MINUTES OF THE 50TH MEMBERS MEETING OF THE TOBACCO SETTLEMENT FINANCING CORPORATION HELD ON APRIL 4, 2012 AT 2:00 P.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
Naomi Bayer	Member
Elaine McCann	Division of the Budget, representing Robert Megna, Member (via video conference)

ABSENT

Andrew A. SanFilippo	Member
Susan L. Watson	Department of State, representing Cesar A. Perales, Member

Chairman William J. Mulrow, opened and chaired the meetings and announced his recent appointment as Chairman of the State of New York Mortgage Agency and the New York State Housing Finance Agency. He thanked everyone and stated that he was proud to be part of such highly renowned, public service agencies and their important mission to provide affordable housing.

Alejandro J. Valella, Vice President and Deputy Counsel of the Agencies, acted as Secretary and asked for motions and seconds to call the meetings to order of the New York State Housing Finance Agency ("HFA"), the State of New York Mortgage Agency (SONYMA), the New York State Affordable Housing Corporation ("AHC"), the State of New York Municipal Bond Bank Agency ("MBBA") and the Tobacco Settlement Financing Corporation ("TSFC"). Chairman Mulrow made a motion to call the AHC meeting to order; Mr. Mulholland seconded the motion. Chairman Mulrow made a motion to call the HFA meeting to order; Mr. Mulholland seconded the motion. Ms. Rogatz made a motion to call the SONYMA meeting to order; Ms. Bayer seconded the motion. Mr. Bialo made a motion to call the MBBA meeting to order; Ms. McCann seconded the motion. Mr. Bialo made a motion to call the TSFC meeting to order; Ms. McCann seconded the motion.

Mr. Valella noted that as items are presented to each Board throughout the meetings, these motions and seconds will be used, unless specific items call for a different vote, or unless any Board member wishes 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 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 Agency respectively.

Mr. Valella noted that Elaine McCann was participating in the meeting by video conference from the New York State Division of Budget conference center at the Capital Building, Room 143, in Albany. A public notice was given of the time and locations of both venues.

Anthony Bergamo, Director of SONYMA; Don Lebowitz, Director of SONYMA; Thomas H. Mattox, Commissioner, Taxation and Finance, Member of HFA and AHC; Royce A. Mulholland, Member of HFA and AHC; Marge Rogatz, Director of SONYMA; Darryl C. Towns, Member of HFA and AHC and Director of SONYMA; and Steven J. Weiss, Member of HFA and AHC, attended the meeting as guests.

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The first item on the agenda was the President's Report. Darryl C. Towns, President and CEO of the Agencies, first welcomed William J. Mulrow as new Chairman of the Agencies. Mr. Towns next reported that the New York State budget of $132.6 billion was passed on time, largely due to the leadership of Governor Andrew Cuomo. He next reported that the consolidated funding application was going to change this year, adding that previous funds used for housing resources would be redirected.

Chairman Mulrow next suggested some changes to restructure the process of future Board meetings, which would include moving discussion of procedural and resolution actions to the Committee level, in order to focus more Board time on major projects, financings and policy issues.

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The next item was the report of the Audit Committees. Mr. Valella reported that the Audit Committee held a meeting earlier that day and approved the minutes of the January 25, 2012 meeting; adopted a resolution authorizing the approval of Internal Audit staff's Work Plan for Fiscal Year 2013; adopted a resolution authorizing the approval of the Sixth Annual Self-Evaluation of the Audit Committee's Performance and no changes to the Charters; and reviewed the Financial Statement Update First Quarter Fiscal Year 2012.

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The next item was the report of the Governance Committees. Mr. Valella reported that the Governance Committee held a meeting earlier that day and approved the minutes of the January 25, 2012 meeting, and adopted a resolution authorizing the approval of the Sixth Annual Evaluation by the Governance Committees.

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The next item on the agenda was the adoption of the minutes of the 49th TSFC Members meeting held on January 25, 2012. 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 authorizing the amendment of the 2012 Administrative Budget. Joanne Hounsell, Senior Vice President and Interim Chief Financial Officer, stated that information regarding this item was contained in the materials provided in connection with this item, which materials are incorporated herein by reference. She stated that in September 2011, the Directors and Members approved a $52.4 million Administrative Budget and HFA/SONYMA financial plans, and that recovery fee charges reported are $10,118,182. She noted that cost recovery fees, at 18% of the Agencies' administrative budget, are the second largest expense after salaries, and is the mechanism whereby the state allocates certain expenses to public authorities that issue bonds. She stated that over the past five years, the cost recovery fees charged to the Agencies increased almost 50%. Ms. Hounsell requested Board approval to pay the $10,118.182 cost recovery charge, to amend the budget to $53.252 million and to increase the financial plans to $843,000 for payment of cost recovery fees.

