MINUTES OF THE
66th MEMBERS MEETING OF THE
TOBACCO SETTLEMENT FINANCING CORPORATION
HELD ON DECEMBER 11, 2014 AT 8:35 A.M.
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 (video conference)
Elaine McCann	New York State Division of the Budget, representing Robert Megna, Director (via video conference)
Andrew A. SanFilippo	Member (via telephone)

Chairman William J. Mulrow presided over the meeting and welcomed everyone.

Mr. C. Jason Kim, Senior Vice President and Counsel to the Agencies, acted as Secretary. He noted that Ms. Elaine McCann from the New York State Division of the Budget, representing Robert Megna, Budget Director and Ms. Linda M. Baldwin representing Secretary of State, Cesar A. Perales from the Department of State participated in the meetings via video conference from the New York State Division of the Budget conference center at the Capitol Building, Room 131, in Albany. He also noted that Marge Rogatz was attending the meeting via video conference 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. Nestor Davidson, Joyce Miller and Christopher Curtis, Deputy State Treasurer, in his role as designee of Commissioner Thomas Mattox, New York State Department of Taxation and Finance all HFA/AHC Members; Commissioner Towns HFA/AHC/SONYMA Member/Director, Moses Kraus and Marge Rogatz, SONYMA Directors, attended this meeting as guests.

Mr. Kim asked for motions and seconds to call to order the December 11, 2014 Members and Directors meetings of the New York State Housing Finance Agency ("HFA"), the New York State Affordable Housing Corporation ("AHC"), the State of New York Mortgage Agency ("SONYMA"), the Municipal Bond Bank Agency ("MBBA") and the Tobacco Settlement Financing Corporation ("TSFC").

Mr. Weiss moved to call the HFA and AHC meetings to order; Mr. Davidson seconded the motion; Ms. Rogatz moved to call the SONYMA meeting to order, Commissioner Towns seconded the motion; Mr. Kenneth Bialo moved to call the MBBA/TSFC meeting to order; Ms. Linda Baldwin seconded the motion.

Mr. Kim stated that as items were presented to each Board throughout the meetings, these motions and seconds would be used, unless specific items called for a different vote, or unless any Director/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 Members of the Tobacco Settlement Financing Corporation. A record of items considered by the other Agencies is contained in the minutes of each of the Agencies.

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Chairman Mulrow announced that Commissioner Towns was recognized by his peers and received a Public Service Award at the New York Housing Conference and National Housing Conference's 41st Annual Awards.

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The first item on the agenda was the President's Report. President Towns noted that the Agency's senior staff once again is demonstrating its commitment and professionalism by going above and beyond expectations with respect to the building and preservation of affordable housing. He noted that the building and preservation of affordable housing continues to dominate conversations in the political and business communities across the nation. He stated that as 2014 comes to a close, HFA, in what is because of the holidays essentially the shortest month of the year, is expecting to close fifteen (15) HFA financings. He noted, as an example of the level of activity, the fact the conference room used by Directors prior to commencing the board meetings, has been reserved for a closing currently going on. He commended the efforts of agency staff, noting the particular contributions of the debt issuance and legal staffs.

President Towns reported that earlier this morning the Mortgage Insurance Committee ("MIC") approved insurance for eight (8) projects representing over 1,300 units of affordable in housing.

President Towns said that at today's HFA meeting , approval will be sought for three (3) financings totaling just over $24-million and that these projects are located in Erie, Sullivan and Kings Counties.

President Towns said as for AHC, awards being sought totaling just over $4 million will be reviewed. He said these awards represent 329 units in New York City and in the counties of: Broome, Greene, Erie, Otsego, Onondaga, Albany and Schenectady.

President Towns said that on the administrative side at today board meetings, Members/Directors will be asked to approve the Agencies' 2015-16 MWBE Goal Plan and that there is an informational item on the Board Self-evaluation process.

President Towns also noted that the Directors will be provided with reports on the Mitchell Lama pipeline and the 80/20 condo conversion issues.

