

**MINUTES OF THE 16<sup>th</sup> MEETING OF THE  
TOBACCO SETTLEMENT FINANCING CORPORATION  
AUDIT COMMITTEE  
HELD ON SEPTEMBER 10, 2009 AT 11:06 A.M  
AT ITS OFFICES AT 641 LEXINGTON AVENUE  
NEW YORK, NEW YORK 10022**

MEMBERS AND DESIGNEES

PRESENT:

Judd S. Levy	Chairman
Charles Capetanakis	Member
Kenneth M. Bialo	Member
Elaine McCann	Division of the Budget, representing Robert Megna, Member

Chairman Levy chaired the meeting; Joy F. Willig, the Agencies' Senior Vice President and Counsel, acted as secretary. The meetings of the HFA and AHC, MBBA and TSFC Audit Committees were opened in joint session for the consideration of various matters of shared importance; the SONYMA session was adjourned as no quorum was present. These minutes reflect only those items being considered by the Members of the 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 approval of the minutes of the 15<sup>th</sup> TSFC Audit Committee Members' meetings held on April 2, 2009.**

There were no objections or corrections by the Members, and the minutes were deemed approved.

**The next item on the agenda was a resolution approving the Third Annual Evaluation by the Audit Committees.** Joanne Hounsell, Senior Vice President and Deputy CFO, highlighted certain information contained in the materials provided to the Members in connection with this item, which materials are incorporated herein by reference. Chairman Levy recommended that the sessions for the Audit Committee meetings be expanded to one hour in order to allow time for ongoing education and training.

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

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

**ANNUAL EVALUATION.**

**The next item on the agenda was a presentation of the annual audit plan for the 2009 Audit.** Mr. Glenn Friedrich, Partner-in-Charge of the Deloitte & Touche Audit Team highlighted certain information contained in the materials provided to the Members in connection with this item, which materials are incorporated herein by reference. Ms. Almodovar praised the audit team, noting that their adherence to a tight timeframe gives the Agency the ability to promptly act on recommendations. Chairman Levy asked if there would be new components to the audits; Mr. Friedrich responded that there would be two additional federal audits for TCAP and NSP for 2009, and that in 2010 an audit for the student loan program would be added.

**The next item on the agenda was a presentation of the Second and Third Quarters Fiscal 2009 Financial Statement.** Information with respect to this item was provided to the Members in advance of the meeting, which information is incorporated herein by reference.

**The next item on the agenda was a review of the Authorities Budget Office guidance on use of Executive Sessions.** Joy Willig, Senior Vice President and Counsel, highlighted certain information contained in the materials provided to the Members in connection with this item, which materials are incorporated herein by reference. She noted the guidance clarified situations when it is permissible to go into executive session, and that the key impact on the Committee was that discussions about audits now needed to take place in a public session, necessitating a change from prior Board practice. She added that the guidelines were general in nature, so specific situations would be evaluated as they arose.

**The next item on the agenda was a resolution approving the Tobacco Settlement Financing Corporation internal audit.** Genevieve D'Agostino, Vice President and Treasurer, highlighted certain information contained in the materials provided to the Directors in connection with this item, which materials are incorporated herein by reference. She noted that due to volatility in the market and investment agreements that had been in place since 2003 that current yields on investments were low. Mr. Bialo asked if anything could be done to improve the situation; Ms. D'Agostino responded that the Agency was in the process of terminating those agreements, which would allow the Corporation to then enter into longer term agreements that are less restrictive.

**A RESOLUTION OF THE TOBACCO SETTLEMENT FINANCING CORPORATION AUDIT COMMITTEE REVIEWING AND APPROVING INTERNAL AUDIT'S TOBACCO SETTLEMENT FINANCING CORPORATION PROGRAM REPORT.**

There being no unfinished business, Mr. Bialo moved to adjourn the meeting; Chairman Levy seconded the motion; and the meeting was adjourned at 11:35 a.m.

  
Secretary