

**MINUTES OF THE 36th MEMBERS' MEETING OF THE
TOBACCO SETTLEMENT FINANCING CORPORATION
HELD ON JANUARY 29, 2009 AT 1:58 P.M. AT
ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

MEMBERS AND DESIGNEES

PRESENT:

Judd S. Levy	Chairman
Susan L. Watson	State of New York Department of the State, Representing Lorraine Cortes-Vasquez, Member
Andrew A. SanFilippo	Member
Daniel Sheppard	Division of the Budget, representing Laura L. Anglin, Member (via video conference)

ABSENT:

Kenneth M. Bialo	Vice Chairman
Charles Capetanakis	Member
Michael J. Townsend	Member

Chairman Levy chaired the meeting; Joy F. Willig, Senior Vice President and Counsel, acted as secretary. The meetings of the Affiliated Agencies 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 the Tobacco Settlement Financing Corporation. A record of items considered by other Agencies is contained in the minutes of each Agency respectively.

Chairman Levy started the meeting by noting that certain Board Members, as well as the Agencies' President, were participating in the meeting via video conferencing. Ms. Almodovar and the representatives from the Division of the Budget were required to be in Albany on the meeting date and were located at the NYS Division of Housing & Community Renewal in Albany. The Agencies' Counsel had advised that in accordance with the State's Open Meetings Law this meeting was an official meeting of the Agencies, with the Board Members participating via video conferencing eligible to vote on all items and counting towards quorums.

The first item on the agenda was the President's Report. Priscilla Almodovar, the Agencies' President and Chief Executive Officer, reported that she had testified that morning before the NYS Assembly and Senate on the Governor's executive budget, and that her testimony had been well received. Board Members were provided with copies of her testimony, and she reviewed her presentation with them.

Ms. Almodovar stated that an RFP for investment banks had been issued and responses were due on January 30th. She said that she anticipated that recommendations for a new panel would be brought to the April meeting.

Ms. Almodovar next asked Deborah VanAmerongen to report on pending legislation in Washington and the state of the tax credit market. Ms. VanAmerongen stated that in the past the major buyers of low income tax credits had been financial institutions, with Fannie Mae and Freddie Mac purchasing up to 40% of the credits. She also noted that those institutions were no longer in the market. She stated that other financial institutions that are still in the market do not need to offset taxes due to state of economy, and consequently the price of the credits has dropped dramatically. She noted that starting in February 2008, DHCR's projects began to experience a financing gap due to the loss of equity investments. She stated that while there was still a market in New York City, in upstate New York it has disappeared. She noted that DHCR and HFA were working with the state banking department to create an equity fund to encourage involvement in the tax credit market.

Ms. VanAmerongen next reported on provisions of the House version of the economic stimulus bill, which would allow states to sell up to 40% of their tax allocation to the Treasury at 85 cents on the dollar; she expressed concerns that this would weaken the tax credit market in the long term. She next reported on a Senate provision that would allow five year look-back to capture previous tax liability. Chairman Levy noted that the 80/20 projects were not as vulnerable to the loss of tax credit equity, but were being affected by the real estate market.

Marian Zucker, Executive Vice President, reported on rate trends. She noted a falloff in the project pipeline which she attributed to a loss of tax credit investors. She noted a change in who was investing in Agency bonds, with a bond issue being sold entirely to retail investors for the first time. She added that in January municipal bonds began to trade higher than taxable, and concluded by noting that it was hard to know what to expect in the coming year.

The next item on the agenda was the report of the Audit Committee. Chairman Levy reported that the Committee adopted the minutes of the December 3, 2008 meeting and had adopted resolutions approving the Fiscal 2008 Financial Statements, the Follow-Up Audit of 2007 Audit Reports and the Housing Portfolio Management Audit.

The next item on the agenda was the adoption of the minutes of the 35th Members' meeting for TSFC held on December 3, 2008. Mr. SanFilippo moved to adopt the TSFC minutes; Chairman Levy seconded the motion. The minutes were adopted unanimously.

The next item on the agenda was a resolution approving Annual Investment Reports and a presentation of the AHC Quarterly Investment Report for informational purposes. Gary Weinstock, Vice President and Comptroller, highlighted certain information contained in the materials provided to the Members in connection with this item. Mr. Weinstock noted that earlier in the day at the Audit Committee meetings the Agencies' external auditor, Mr. Glenn Friedrich from Deloitte & Touche, had made a presentation in connection with the Agencies' financial statements. Chairman Levy noted the improvement in content and presentation of the Agencies' MD & A sections of the reports, and highlighted the stability the Agencies had been able to achieve despite the fallout from the issues affecting the financial markets.

Mr. SanFilippo 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, THE STATE OF NEW YORK MORTGAGE AGENCY, THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND THE TOBACCO SETTLEMENT FINANCING CORPORATION REVIEWING AND APPROVING AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2008.

The next item on the agenda was a resolution approving the Agencies' Annual Procurement Report for Fiscal Year 2008 and review of the 4th Quarter Procurement Report for the period 8/1/08-10/31/08. Information with respect to this item was provided to the Members in advance of the meeting, which information is incorporated herein by reference. There were no questions raised or discussion about this item.

Mr. SanFilippo moved to adopt the resolutions; Chairman Levy seconded the motion. The 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 APPROVING THE ANNUAL PROCUREMENT REPORT.

The next item on the agenda was a resolution accepting Public Authorities Reporting Information Systems (PARIS) Annual Report filing. Information with respect to this item was provided to the Members in advance of the meeting, which information is incorporated herein by reference. There were no questions raised or discussion about this item.

Mr. SanFilippo 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 MORTGAGE AGENCY, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION ACCEPTING A FILING UNDER THE PUBLIC AUTHORITIES REPORTING INFORMATION SYSTEM

HFA/SONYMA/AHC/MBBA/TSFC

The next item on the agenda was a resolution approving Annual Investment Reports and the presentation of the AHC Quarterly Investment Report for informational purposes. Charles Rosenwald CFO/COO, highlighted certain information contained in the materials provided to the Members in connection with this item, which materials are incorporated herein by reference. Mr. SanFilippo inquired about the Agencies' criteria for investment, evaluation of

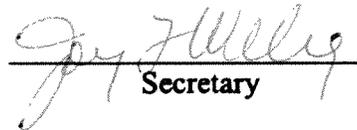
price levels and adherence to financial guidelines. Mr. Rosenwald offered to arrange a subsequent meeting to answer Mr. SanFilippo's questions in more depth.

Mr. SanFilippo 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 MORTGAGE AGENCY, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING ANNUAL REPORTS OF INVESTMENTS

The next item on the agenda was the 2008 Fiscal Analysis (Administrative Budget and Financial Plans). Information with respect to this item was provided to the Members in advance of the meeting, which information is incorporated herein by reference. There were no questions raised or discussion about this information item.

There being no unfinished business, Mr. SanFilippo moved to adjourn the meeting; Chairman Levy seconded the motion; and the meeting was adjourned at 3:03 p.m.


Secretary