President Towns noted the passing of Allan Bayer, the husband of former SONYMA and MBBA/TSFC Director/Member, Naomi Bayer, who recently retired from the Boards to care for her husband. He asked that everyone remember Ms. Bayer and her family in their minds and prayers especially in the midst of the holiday season. President Towns asked attendees to observe a moment of silence with respect to the Bayer family.

The next item on the Agenda was the report of the Audit Committees.

Mr. Kim reported that on December 9th, the Committees met and took the following actions:

- All five Committees adopted minutes.
- All five Committees adopted a resolution approving Audit Committee Action Plan for FY 2015.
- All five Committees adopted a resolution approving Internal Audit Staff Functions.
- All five Committees adopted a resolution approving Internal Audit's Information Technology Audit Report.

The next item on the Agenda was the report of the Governance Committees. Mr. Kim reported that on December 9th, the Committees met took the following actions:

- All five Committees adopted minutes
- All five Committees approved salary ranges for Senior Officers
- All five Committees approved an MWBE Goal Plan for 2015-16
- All five Committees adopted a resolution approving a Records Manual
- All five Committees adopted a resolution approving OTPS Procedures
- All five Committees adopted a resolution approving Action Plans for the Committees
- TSFC adopted a resolution approving Post-Issuance Compliance Procedures
- HFA, SONYMA, MBBA and TSFC reviewed financial advisor services contracts with firms on the Agencies' prequalified panel
- All five Committees reviewed Report on Agency Administration of Ethics Policy
- All five Committees reviewed a report on Salary Adjustments (Management Confidential)

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The next item on the agenda was the adoption of the minutes of the 65th TSFC Members' meeting held on September 11, 2014. Absent comments or corrections from the Members, Mr. Kim reported that the minutes were deemed approved.

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The next item on the agenda was a resolution approving the Agencies' MWBE Goal Plan for 2015-2016. Mr. Kim noted that comments were received from Governance Committee Members at the meetings held earlier this week and that the MWBE Goal Plan for 2015-12016 will be updated accordingly. It was noted that there would be no further discussion on this consent item unless the Members so request.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was unanimously 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 TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING THE ANNUAL UPDATED AND CONSOLIDATED EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION 2015-2016 MASTER GOAL PLAN**

The next item on the agenda was a resolution approving Annual Bond Sale Reports. Chairman Mulrow called attention to the fact that the bond sale report for the fiscal year reflect the fact that Agencies issued approximately $3.55 billion in bonds, making them one of the, if not the, largest bond issuer in the country. He noted that this is a reflection on how much the Agencies are doing to address the affordable housing needs of the State. It was noted that there would be no further discussion on this consent item unless the Members so request.

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

> **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**

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The next item on the agenda was a resolution approving Purchase Procedures. It was noted that there would be no further discussion on this item unless the Members so request.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was unanimously 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 CORPORATION APPROVING A PURCHASE PROCEDURES MANUAL**

The next item on the agenda was a resolution approving Records Procedures. It was noted that there would be no discussion on this t item unless the Members so request.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was unanimously 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 CORPORATION (COLLECTIVELY, "AGENCIES") APPROVING A RECORDS MANUAL

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The next item on the Agenda was a resolution approving the TSFC Post Issuance Compliance Procedures. It was noted that there would be no discussion on this item unless the Members so request.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was adopted with the recusal of Vice Chairman Kenneth Bialo:

A RESOLUTION OF THE TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING AND ADOPTING POLICIES AND PROCEDURES FOR TAX COMPLIANCE AND INTERNAL MONITORING.

Chairman Mulrow stated that the next two (2) items on the agenda were information items concerning:

a) Review of Report on Agency Administration of Ethics Policy.
b) Board Self Evaluation. Mr. Kim reminded the Board that, as usual, evaluations will be electronically mailed and will be due January 15.

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

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There being no unfinished business, Mr. Kim asked for a motion and a second to adjourn the meeting, Mr. Bialo moved to adjourn the meeting; Ms. Baldwin seconded the motion, and the meeting ended at 8:55 a.m.

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Mr. Kim informed the Members that the next Board meeting is scheduled for Thursday, January 29, 2015, at 8:30 a.m.

C. Jason Kim, Secretary