MINUTES OF THE
70TH MEMBERS MEETING OF THE
TOBACCO SETTLEMENT FINANCING CORPORATION
HELD ON SEPTEMBER 10, 2015
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022

MEMBERS AND DESIGNEES

PRESENT:

William C. Thompson	Chairman
Kenneth M. Bialo	Vice Chairman
Andrew A. SanFilippo	Director
Linda M. Baldwin	Department of State, representing Cesar A. Perales, Secretary of State, Member (via telephone)
Elaine McCann	New York State Division of the Budget, representing Mary Beth Labate, Member (via video conference)

Chairman William C. Thompson presided over the meeting and welcomed everyone.

Mr. Adam Schuman, Senior Vice President and Counsel to the Agencies, acted as Secretary. He noted that Ms. Elaine McCann, representing Budget Director, Ms. Mary Beth Labate was participating in the meeting via video conference from the NYS Division of the Budget conference center at the Capitol Building, Room 131, in Albany and Ms. Bethaida Gonzalez was participating in the meeting via video conference from the Syracuse Regional Office, 620 Erie Boulevard, Suite 312.

Christopher Curtis, designee for Commissioner Jerry Boone, New York State Department of Taxation and Finance attended this meeting as a guest.

Mr. Schuman asked for motions and seconds to call to order the 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 State of New York Municipal Bond Bank Agency ("MBBA"), and the Tobacco Settlement Financing Corporation ("TSFC"), respectively. Mr. Davidson moved to call the HFA and AHC meetings to order; Mr. Weiss seconded the motion. Commissioner Rubin moved to call the SONYMA meeting to order; Chairman Thompson seconded the motion. Mr. SanFilippo moved to call the MBBA and TSFC meetings to order; Mr. Bialo seconded the motion.

Mr. Schuman 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 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 Directors of the State of New York Municipal Bond Bank Agency. A record of items considered by the other Agencies is contained in the minutes of each of the Agencies.

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Chairman Thompson stated that the next item on the agenda was a resolution appointing James S. Rubin as President and Chief Executive Officer to the Agencies. Chairman Thompson welcomed Mr. Rubin, noting his reputation as an intense and focused leader. He noted that he was appointed to the other affiliated Agencies as President at their July meetings, and that this item was now up for a vote by the MBBA and TSFC. He noted that he was confident that Commissioner Rubin would continue the great work that has been done at HCR.

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

> **A RESOLUTION OF THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND THE TOBACCO SETTLEMENT FINANCING CORPORATION APPOINTING JAMES S. RUBIN AS EXECUTIVE DIRECTOR WITH THE TITLE OF PRESIDENT AND CHIEF EXECUTIVE OFFICER**

The next item on the agenda was the President's Report. President Rubin noted that the Agencies are headed toward a busy season. He summarized the expectations of the next quarter by noting that staff can expect a record year in affordable housing production on the State level. He spoke favorably about the Agencies' ability to implement Governor Andrew M. Cuomo's mandate laid out in his House New York Program and expressed his confidence in the fact that the Agencies will continue to provide even more decent affordable housing for all New Yorkers in the years to come.

President Rubin reported that earlier that day the Mortgage Insurance Committee ("MIC") approved permanent mortgage insurance for seven (7) projects representing 430 units of affordable housing in four (4) counties. He thanked both Michael Friedman, Senior Vice President/Director of Mortgage Insurance Fund (MIF) and Lauren McGill, Vice President and Counsel to the MIF.

President Rubin reported that on the multifamily side, today, HFA will be asked to approve financing of seven (7) projects representing $400 million in bond financings, for over 1,100 units of housing in five (5) counties across the State. He also noted that the Members and Directors will be asked to review several important administrative items dealing with the Agencies' budget for the next year, investments, procurements and bond sales. He said the Agency Financial Statements for the second and third quarters are also included in the materials but that first the Members/Directors will be asked to approve the appointment of a few Senior Officers. President Rubin noted that the workload has increased at the Agencies in recent years and that, as the

Members and Directors have noted, staff has decreased. He said, as a result, he would like to make an effort and commitment to take some weight off from staff members' shoulders with the addition of new senior staff.

