**MINUTES OF THE 41st MEMBERS' MEETING OF THE TOBACCO SETTLEMENT FINANCING CORPORATION HELD ON JUNE 10, 2010 AT 2:35 P.M. AT ITS OFFICES AT 641 LEXINGTON AVENUE NEW YORK, NEW YORK 10022**

DIRECTORS AND DESIGNEES

PRESENT:

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| Judd S. Levy | Chairman |
| Kenneth M. Bialo | Vice Chairman |
| Andrew A. SanFilippo | Member |
| Elaine McCann | Division of the Budget, representing Robert Megna, Member (via video conference) |
| Susan L. Watson | Department of State, representing Lorraine Cotes-Vasquez, Acting Secretary of State |

ABSENT:

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| Naomi Bayer | Member |
| William Myers | 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.** Brian E. Lawlor, the Agencies President and Chief Executive Officer, reported that the staff was very busy with the integration of the management structure of the Agencies and DHCR and that the integration would let the strengths of both Agencies shine. Mr. Lawlor commended Marian Zucker, Arlo Chase and Joy Willig for helping him to become acquainted with the operations of the Agencies and noted how generous management at both the Agencies and DHCR had been with their time and ideas. Mr. Lawlor also noted that constituents have also embraced the integration since it will help streamline the way in which they use the services provided by both DHCR and the Agencies. Mr. Lawlor noted that Charles Rosenwald, the former Chief Financial Officer and Chief Operating Officer had gone on

leave in anticipation of retirement and that Catherine Johnson was being nominated to take over part of this position as Chief Administrative Officer and that Joanne Hounsell was going to take over the duties of Chief Financial Officer by acting as the interim CFO. Mr. Lawlor also noted that at each Agency the Communications, Intergovernmental relations, and policy departments for each Agency would be combined. He noted that over the next few months further comments and suggestions would be taken from both the staff and the public.

**The next item on the agenda was the report of the Audit Committees.** Chairman Levy reported that the Audit Committee had approved the minutes of the April 8, 2010 meeting, approved a resolution recommending the approval of contracts with Ernst & Young as the Agencies' Independent Auditor, and reviewed Financial Statement Update – 2nd Quarter Fiscal 2010.

**The next item on the agenda was the report of the Governance Committees.** Chairman Levy reported that the Governance Committee had approved the minutes of the April 8, 2010 meeting, adopted a resolution recommending the approval of amendments to the Agencies' Consolidated Lobbying Law Policies, reviewed follow-up information on Affirmative Action and EEO procurements, reviewed information on Members' response to a letter from the State Legislature regarding MWBE practices, and received an update on public authorities law governance developments.

**The next item on the agenda was the approval of the minutes of 40th TSFC Members' meetings held on May 13th 2010.** There being no objections or corrections by the Members, the minutes were deemed approved.

**The next item on the agenda was a resolution approving the appointment of Catherine Johnson as Senior Vice-President, Chief Administrative Officer for the Agencies**. Mr. Lawlor highlighted certain Information contained in the materials provided to the Members in connection with this item in advance of the meeting, which is incorporated herein by reference. Mr. Lawlor noted that Ms. Johnson has had a long and distinguished career in public service. Ms. Zucker noted that in the time since Ms. Johnson has joined the staff she has already contributed potential money saving ideas. It was noted that Ms. Johnson's salary would be split evenly between the Agencies.

Mr. SanFilippo moved to adopt the resolution; Mr. 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, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY, AND THE TOBACCO SETTLEMENT FINANCING CORPORATION APPOINTING CATHERINE JOHNSON AS SENIOR VICE PRESIDENT AND CHIEF ADMINISTRATIVE OFFICER**

**The next item in the agenda was a resolution approving contracts for the Agencies' Independent Auditor.** Mr. Gary Weinstock, the Agencies Vice President and Comptroller, highlighted certain Information contained in the materials provided to the Members in connection with this item in advance of the meeting, which is incorporated herein by reference. Mr. Weinstock explained that the request for proposal process was conducted for the selection of an independent auditor. The firms being considered were Deloitte & Touche, LLP, Pricewaterhouse Coopers, Ernst & Young, and KPMG collectively known as the Big Four auditing firms; Ernst and Young was selected due to the lowest cost and greatest availability of board education. Ms. McCann asked why the staff had decided to select an alternate independent auditor and why the selection process was limited to the big four. Mr. Weinstock responded that the Agencies were required to conduct a request for proposal process every five years and that otherwise the contracts needed to be extended annually. Given the size of the Agencies and the amount of outstanding bonds the expertise of the big four was desired. Mr. Levy commended the efforts of the staff, particularly Ms. Hounsell, for their efforts to save Agencies money in performing this RFP.

Mr. SanFilippo moved to adopt the resolution; Mr. 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, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY, AND THE TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING CONTRACTS FOR THE AGENCIES INDEPENDENT AUDITOR**

**The next item on the agenda was a Resolution approving the Quarterly Investment Reports and Consolidated Investment Guidelines and Policies.** Genevieve D'Agostino, Senior Vice President and Treasurer, highlighted certain Information contained in the materials provided to the Members in connection with this item in advance of the meeting, which is incorporated herein by reference. Mr. SanFilippo pointed out a section of the Guidelines which allows for the waiving of collateral requirements, and asked if there were any situations when these requirements were waived. Ms. D'Agostino replied that this provision had been helpful in emergencies, such as when the credit markets were frozen 2008.

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

**INVESTMENT REPORTS AND CONSOLIDATED INVESTMENT GUIDELINES**

**The next item on the agenda was a Resolution approving the Bond Issuance Report**. Information with respect to this item was provided to the Members in advance of the meeting, which information is incorporated herein by reference. The Members had no questions on this item.

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

**The next item on the agenda was a Resolution approving the amendments to the Agencies' Consolidated Lobbying Law Policies.** Information with respect to this item was provided to the Members in advance of the meeting, which information is incorporated herein by reference. Ms. Willig explained that these amendments were being made in order to fully comply with the new Public Authorities legislation. The Members had no questions on this item.

Mr. SanFilippo moved to adopt the resolution; Mr. 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, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY, AND THE TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING AMENDMENTS TO THE CONSOLIDATED LOBBYING LAW POLICIES**

**The following items on the agenda were presented for informational purposes.** Information with respect to each of these items was provided to the Members in advance of the meeting, which information is incorporated herein by reference:

**Financial Statement Update – 2nd Quarter Fiscal 2010.**

**Review of the Agencies' consolidated 2nd Quarterly Procurement Contract Report for the period ending 4/30/10.**

**Quarterly Administrative Budget Report as of April 30, 2010.**

**Follow-Up information on Affirmative Action and EEO Procurements.**

**Information on Board Members response to letter from State Legislature regarding MWBE practices.**

There being no unfinished business, Mr. SanFilippo moved to adjourn the meeting; Mr. McCann seconded the motion; and the meeting was adjourned at 3:08 PM.

Secretary