

**MINUTES OF THE REGULAR MEETING OF THE
THE 44TH MEMBERS' MEETING OF THE
TOBACCO SETTLEMENT FINANCING CORPORATION
HELD ON JANUARY 27, 2011 AT 3:26 P.M
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

MEMBERS AND DESIGNEES

PRESENT:

Judd S. Levy	Chairman
Andrew A. SanFillippo	Member
Susan L. Watson	Office of the Secretary of State, representing Ruth Noemi Colon, Member
Elaine McCann	Division of the budget, representing Robert Megna, Member (via video conference)

ABSENT:

William Myers	Member
Naomi Bayer	Member
Kenneth M. Bialo	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.

The first item on the agenda was the President's Report. President Lawlor congratulated MBBA staff on being awarded the *Bond Buyer* "2010 Deal of the Year" for the Northeast region in recognition of their Recovery Act Bond issues. He also stated that, overall, business was strong, noting the open funding rounds for the Housing Trust Fund for tax credits, Homes for Working Families, as well as HFA 80/20 and Affordable deals. He stated that although Governor Cuomo had not yet named a Commissioner of Housing, the issue was clearly under his consideration. Additionally, Mr. Lawlor stated that the real property tax cap and the expiration of rent control laws would impact the Agencies in the coming months, along with the expiration of 421A, which had been a major generator of residential construction in New York City. He noted that the Governor's budget, to be announced on February 1st, would lay out a plan to close the \$10 billion budget deficit.

Mr. Mulholland, an HFA/AHC Member took this opportunity to recognize Mr. Lawlor for his outstanding leadership, efforts, skill, integrity, and accomplishments, to which all Members agreed, thanking Mr. Lawlor for his service to the Agencies and voicing their hopes for working with him into the future.

The next item on the agenda was the report of the Audit Committee Meetings. Chairperson Levy reported that the Committees had approved the minutes of their Committee meetings held on December 9, 2010; that a resolution approving the Disaster Recovery Audit Report was tabled for a future meeting; that the new auditors Ernst & Young had made a detailed presentation, along with the Agencies' auditing staff, relaying a thorough understanding of the financial results for the fiscal year ending October 31st, 2010. He noted that the Audit Committees had reviewed the management letter prepared by Ernst & Young, and had discussed some minor technical issues, but that the management letter was generally very well executed, especially as this was Ernst & Young's first audit of the Agencies' financials. Ultimately, Mr. Levy stated, the Audit Committees were very comfortable with the financial status of the Agencies and had passed resolutions recommending the approval of the audited financial statements. Additionally, the resolution approving SONYMA's servicer Audit of CitiMortgage, Inc. had been deferred to a future meeting because of Mr. Stephen Chohey's absence due to inclement weather.

The next item on the agenda was the report of the Governance Committees. The Committees adopted minutes for the meetings held on December 9th, 2010; a detailed presentation was made by the staff concerning the measurement reports mandated by the Agencies' Mission Statements—part of the ABO's new regulations regarding mission statements and measurement reports of the achievement of these missions. He also noted that the Committees reviewed an informational item regarding the proposed SEC regulation that would change the legal status of Members, making them municipal advisors.

Mr. Valella reminded the Members that staff had requested self-evaluations of the Audit and Governance committees be sent to staff by Tuesday, February 15th.

The next item on the agenda was an action item approving the minutes of the 43rd Members' meeting for TSFC, held on December 9, 2010. There being no objections or corrections by the Members, the minutes were deemed approved.

The next item on the agenda was a resolution reviewing and approving the Agencies' Mission Statements. Mr. Alejandro Valella, Vice President and Deputy Counsel, presented this item, highlighting certain aspects of the self-evaluation process. Mr. Valella explained that the Governance Committees met to review the measurement reports prepared by staff in accordance with the mission statements, and that staff had given a presentation that detailed the measurement data from the Agencies' mission statements. He reported that the main comment from the Governance Committees was that some of the data would be more useful if presented on a comparative basis, rather than submitting only the information for the current reporting period. The committees also had minor comments about the fiscal health report, but recommended that the Members approve the mission statement measurement reports.

There were no questions from the Members.

Mr. SanFilippo moved to adopt the resolution; Ms. McCann 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 NEW YORK STATE AFFORDABLE HOUSING CORPORATION, AND THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY REVIEWING AGENCY MISSION STATEMENTS AND ADOPTING MEASUREMENT REPORTS.

The next item on the agenda was a resolution approving the Agencies' Financial Statements for Fiscal year 2009-2010. Chairperson Levy noted that the Audit Committees felt very comfortable with the morning's presentation. There were no further questions from the Members.