President Rubin said the AHC Board will be presented with a resolution to authorize funding in an amount, just over $2.3 million, representing assistance to 113 units of affordable housing outside of New York City including the counties of Monroe, Erie, Clinton, Steuben, Orange and Oneida.

Finally, President Rubin shared his activities over the last two months. He reported that both he and staff have traveled this summer meeting with Agency partners in the development community, not-for-profit community groups, and elected officials throughout the State. He said, to date, he has personally been to Rochester, Syracuse, Buffalo and Niagara Falls, and noted his frequent travels to Albany and to the NYC offices (downtown Beaver Street, Gertz Plaza and 641 Lexington Avenue).

President Rubin closed by noting the work being done on a new statewide housing plan, with details to follow.

The next item on the agenda was the Report of the Audit Committee. Mr. Schuman reported that the Audit Committee held a meeting on Tuesday, September 8, 2015 and adopted the minutes of its June 9, 2015 meeting. He next reported that the Audit Committee adopted the following resolutions:

- All five Agencies recommended the approval of the Administrative Budget Request and Financial Plans for FY 2016.
- TSFC adopted a resolution approving TSFC Internal Audit's Report.
- All five Agencies received a presentation on the Audit Plan from the Agencies' Independent Auditor's, Ernst & Young.
- All five Agencies reviewed the report of Administrative Budget Expenditures for the nine months period ending July 31, 2015 and the six months ending April 30th, 2015, and updated Financials Plans.
- All five Agencies reviewed the financial statement update for the 2nd and 3rd quarter Fiscal 2015 and 1st Quarter Fiscal 2016 for AHC.

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The next item on the agenda was the Report of the Governance Committees. Mr. Schuman reported that the Governance Committees for HFA, AHC, MBBA and TSFC held a meeting on Tuesday, September 8, 2015 and SONYMA Governance Committee met on Thursday, September 10th and adopted the minutes of its June 9, 2015 meeting. He next reported that the Governance Committee adopted the following resolutions:

- All five Agencies recommended for approval the amendment of the Agencies' By-Laws.
- HFA, SONYMA, MBBA and TSFC adopted a resolution to enter into financial printing contracts and cash flow analysis software contracts.

- HFA, SONYMA. MBBA and TSFC reviewed certain financial services and arbitrage rebate contracts with BLX Group LLC, Hawkins, Delafield & Wood LLP and Omnicap Group LLC.

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The first item on the agenda was the adoption of the minutes of the 69th TSFC Members meeting held on June 11, 2015. Absent comments or corrections from the Members, Mr. Schuman reported that the minutes were deemed approved.

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The next item on the agenda was a resolution appointing Ms. Ruthanne Visnauskas as Senior Vice President and Executive Deputy Commissioner of Housing Development. President Rubin noted that Ms. Visnauskas has been previously introduced to certain other Members/Directors of the Board. He reported that Ms. Visnauskas has a very accomplished record in the affordable housing field. He said most recently, she was with the New York City Housing Preservation and Development ("HPD") for ten (10) years rising to the position of Commissioner of HPD. He stated that the Agencies are lucky to have her help to manage the various development activities and that she is "highly recommended."

Mr. Bialo stated that although MBBA and TSFC do not have a housing division, it is understood that Ms. Visnauskas will be operating in an oversight/overview capacity for both MBBA and TSFC in her role as the person responsible for overseeing Finance and Development.

