

DRAFT

**MINUTES OF THE 2ND MEMBERS' MEETING OF THE
FINANCE COMMITTEE OF THE
TOBACCO SETTLEMENT FINANCING CORPORATION
HELD ON JUNE 14, 2011 AT 10:30 A.M.
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

MEMBERS AND DESIGNEES

PRESENT:

Kenneth Bialo	Vice Chairman
Andrew A. SanFillippo	Member
Elaine McCann	Division of the budget, representing Robert Megna, Member (via video conference)

Vice Chairman Kenneth Bialo chaired the meeting; Alex J. Valella, Vice President and Deputy Counsel acted as secretary.

The first item on the agenda was a resolution recommending the authorization of the issuance of refunding bonds, authorizing documents and approving other matters. Ms. Zucker discussed the proposed resolution. Ms. Zucker explained that the proposed resolution would allow the Agency to take advantage of the current interest rate environment to effect an economic refunding of a substantial portion of the outstanding Series 2003 Bonds. Refunding a portion of the Series 2003 Bonds will benefit the State by providing better coverage for each of the outstanding maturities, thus reducing the risk of a call on the Debt Service Reserve Fund or a State appropriation, and increasing the residual value of the tobacco revenues to the State. Ms. Zucker stated that the refunding is expected to produce present value savings and increase the residual value of tobacco revenues to the State. She stated that the State will not receive any funds from this transaction. The benefits will accrue to the State only when either all of the TSFC Bonds have been retired or payment of the Bonds has been provided for. Ms. Zucker then made a presentation to the Board detailing the refunding plan. That presentation is incorporated herein by reference.

Vice-Chairman Bialo and Mr. SanFillippo had a number of questions dealing with the amount of debt service coverage before and after the proposed refunding; NPM adjustments, and certain procurement-related matters.

Ms. Zucker, aided by Ms. Arnone, Managing Director at Barclays, responded to the questions. Ms. Zucker further noted that the resolution before the Board differed from that mailed to the Directors in two respects: the not-to-exceed amount of the bonds being authorized was now included, and the resolution noted the selection of verification agents.

Mr. SanFillipo moved to adopt the resolution, as revised and presented to the Board at the meeting; Ms. McCann seconded the motion and the following resolution was adopted unanimously:

**A RESOLUTION AUTHORIZING THE ISSUANCE OF REFUNDING BONDS,
AUTHORIZING DOCUMENTS AND APPROVING OTHER MATTERS.**

There being no unfinished business, Mr. SanFillipo moved to adjourn; Ms. McCann seconded the motion, and after a unanimous vote, the meeting was adjourned at 11:18 a.m.

Secretary