

**MINUTES OF THE 51st MEMBERS MEETING OF THE
TOBACCO SETTLEMENT FINANCING CORPORATION
HELD ON JUNE 14 AT 8:32 A.M.
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

MEMBERS AND DESIGNEES

PRESENT:

William J. Mulrow	Chairman
Naomi Bayer	Member
Elaine McCann	Division of the Budget, representing Robert Megna, Member (via video conference)
Andrew A. SanFilippo	Member (via video conference)
Susan L. Watson	Department of State, representing Cesar A. Perales, Member

ABSENT

Kenneth M. Bialo	Vice Chairman
------------------	---------------

Chairman William J. Mulrow, opened and chaired the meetings. He noted that Elaine McCann was participating in the meetings by video conference from the New York State Division of Budget conference center at the Capital Building, Room 143, in Albany; and that Andrew A. SanFilippo was participating in the meetings by video conference from the Buffalo Regional Office at Electric Tower, 535 Washington Street, Suite 105, in Buffalo. A public notice was given of the time and locations of both venues. Chairman Mulrow thanked Mr. SanFilippo for chairing the meeting of MBBA and TSFC in the absence of Kenneth M. Bialo, Vice Chairman of MBBA and TSFC.

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"), State of New York Mortgage Agency ("SONYMA"), New York State Affordable Housing Corporation ("AHC"), State of New York Municipal Bond Bank Agency ("MBBA") and Tobacco Settlement Financing Corporation ("TSFC"). Vice Chairman Weiss made a motion to call the HFA meeting to order; Mr. Mattox seconded the motion. Mr. Mulholland made a motion to call the AHC meeting to order; Vice Chairman Weiss seconded the motion. Vice Chairperson Bayer made a motion to call the SONYMA meeting to order; Mr. Bergamo seconded the motion. Ms. McCann made a motion to call the MBBA meeting to order; Mr. SanFilippo seconded the

motion. Mr. SanFilippo made a motion to call the TSFC meeting to order; Ms. McCann seconded the motion.

Mr. Valella stated 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 the 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.

The first item on the agenda was the President's Report. Chairman Mulrow requested that Darryl C. Towns, President and CEO of the Agencies, present his report. Mr. Towns reported that the Agencies were approaching a busy season, as reflected in the SONYMA Mortgage Insurance Committee meeting held earlier that day. He reported that this year, decisions regarding projects of the Agencies will be made exclusively by the respective Boards, and not made jointly with the regional councils as in the last year. He reported that new hires would be forthcoming to join experienced staff of the Agencies, and that many projects are lined up for the coming year.

Chairman Mulrow thanked Mr. Towns, and next requested that Mr. Valella recite the reports of the Committees.

The next item was the report of the Audit Committees. Mr. Valella reported that the Audit Committee held a meeting on June 12th and approved the minutes of the April 4, 2012 meeting; adopted a resolution authorizing approval of Whistleblower Policy and Procedures, as amended; adopted a resolution authorizing Internal Audit's follow-up of 2010 Audit Reports, together with management's response thereto; adopted a resolution authorizing approval of Internal Audit's Information Technology Audit - Disaster Recover Report; adopted a resolution authorizing approval of Internal Audit's Human Resources Audit Report, together with management's response thereto; and adopted a resolution approving the Internal Audit Tobacco Settlement Financing Corporation Audit Report, together with management's response thereto.

Chairman Mulrow thanked Mr. SanFilippo for stepping in as acting Chair in the absence of Mr. Bialo and asked if there were any comments. Mr. SanFilippo stated that the Committee meetings were productive and that it was a pleasure to step in.

The next item was the report of the Governance Committees. Mr. Valella reported that the Governance Committee held a meeting on June 12th and approved the minutes of the April 4, 2012 meeting; adopted a resolution recommending amendment of the

Agencies' By-Laws; adopted a resolution authorizing approval of Whistleblower Policy and Procedures, as amended; and adopted a resolution authorizing approval of contracts for facility, administration and insurance related services.

The next item on the agenda was the adoption of the minutes of the 50th TSFC Members meeting held on April 4, 2012. Absent comments or corrections from the Members, Mr. Valella reported that the minutes were deemed approved.

The next item on the agenda was a resolution authorizing the amendment of the Bylaws of the Agencies. Mr. Valella highlighted certain information contained in the materials provided in connection with this item which materials are incorporated herein by reference. He stated that the proposed amendment seeks to expand the scope of Governance Committee responsibilities to permit the Governance Committees to review and approve procurement contracts in excess of \$100,000 in amount, or more than one year in duration, which was formerly a function of the Boards of the Agencies. There was no further discussion regarding this item.

Mr. SanFilippo moved to adopted the resolution; Ms. McCann seconded the motion, and the following resolution was 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 FOR THE AMENDMENT OF AGENCY BYLAWS.

The next item on the agenda was a resolution amending the Charters of the Governance Committees of the Agencies. Noting that this item was related to the prior item, Mr. Valella stated that the Agencies seek approval of certain amendments to the Charters of the Governance Committees in order to permit review and approval by Governance Committees of procurement contracts in excess of \$100,000 in amount, or more than one year in duration. There was no discussion regarding this item.

Mr. SanFilippo moved to adopted the resolution; Ms. McCann seconded the motion, and the following resolution was 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 FOR THE AMENDMENT OF AGENCY GOVERNANCE CHARTERS.

The next item on the agenda was a resolution authorizing the selection of a Panel of Underwriting Firms for Bond Issues of the Agencies. Chairman Mulrow requested that Marian A. Zucker, President for the Office of Finance and Development, update the Agencies on the process of the approval of underwriters. Ms. Zucker stated that information regarding this item was contained in the materials provided in connection therewith, which materials are incorporated herein by reference. To summarize, she stated that the current panel of underwriters was appointed after a process which included posting a Request for Proposals in January, and thereafter interviewing a number of firms. She stated that the underwriter panels provide flexibility to the Agencies regarding the types of firms the Agencies do business with, including firms experienced in local government and tobacco finance matters.

Chairman Mulrow asked if composition of the underwriter panels for MBBA and TSFC differed from the underwriter panels for the other Agencies. Ms. Zucker responded that the selected firms, which were established into two panels consisting of a senior manager panel and co-manager panel, were the same and used by all the Agencies.

Mr. SanFilippo requested that he be provided with a copy of the criteria for how selection of the underwriter panels was made for the scoring sheet.

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

A RESOLUTION OF THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING A PANEL OF UNDERWRITING FIRMS.

The next item on the agenda was an information item for review of the TSFC Quarterly Investment Report. Mr. Valella 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.

The next item on the agenda was an information item for review of the Agencies' Second Quarterly Procurement Report for Fiscal Year 2011-2012. Mr. Valella 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.

The next item on the agenda was an information item for review of the Agencies' Administrative Budget Expenditure Reports as of April 30, 2012. Mr. Valella 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.

The next item on the agenda was an information item for review of the Agencies' Financial Statement Update for the Second Quarter Fiscal 2012. Mr. Valella 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.

Chairman Mulrow asked for a motion and a second to adjourn the TSFC meeting. There being no unfinished business, Ms. McCann moved to adjourn; Mr. SanFilippo seconded the motion, and the meeting was adjourned at 8:45 A.M.



Secretary