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

A RESOLUTION OF THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND THE TOBACCO SETTLEMENT FINANCING CORPORATION APPOINTING RUTHANNE MICHALENA VISNAUSKAS AS SENIOR VICE PRESIDENT AND EXECUTIVE DEPUTY COMMISSIONER OF HOUSING DEVELOPMENT

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The next item on the agenda was a resolution appointing Mr. Adam H. Schuman as Senior Vice President and Counsel. President Rubin reported that Adam S. Schuman comes to the Agencies from a long and distinguished legal career. He reported that Mr. Schuman was a Federal Prosecutor for the U.S. Attorney's Office of the Eastern District of New York, a personal litigator for a little while, and ultimately ran Standard & Poor's Rating Services' legal division during its time of crises -- post 2008. He noted that in three (3) months and with approximately 100 lawyers under his purview, Mr. Schuman has already done a lot to unify the legal departments and the various legal activities of a not fully-integrated Agency.

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

A RESOLUTION OF THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND THE TOBACCO SETTLEMENT FINANCING CORPORATION APPOINTING ADAM H. SCHUMAN AS SENIOR VICE PRESIDENT AND COUNSEL

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The next item on the agenda was a resolution amending and approving the Agencies' By-Laws. Mr. Schuman stated that the proposed amendments dealt primarily with incorporating new Senior Officer positions to the Agencies, and limiting the extent of signing authority among Senior Officers, noting that Senior Officers retained authority to delegate. He noted that the other substantive change was to permit video conferencing for board meetings (which is now required under the law), and to remove telephone meeting participation. He noted that the resolution will be adjusted to be consistent with the exception outlined by the Vice Chairman of TSFC and MBBA, Mr. Bialo, at the TSFC Governance Committee meeting, since TSFC is specifically permitted by law to conduct telephone meetings.

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

A RESOLUTION OF STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION FOR THE AMENDMENT OF THE AGENCY BY-LAWS

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The next item on the agenda was a resolution appointing Elizabeth Mallow as Senior Vice President and Executive Deputy Commissioner and Chief Operating Officer. President Rubin introduced Ms. Mallow and summarized her credentials. He noted that Ms. Mallow will be responsible for taking the weight from off the shoulders of people who are doing a good job and are massively overworked and helping to secure more resources for them. President Rubin spoke favorably about this recommendation.

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

A RESOLUTION OF THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION APPOINTING ELIZABETH MALLOW AS SENIOR VICE PRESIDENT AND EXECUTIVE DEPUTY COMMISSIONER AND CHIEF OPERATING OFFICER

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The next item on the agenda was a resolution appointing Meredith Levine as Senior Vice President and Chief of Staff. President Rubin introduced Ms. Levine and noted her credentials. He noted that Ms. Levine has "tremendous talent" and has a breadth of skills that will help run the Agency which has not had a Chief of Staff, a position that is critical for an Agency of this size.

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

A RESOLUTION OF THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION APPOINTING MEREDITH LEVINE AS SENIOR VICE PRESIDENT AND CHIEF OF STAFF

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The next item on the agenda was a resolution approving the Administrative Budget Request and Financial Plans for FY 2016. Ms. Sheila Robinson, Chief Financial Officer stated that Management seeks approval of the Agencies' Fiscal Year 2016 Administrative Budget (2017 for AHC) and the individual Financial Plans for the Agencies along with the Preliminary Cash/Program Budgets (send under separate cover). She said the FY2016 Administrative Budget (for the period November 1, 2015 to October 31, 2016) totals $57.9 million which represents a $1.127 million, or 1.98% increase from the FY2015 budget. She noted that the increase includes an increase to accommodate the restructuring of Senior Staff, to add additional legal and accounting staff; and to account for succession planning. She explained that staffing numbers have increased from 192 to 210, noting that the range of budgeted employees (221-230) gives Management some hiring flexibility. She closed by stating that the hiring projections make up the bulk of the increase in budget.

Ms. Robinson said the increase in Personal Services includes salaries, health, dental and insurance costs. She said also included is an overhaul of the Agency's entire Information Technology (IT) system. Ms. Robinson thanked her staff for their help in this challenging work.

Commissioner Rubin thanked Ms. Robinson and her staff for their hard work, and added that he saw it first hand as he also immersed himself in this, his first budget at the Agencies. He thanked Ms. McCann and the NYS Division of the Budget for the help that was provided in this regard.

