

**MINUTES OF THE 14th MEETING OF THE
TOBACCO SETTLEMENT FINANCING CORPORATION AUDIT COMMITTEE
HELD ON JANUARY 29, 2009 AT 11:13 A.M
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

MEMBERS AND DESIGNEES

PRESENT:

Judd S. Levy	Chairman
Kenneth M. Bialo	Member
Daniel Sheppard attended by teleconference	Division of the Budget, representing Laura L. Anglin, Member

ABSENT:

Charles Capetanakis	Member
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Chairman Levy chaired the meeting; Joy F. Willig, the Agencies' Senior Vice President and Counsel, acted as secretary. The meetings of the HFA, AHC, MBBA and TSFC Audit Committees and the SONYMA Audit and Finance Committee 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 Tobacco Settlement Financing Corporation Audit Committee. A record of items considered by the other Agencies' Audit Committees is contained in the minutes of each Committee respectively.

The first item on the agenda was the adoption of the minutes of the TSFC Audit Committee meeting held on December 3, 2008. Mr. Sheppard moved to adopt the minutes; Chairman Levy seconded the motion; the minutes were adopted unanimously.

The next item on the agenda was a presentation of MD&A Report and resolution approving Fiscal 2008 Financial Statements. Joanne Hounsell, Senior Vice President and Deputy CFO, noted that the board had previously determined that Audit Committee meetings should include a training session for Members. She stated that due to the number of items on the agenda, the training would not be included in this meeting.

Gary Weinstock, Vice President and Comptroller, highlighted certain information contained in the materials provided to the Members in connection with this item, which materials are incorporated herein by reference. Mr. Weinstock reported that the Agency refunded all of its auction rate bonds and replaced them with fixed rate bonds due to the volatility of the market.

Charles Rosenwald, Senior Vice President and CFO, reported on the Agency's exposure to Lehman Brothers. Mr. Rosenwald said that because Lehman Brothers failed to deliver

qualified securities as required by its agreement, the Agency is investing the funds on a short term basis. Currently, the returns on the short term investments are less than they would have been under the Lehman agreement.

Chairman Levy asked Glenn Friedrich, of Deloitte & Touche, LLP if he felt the exceptional events of the past fiscal year were accurately presented and documented in the financial statements. Mr. Friedrich said yes.

Mr. Friedrich then presented the Independent Auditor's required communication to the Members. This report can be found in the Investor Relations section of the Agency's website.

Mr. Bialo arrived during Mr. Friedrich's presentation, before the vote was taken.

Pursuant to Section 105.f. of New York State Public Officers Law, which allows the Members to convene in Executive Session to discuss the financial information of the corporation, Mr. Sheppard made a motion to continue in Executive Session for Member discussion of the Agencies' financial statements; Chairman Levy seconded the motion; and the Members went into Executive Session at 11:47 a.m. with representatives from Deloitte & Touche LLP.

The meeting reconvened in public session at 12:22 p.m. Chairman Levy advised that no votes had been taken in the Executive Session.

Mr. Sheppard moved to adopt the resolution; Chairman Levy seconded the motion, and the following resolution was adopted unanimously.

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION AUDIT COMMITTEES AND THE STATE OF NEW YORK MORTGAGE AGENCY AUDIT AND FINANCE COMMITTEE REVIEWING AND APPROVING AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2008.

The next item on the agenda was a resolution approving Follow-up Audit of 2007 Audit Reports. Stephen B. Chohey, Vice President of Internal Audit, highlighted certain information contained in the materials provided to Members in connection with this item, which materials are incorporated herein by reference. There were no questions or discussion on this item.

Mr. Sheppard moved to adopt the resolution; Chairman Levy seconded the motion, and the following resolution was adopted unanimously.

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY, TOBACCO SETTLEMENT FINANCING CORPORATION AUDIT COMMITTEES AND STATE OF NEW YORK MORTGAGE AGENCY AUDIT AND FINANCE COMMITTEE REVIEWING AND

**APPROVING INTERNAL AUDIT'S FOLLOW-UP AUDITS OF 2007
AUDIT REPORTS.**

There being no unfinished business, Mr. Sheppard moved to adjourn the meeting; Chairman Levy seconded the motion; and the meeting was adjourned at 12:45 p.m.


Secretary