

BYLAWS
OF
TOBACCO SETTLEMENT FINANCING CORPORATION
(as Amended through September 10, 2015)

ARTICLE I - THE CORPORATION

Section 1. Name of Corporation. The name of the Corporation shall be the "Tobacco Settlement Financing Corporation."

Section 2. Seal of the Corporation. The seal of the Corporation shall be in the form of a circle and shall bear the name of the Corporation and the year of its creation.

Section 3. Office of the Corporation. The Office of the Corporation shall be located at 641 Lexington Avenue in the City of New York, State of New York. The Corporation may also have offices at such other place or places within the State of New York as it may from time to time designate by resolution.

ARTICLE II - OFFICERS

Section 1. Officers. The officers of the Corporation shall include a Chairperson, a Vice-Chairperson, an Executive Director, an Executive Deputy Commissioner and Senior Vice President and Chief Operating Officer, an Executive Deputy Commissioner and Senior Vice President of Housing Development, a Senior Vice President and Chief Financial Officer, such Senior Vice Presidents as the Directors of the Corporation shall appoint, and a Senior Vice President and Counsel.

The officers of the Corporation shall also include a President of the Office of Finance and Development and a President of the Office of Professional Services, each of whom shall also be a Senior Vice President.

For purposes of these bylaws, and of any resolution of the Corporation, the Executive Director, the Executive Deputy Commissioner and Senior Vice President and Chief Operating Officer, the Executive Deputy Commissioner and Senior Vice President of Housing Development, the Senior Vice President and Counsel, the Senior Vice President and Chief Financial Officer, the President

of the Office of Finance and Development, the President of the Office of Professional Services, and any Senior Vice President may be referred to as "Senior Officers."

The Corporation shall also have such Vice Presidents as may be appointed pursuant to these bylaws.

Section 2. Chairperson. As provided in the Tobacco Settlement Financing Corporation Act (the "Act"), the Chairperson of the Corporation shall be the Chairperson of the State of New York Municipal Bond Bank Agency. The Chairperson of the Corporation shall preside at all meetings of the Directors of the Corporation and shall have such other duties as the Directors may direct. At each meeting the Chairperson shall submit such recommendations and information as the Chairperson may consider proper concerning the business, duties and affairs of the Corporation. In the event of a vacancy in the office of the Executive Director and during the period of such vacancy, the duties and responsibilities of said office shall be exercised by the Chairperson. The Chairperson may delegate to employees or officers of the Corporation any such duties or responsibilities, as he shall deem appropriate.

Section 3. Vice-Chairperson. The Vice Chairperson, who shall be a Member and shall be appointed by the Chairperson, shall in the absence or incapacity of the Chairperson, preside at meetings of the Director of the Agency and perform such other duties as shall have been delegated to the Chairperson.

Section 4. Executive Director. As provided in the Act, the Executive Director shall be the Executive Director of the State of New York Municipal Bond Bank Agency and shall be the chief executive officer of the Corporation and, under the direction of the Chairperson, shall have general supervision over and be in administrative charge of all the activities of the Corporation, shall direct the Corporation's corporate activities and coordinate the functions of the Corporation's governing body and, in addition, shall perform all the duties incident to such position and office. The Executive Director shall have the title of President and Chief Executive Officer.

Section 5. Executive Deputy Commissioner and Senior Vice President and Chief Operating Officer. The Executive Deputy Commissioner and Senior Vice President and Chief Operating Officer shall oversee all operations including those under the Office of Professional Services and shall perform all such functions as may from time to time be assigned by the Executive Director.

Section 6. Executive Deputy Commissioner and Senior Vice President of Housing Development. The Executive Deputy Commissioner and Senior Vice President of Housing Development shall oversee the Office of Finance and Development and shall perform all such functions as may from time to time be assigned by the Executive Director.

Section 7. Senior Vice President and Chief Financial Officer. The Senior Vice President and Chief Financial Officer shall perform all such functions as may from time to time be assigned by the Executive Director.

Section 8. The President of the Office of Finance and Development. The President of the Office of Finance and Development shall perform such duties and functions incident to such position and office and shall perform all other functions as may be assigned by the Executive Director.

Section 9. The President of the Office of Professional Services. The President of the Office of Professional Services shall perform such duties and functions incident to such position and office and shall perform all other functions as may be assigned by the Executive Director.

Section 10. Senior Vice Presidents. The Senior Vice Presidents shall assist the Executive Director and shall perform all such functions as may from time to time be assigned to each by the Executive Director.