Mr. SanFilippo moved to adopt the resolution; Ms. McCann 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, THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND THE TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR 2010.

The next item on the agenda was Resolution approving the Agencies' Public Authorities Reporting Information Systems (PARIS) Filing Report. The report was included in the materials provided to the Members before the meeting. There were no questions on this item.

Mr. Mr. SanFilippo moved to adopt the resolution; Ms. McCann 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 ACCEPTING A FILING UNDER THE PUBLIC AUTHORITIES REPORTING INFORMATION SYSTEM.

The next item on the agenda was Resolution approving the Agencies' Annual Procurement Report for Fiscal Year (November 1, 2009-October 31, 2010) and review of the Agencies' 4th Quarter Procurement Report (August 1, 2010-October 31, 2010). There were no questions about this material, which was provided to the Members before the meeting.

Mr. Mr. SanFilippo moved to adopt the resolution; Ms. McCann 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 AFFORDABLE HOUSING CORPORATION, THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND THE TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING THE ANNUAL PROCUREMENT REPORT.

The next item on the agenda was a resolution approving **Annual Investment Reports and Quarterly Investment Reports**. There were no questions about this item from the Members.

Mr. SanFilippo moved to adopt the resolution; Ms. McCann 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 AFFORDABLE HOUSING CORPORATION, THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND THE TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING ANNUAL AND QUARTERLY REPORTS OF INVESTMENTS.

The next item on the agenda was a resolution approving **final Annual Program Budgets**. Ms. Genevieve D'Agostino, Vice President and Treasurer, presented this item and confirmed that these program budgets were connected with the HFA Bond Resolutions, and were not related to the operating budgets. Ms. D'Agostino also stated that all the program budgets show enough surpluses and positive balances to pay debt services. There were no further questions on this material from the Members.

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

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY AND THE MUNICIPAL BOND BANKING AGENCY ADOPTING THE PROGRAM BUDGETS FOR FISCAL YEAR NOVEMBER 1, 2010 TO OCTOBER 31, 2011.

The next item on the agenda was an informational item regarding a **Proposed SEC Regulation**. Mr. Valella presented on this item, stating that the SEC had put out a press release about the Dodd-Frank bill, which would make Members into "Municipal Advisors," under the justification that Members provide advice, and that appointed Members are not answerable to the communities they serve. Elected or ex-officio Members would be excluded from the characterization as municipal advisors, due to a perceived increased accountability. Mr. Valella requested Board approval to send a strong comment against the rule arguing that 1) Members *are* the entity, they are not advisors to the entity and that 2) there is no distinction under the Public Authorities Law in New York State between the fiduciary duties of appointed and ex-officio and elected officers. He voiced his concern that not many Members would willfully choose to serve

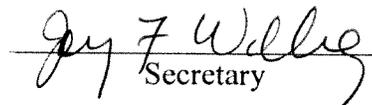
on the Agencies' boards if this regulation were approved, and stated that this sentiment was being expressed by public authorities nation-wide, arguing that imposing these new and significant obligations and costs to potential Members would discourage public service. The Members voiced their agreement with Mr. Valella's concerns, and approved his comments against the bill.

The next item on the agenda was the approval of Finance Charters for the Finance Committees. Mr. Valella presented this item, a proposed Finance Charter for MBBA/TSFC, the adoption of which is required under the Public Authorities Law. The charter was modeled on those that were previously approved for HFA and SONYMA. The Charter recommends that the Committee review and approve the issuance of debt, that the Committee review the staff-prepared financing guidelines, that the Committee review staff recommendations for qualified panels and compensation ranges for bond counsel, investment advisors and underwriting firms, and that the Committee approve and make recommendations concerning those proposals to the Board, and finally that the Committee review investment policies. Mr. Valella noted that the financing guidelines would be new for all of the agencies and that the review of RFP's would also be new tasks for the Finance Committees. The Finance Committees would need to review staff recommendations for qualified panels, which the boards had previously been doing, but a task which would be taken over by the Finance Committees. Chairperson Levy noted that the Finance Committee need not set a minimum frequency of meetings at twice per annum, as this was not always necessary to the operations of the Agency/Corporation. The Members agreed to this amendment of the charter.

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

RESOLUTION OF THE STATE OF NEW YORK MUNICIPAL BOND BANKING AGENCY AND THE TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING THE FINANCE AND PROGRAM COMMITTEE CHARTERS.

There being no unfinished business, Chairperson Levy moved to adjourn the meeting, Ms. McCann seconded the motion; and the TSFC Members meeting was adjourned at 3:54 PM.


Secretary