annual review of contracts with the Agencies' Independent Auditor, Ernest &Young. Information regarding this item was contained in the meeting materials provided to the Members which are incorporated herein by reference. There was no discussion on this item.

There being no unfinished business, Mr. Bialo made a motion to adjourn; Ms. Nowicki seconded the motion and the meeting was adjourned at 10:10 a.m.

Secretary