Section 11. Vice Presidents. The Vice Presidents shall be the Vice Presidents of the State of New York Municipal Bond Bank Agency, and shall perform such duties and functions as the Executive Director, or, in the Executive Director's absence, the Chairperson, shall determine to be appropriate.

Section 12. Senior Vice President and Counsel. The Senior Vice President and Counsel shall be the chief legal officer of the Agency and shall perform all the duties incident to such position and office and shall perform all other functions as may from time to time be assigned by the Executive Director. The Senior Vice President and Counsel shall also act as Secretary of the meetings of the Agency and record all votes and proceedings in a journal.

Section 13. Officers Holding Two or More Offices. Any two or more offices may be held by the same person, except as otherwise provided by law. No officer shall execute or verify any instrument in more than one capacity if such instrument be required by law or otherwise to be executed or verified by any two or more officers.

Section 14. Compensation of Officers. Other than the Chairperson and Vice-Chairperson who shall be entitled to reimbursement for expenses and a per diem allowance as provided by law, if any, no officer of the Corporation shall receive any additional compensation for services rendered to the Corporation, other than reimbursement for expenses, but such compensation shall be governed by the terms and conditions of the appointment of such officers as officers of the State of New York Municipal Bond Bank Agency.

Section 15. Contract with State of New York Municipal Bond Bank Agency. The Corporation shall enter into a contract with the State of New York Municipal Bond Bank Agency, as provided by law, to render all services necessary for the premises, personnel, officers and personal property of the State of New York Municipal Bond Bank Agency and to pay the reasonable costs thereof.

Section 16. Additional Personnel. The Corporation may from time to time employ such personnel as it may deem necessary to exercise its powers, duties and functions as prescribed by law. The selection and compensation of such personnel shall be determined by the Corporation subject to the laws of the State of New York. For purposes of any resolution of the Corporation, employees of the State of New York Municipal Bond Bank Agency rendering services to the Corporation shall be deemed to be employees of the Corporation serving in the same title as the title in which they serve the State of New York Municipal Bond Bank Agency.

Section 17. Execution of Corporation Documents and Authorization of Payments. Except where otherwise specifically provided by resolution of the Corporation, for the purpose of executing any document on behalf of the Corporation, other than notes or bonds of the Corporation, the following Senior Officers shall be deemed Authorized Signatories: the Executive Director; the Executive Deputy Commissioner and Senior Vice President and Chief Operating Officer; the Executive Deputy Commissioner and Senior Vice President of Housing Development; the Senior Vice President and Chief Financial Officer; the Senior Vice President and Counsel; the Senior Vice President and Chief of Staff; the President of the Office of Finance and Development; and the Senior Vice President and Director of the Mortgage Insurance Fund. Each Authorized Signatory may designate any Senior Vice President or Vice President or, with the approval of the Executive Director, any other employee of the Corporation as a deputy who shall be deemed to be that Authorized Signatory for such purpose. Such designation shall be in writing and filed with the Senior Vice President and Counsel. In any case where two Authorized Signatories must act, only one of them may be a designated deputy, and the other must not be the Authorized Signatory who designated that deputy.

Except as otherwise provided by resolution of the Corporation, either the Executive Director or any two Authorized Signatories shall make final certification and payment of all duly authenticated and authorized items of expenditures for payment from any Corporation funds from whatever source derived, and, whenever the Chairperson is required to sign vouchers, requisitions and other instruments made by the Corporation, either the Executive Director or any two Authorized Signatories shall approve the same for submission to the Chairperson for signature.

Except as otherwise provided by resolution of the Corporation, any expenditure involving an estimated amount of one hundred thousand dollars (\$100,000) or more shall be authorized prior to its approval by no less than a majority of the Directors then in office; except that expenditures in excess of one hundred thousand dollars (\$100,000) for printing and engraving related to the sale of the Corporation's bonds and notes may be approved by either the Executive Director or any two Authorized Signatories when the Directors have adopted a bond or note resolution; and expenditures involving an estimated amount of less than one hundred thousand dollars (\$100,000) may be approved by either the Executive Director or any two Authorized Signatories.

Section 18. Attestation of Execution of Notes and Bonds. For the purpose of attesting the execution of notes and bonds issued by the Corporation, the Executive Director may designate such persons as he may deem appropriate who shall be deemed to be Senior Vice Presidents for such purpose.