Commissioner Boone inquired about the replacement of legacy systems and questioned whether the investment allowance is sufficient. Ms. Robinson stated that ongoing replacement is occurring but there is a need for additional hires and consultants on the IT side and said she received seven proposals in this regard.

HFA/AHC Member, Ms. Miller inquired about the IT acquisition program and the amount budgeted for capital expenses and noted that the projection showed a significant decrease. Ms. Robinson explained that Management was able to purchase the software and equipment needed. She also confirmed that the Agencies have the requisite funds although major capital purchases will be made over time.

HFA/AHC Vice Chairman, Mr. Weiss inquired about staffing as outlined on Page 12 of the Budget report. He noted the projection to conduct additional transactions/portfolios/deals and the hiring of Executive Staff. He asked if the staffing plan coincides with the level and amount of work to be done. It was explained that Management is confident about the staffing plan. President Rubin also noted that staffing is an issue across the Agency and targeted hires are anticipated.

Ms. Miller inquired about the substantial increase in Non-Operating Revenues as outlined on Page 24 of the report and the impact on Agency reserves. Mr. Gary Weinstock, Vice President/Comptroller reported that this was the result of larger than anticipated charges for Agency services, primarily due to 80/20 projects. He also noted that there was revenue not spent from the prior year and confirmed that there was no negative impact on the Agency's financial structure.

Ms. Miller complimented Management on what she referred to as a "very complex budget."

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

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 ADOPTING AN ADMINISTRATIVE BUDGET FOR FISCAL YEAR NOVEMBER 1, 2015 TO OCTOBER 31, 2016 AND FINANCIAL PLANS FOR FISCAL YEARS 2016, 2017, 2018 AND 2019 WITH RESPECT TO 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 AND THE NEW YORK STATE AFFORDABLE HOUSING CORPORATION'S FINANCIAL PLAN FOR FISCAL YEARS 2017, 2018, 2019 AND 2020, AND PRELIMINARY CASH BUDGETS FOR THE NEW YORK STATE HOUSING FINANCE AGENCY AND THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY FOR FISCAL YEAR 2016

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The next item on the agenda was a resolution regarding the review of Third Quarter Investment Reports for HFA/SONYMA/MBBA/TSFC for the period ending 7/31/15 and First Quarter Report for AHC for the period ending June 30th, 2015. This was a consent item and it was noted that information regarding this item was contained in the materials provide to the Members in advance of the meeting, which materials are incorporated herein by reference. There was no discussion regarding this item.

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

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 REPORTS OF INVESTMENTS

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The next action item on the agenda was a resolution regarding the Review of the Agencies' Quarterly Procurement Report for the period ending July 31, 2015. It was noted that information regarding this item was contained in the materials provided in connection therewith, which materials are incorporated herein by reference. There was no discussion regarding this item.

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The next action item on the agenda was a resolution regarding the Report of Administrative Budget Expenditures for the nine months ending July 31, 2015 and the six months ending April 30, 2015 and Updated Financial Plans. It was noted that information regarding this item was contained in the materials provided in connection therewith, which materials are incorporated herein by reference. There was no discussion regarding this item.

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The next action item on the agenda was a resolution regarding the Financial Statement update for the 2nd and 3rd quarter Fiscal 2015 and 1st Quarter Fiscal 2016 for AHC. It was noted that information regarding this item was contained in the materials provided in connection therewith, which materials are incorporated herein by reference. There was no discussion regarding this item.

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There being no unfinished business, Mr. Schuman asked for a motion to adjourn the meeting. Vice Chairman Bialo moved to adjourn; Ms. McCann seconded the motion, and the meeting was adjourned at 9:26 a.m.

Mr. Schuman informed the Members that the next Board meeting is scheduled for Thursday, December 10, 2015, at 8:30 a.m.

Adam H. Schuman, Secretary