Mr. Bialo asked why cost recovery fees rose so dramatically. Ms. McCann acknowledged the increase and stated that cost recovery fees are calculated annually, based on the needs of the financial plan. Ms. Hounsell noted that cost recovery fees were unsuccessfully questioned and challenged by the prior administration. Chairman Mulrow noted his support of the Governor's initiatives to make government work more efficiently and suggested that, going forward, it would be educational to know how the formula is calculated.

Ms. Bayer asked if the strain placed on the Agencies' finances due to increased cost recovery fees would materially affect anything. Ms. Hounsell stated that it has lead the Agencies to use a portion of its fund balance because of subsidy loans which were provided to projects, a decrease in new business and reduced interest earnings.

Mr. Lebowitz requested more information on how the current amount was calculated. Chairman Mulrow reiterated his intention to obtain more information to provide to the Board Directors and Members as to how cost recovery fees are calculated. He asked if there were any further questions or comments, and there were none.

Mr. Bialo moved to adopt the resolution; Ms. McCann seconded the motion, and the following resolution was adopted unanimously:

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 AMENDING THE FISCAL YEAR 2012 ADMINISTRATIVE BUDGET AND APPROVING CORRESPONDING AMENDMENTS IN THE FINANCIAL PLANS OF THE NEW YORK HOUSING FINANCE AGENCY AND THE STATE OF NEW YORK MORTGAGE AGENCY.

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The next item on the agenda was a consent item for the annual review and approval of the Agencies' Disaster Recover/Business Continuity/Pandemic Test Results conducted in January 2012. Chairman Mulrow stated 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.

Mr. Bialo moved to adopt the resolution; Ms. McCann seconded the motion, and the following resolution was adopted unanimously:

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, STATE OF NEW YORK MORTGAGE AGENCY, NEW YORK STATE AFFORDABLE HOUSING HOUSING CORPORATION, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION, APPROVING THE ANNUAL DISASTER RECOVERY, BUSINESS CONTINUITY AND PANDEMIC TEST RESULTS

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The next item on the agenda was a resolution accepting the Sixth Annual Self Evaluation by the Audit Committees. Chairman Mulrow stated 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.

Mr. Bialo moved to adopt the resolution; Ms. McCann seconded the motion, and the following resolution was adopted unanimously:

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 CONCERNING AUDIT COMMITTEE SELF-EVALUATION.

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The next item on the agenda was a resolution accepting the Sixth Annual Self Evaluation by the Governance Committees. Chairman Mulrow stated 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.

Mr. Bialo moved to adopt the resolution; Ms. McCann seconded the motion, and the following resolution was adopted unanimously:

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 CONCERNING SELF-EVALUATION.

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The next item on the agenda was a resolution authorizing the approval of the revised and consolidated MWBE Master Goal Plan of the Agencies. Chairman Mulrow stated 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. Ms. Rogatz commended the staff for its achievements made toward greater opportunities in the Minority and Women Owned Business Enterprise Program (MWBE).

Mr. Bialo moved to adopt the resolution; Ms. McCann seconded the motion, and the following resolution was 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 REVISED AND CONSOLIDATED EQUAL OPPORTUNITY AND AFFIRMATIVE ACTION 2012-2013 MASTER GOAL PLAN.

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The next item on the agenda was an information item regarding review of Quarterly Investment Reports of the Agencies. Chairman Mulrow stated 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 or action regarding this item.

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The next item on the agenda was an information item regarding review of the First Quarterly Procurement Report of the Agencies for Fiscal Year ending January 31, 2012. Chairman Mulrow stated 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 or action regarding this item.

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The next item on the agenda was an information item regarding the Financial Statement Update for the First Quarter Fiscal 2012 (November 1, 2011 through January 31, 2012) and Third Quarter Fiscal 2011 for AHC). Chairman Mulrow stated 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 or action regarding this item.

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The next item on the agenda was an information item regarding updated Financial Plans and the Administrative Budget Report of the Agencies' expenses for the first three months of fiscal 2012 (November 1, 2011 to January 31, 2012) and for nine months ended December 31, 2011 for AHC. Chairman Mulrow stated 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 or action regarding this item.

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There being no unfinished business, Mr. Bialo moved to adjourn; Ms. McCann seconded the motion, and the meeting was adjourned at 2:18 P.M.

Secretary