Section 19. Execution of Documents. An officer authorized to execute documents on behalf of the Corporation may delegate that authority to any employee of the Corporation, with the approval of the Executive Director or the Chairperson. No such approval is necessary if the delegating officer is the Executive Director or the Chairperson.

Section 20. Custody of Seal. The Senior Vice President and Counsel shall keep the seal of the Corporation in safe custody. Each officer of the Corporation and any attorney in the regular employ of the Corporation is empowered to affix the seal to all documents executed by the Corporation.

ARTICLE III - MEETINGS

Section 1. Annual Meeting. The Annual Meeting of the Corporation shall be held on the third (3rd) Tuesday of November of each year at a place and time designated by the Chairperson or such earlier or later day in such fiscal year as the Chairperson of the Corporation may determine.

Section 2. Meetings. The Chairperson of the Corporation may, when he deems it expedient, and shall, upon the request of two Directors of the Corporation, call a meeting of the Corporation. The call for a meeting, specifying the time and place of the meeting, shall be delivered to each Member of the Corporation at least two days prior to the date of such special meeting. For each Member, the call shall be delivered in person or mailed to the business or home address of such Member, e-mailed to an address provided by such Member, or sent by facsimile transmission to a telephone number provided by such Member. At such meetings any and all matters may be considered and acted upon by the Directors of the Corporation present, whether or not such matters were specified in the call, provided, however, that no matter requiring board action will be considered unless there shall have been received by each Member so requesting at the Member's designated address, in advance of such meeting, written notice of a proposed resolution, and such other written material as the Executive Director, or other proponent of the resolution, deems appropriate. At the request of the Chairperson, Directors may, by unanimous consent of those Directors present, agree to consider a resolution which shall not have been so received. Notwithstanding the foregoing, no resolution adopted by vote of a majority of Directors then in office shall be invalid for failure to give proper notice.

Section 3. Quorum. At all the meetings of the Corporation a majority of the Directors of the Corporation then in office shall constitute a quorum for the purpose of transacting business; provided that a smaller number may meet and adjourn to some other time and place or until a quorum shall be present.

Section 4. Order of Business. At every meeting of the Agency, the order of business and all other matters or procedure may be determined by the person presiding at the meeting.

Section 5. Resolutions to Be in Writing. All resolutions presented to the Corporation shall be in writing, on paper or in electronic form, and, upon the same becoming effective, shall be copied in or attached to a journal of the proceedings of the Corporation.

Section 6. . Telephone Participation. If the Chairperson determines that there is need for the Directors to act before such time as it is possible or practicable to bring a quorum of the Directors together at the same location, the Chairperson, or the Executive Director upon direction of the Chairperson, may give notice that Directors may participate in a meeting of the Corporation by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other and persons present at the designated place of the meeting can hear all of the persons participating in the meeting, and such participation in a meeting shall constitute presence in person at such meeting. Any required notice of the place of a meeting at which participation is by means of conference telephone or similar communication equipment shall be sufficient if it designates as the place of the meeting the place at which one or more of the participants in the meeting is located at the time the meeting is held.

Section 7 Meetings held by Video Conference. Meetings may be held by video conference when requested by a Member prior to the time public notice of the meeting is given. The public must have access to all sites participating in a video conference. Notice of meetings using video conferencing must announce its use, identify all sites and state that the public has a right to attend the meeting at any of the sites..

Section 8. Approval of Resolutions without Meeting. Resolutions which the Chairperson desires to be considered by the Directors of the Agency without holding a meeting thereon may be delivered in person or mailed to the business or home address of each Director, and, upon the written approval of such resolutions by a majority of the Directors, the same shall become effective as if introduced and passed at a meeting of the Directors duly called and held.

Section 9. Certification of Resolutions. Each Member of the Corporation and each officer of the Corporation is authorized to certify, when required, the records, proceedings, documents and resolutions of the Corporation and to affix the seal of the Corporation to all contracts, documents and instruments to be executed by the Corporation.

ARTICLE IV - FISCAL YEAR

Section 1. Fiscal Year. The fiscal year of the Corporation shall commence November first of each calendar year and conclude October thirty-first of the following calendar year.

ARTICLE V - AMENDMENTS

Section 1. The bylaws may be amended by resolution duly adopted at any meeting, provided that notice of intention to present such resolution shall be given at least five days in advance of the meeting at which the motion to adopt such resolution is made. Such notice may be given by any manner, including orally at any meeting, in which event such notice shall be noted in the minutes of the meeting at which it is given. Advance notice of motions to amend motions to amend the bylaws need not be given.

ARTICLE VI - SUSPENSION OF BYLAWS

Section 1. Any and all of the provisions of the bylaws may be suspended by unanimous consent of the Directors constituting a quorum present at any meeting of the Corporation.

ARTICLE VII - COMMITTEES

Section 1. The Corporation shall have a standing Audit Committee, a standing Governance Committee, and a standing Finance & Program Committee together with such other standing or special Committees of the Corporation as may at any time be created under this Article. The Chairperson shall be, ex-officio, a member of all standing Committees and may be a member of any special Committee. Members shall be appointed to or removed from the Corporation's Committees by the Chairperson except that, if the Chairperson does not act to appoint members to the standing Audit Committee and a standing Governance Committee the members of such Committees shall, respectively, be the members of the standing Audit Committee and standing Governance Committee of the State of New York Municipal Bond Bank Agency. The Chairperson shall be the Chair of each Committee unless the Chairperson appoints a Member other than himself. The Chairperson shall file with the Secretary a letter evidencing such appointments or removals. A Committee meeting in the absence of its Chair may appoint a temporary Chair for such meeting. The Secretary of the Corporation shall be the Secretary of the Committee unless a Committee designates otherwise.

Section 2. Standing Committees shall consist of three or more independent Directors of the Corporation, who shall constitute a majority on the committee, and who shall possess the necessary skills to understand the duties and functions of the committee. Any standing Committees in addition to the Audit Committee, the Governance Committee, and the Finance & Program Committee shall be created by resolution of the Corporation. Each standing Committee, respectively, shall have the authority of the Corporation, to the extent provided by resolution of the Corporation.

Section 3. Special Committees shall consist of Directors of the Corporation and may be created by resolution of the Corporation or by the Chairperson.

Section 4. The Audit Committee shall assist and make recommendations to the Directors of the Board in (a) the hiring of a certified independent accounting firm for the Agency; (b) the establishment of compensation to be paid to the accounting firm; (c) the direct oversight of the performance of the independent audit performed by the accounting firm hired for such purposes; (d) review of the annual audited report; (e) monitoring of internal accounting controls; (f) review of internal audit functions; and (e) oversight of the Corporation's compliance with applicable legal and regulatory requirements. . Members of the Audit Committee shall be familiar with corporate financial and accounting practices.

Section 5. The Governance Committee shall assist and make recommendations to the Directors of the Board on (a) the current best governance practices and corporate governance trends, (b) potential updates to the Agency's corporate governance principles, (c) the skills and experiences required of potential Board Directors, (d) the examination of ethical and conflict of interest issues, (e) the performance of board self-evaluations, and (f) the adoption of bylaws which include rules and procedures for conduct of Board Directors. The Governance Committee, on behalf of the Directors of the Board, shall have the authority, in its discretion, to approve procurement contracts that exceed one year in duration or \$100,000 in amount, and to annually review procurement contracts that exceed one year in duration.

Section 6. The purpose of the Finance & Program Committee shall be to assist and make recommendations to the Directors in their oversight of (a) the issuance of debt by the Agency, (b) the analysis and assessment of all policy issues as they arise, and (c) the development of the method of handling funds of the Agency and the system of accounting developed in connection therewith.

Section 7. The responsibilities of the Audit Committee, the Governance Committee, the Finance & Program Committee and any other standing Committee shall be set forth, respectively, in charters adopted by resolution of the Corporation. The Audit Committee, the Governance Committee, and the Finance & Program Committee are expected to coordinate with the standing Audit Committee, standing Governance Committee, and the standing Finance & Program Committee of the State of New York Municipal Bond Bank Agency and the Audit Committee, the Governance Committee, and the Finance & Program Committee may, respectively, defer to, and rely upon actions of the standing Audit Committee, the standing Governance Committee, and the standing Finance & Program Committee of the State of New York Municipal Bond Bank Agency including having actions taken by such committees stand as and be incorporated as actions of their own. The purpose and responsibilities of any special Committees shall be established either by resolution of the Corporation or by the Chairperson. Within the charters establishing them, Committees shall fix their own rules of procedure and shall meet where and as provided by the Chair of the Committee or such rules or resolution of the Committee.

Section 8. Committee Quorum Requirements. Where a Standing or Special Committee has an even number of currently serving committee members, then 50% of the total number of the members of such Committee shall constitute a quorum for the transaction of business. Where a Standing or Special Committee has an odd number of currently serving Committee members, then

a majority (i.e. more than one-half) of all of the members of such committee shall constitute a quorum for the transaction of business.