MINUTES OF THE 18th MEETING OF THE TOBBACCO SETTLEMENT FINANCING CORPORATION GOVERNANCE COMMITTEE HELD ON SEPTEMBER 14, 2010 AT 11:34 A.M. AT ITS OFFICES AT 641 LEXINGTON AVENUE NEW YORK, NEW YORK 10022

MEMBERS AND DESIGNEES

PRESENT:

Judd S. Levy	Chairman
Kenneth M. Bialo	Member
Elaine McCann	Elaine McCann, Division of the Budget, representing Robert Megna, Member (via video conference)

Chairman Levy chaired the meeting; Joy F. Willig, the Agencies' Senior Vice President and Counsel, acted as secretary. The meetings of the Governance Committees were 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 Fund Corporation Governance Committee. A record of items considered by the other Agencies' Governance Committees is contained in the minutes of each Committee respectively.

The first item on the agenda was the approval of the minutes of the 19th TSFC Governance Committee Members' meeting held on June 10, 2010. There were no objections or corrections by the Members , and the minutes were deemed approved.

The next item on the agenda was a resolution reviewing and approving the Fourth Annual Evaluation by the Governance Committees. Mr. Alejandro Valella, Senior Vice President and Deputy Counsel, highlighted certain information contained in the materials provided to the Members in connection with this item, which materials are incorporated herein by reference. He noted that the committee Members expressed general satisfaction with the performance of the committee. In response to Members requests for more training, Mr. Valella proposed contacting the Authorities Budget Office about available training resources. In response to comments raised in the Self-Evaluations, Mr. Valella noted that new developments, including potential risks, are tracked by the Legal Department, who informs the Board as changes occur.

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

A RESOLUTION OF THE GOVERNANCE COMMITTEES 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 TOBACCO SETTLEMENT FINANCING CORPORATION CONCERNING SELF-EVALUATION

The next item on the agenda was a resolution recommending approval of Revised Procurement and Contract Guidelines. Mr. Valella introduced Ms. Lisa Pagnozzi, Contract Officer, who has worked extensively on the Guidelines. Mr. Valella explained that Guidelines were being amended in response to legislation to increase the contractual opportunities for minority- and women-owned businesses (MWBEs), enacted earlier this year and will become effective on October 13th of 2010.

Mr. SanFilippo asked if the legislation required quotas. Mr. Valella clarified that no mandatory quotas or set-asides would be imposed, but that attempts to reach these goals and continuing self-evaluation will now be required of the Agencies. Mr. Bialo voiced concern that adopting the provision that allowed for no-bid contracts up to the amount of $200,000 would violate the Board's fiduciary responsibilities. Mr. Valella pointed out that this provision is up to the discretion of the Board and Mr. Lawlor emphasized that lack of a formal competitive bid does not translate to an entirely noncompetitive process. Mr. SanFilippo suggested that the Board consider a lower threshold for competitive bids. Chairman Levy recommended aligning this provision with existing Agency policy requiring Board approval for contracts in excess of $100,000. Ms. McCann recommended that such an amendment to the resolution be enacted and that the effects of the resolution be revisited in one year's time.

Chairman Levy moved to adopt the resolution as amended; Ms. McCann seconded the motion, and the following resolution was adopted with Mr. Bialo voting against authorization:

A RESOLUTION OF THE NEW YORK STATE HOUSING FINANCE AGENCY, THE STATE OF NEW YORK MORTGAGE AGENCY, THE NEW YORK STATE AFFORDABLE HOUSING CORPORATION, THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND THE TOBACCO SETTLEMENT FINANCING CORPORATION ("THE AGENCIES") APPROVING CHANGES TO THE AGENCIES' CONSOLIDATED PROCUREMENT AND CONTRACT GUIDELINES WITH A WAIVER OF COMPETETIVE PROCUDERS FOR BIDS AT OR BELOW $100,000.

The next item on the agenda was an information item reviewing a summary of recommendations that may be relevant to the Agencies that were made in the Task Force Report Investigating the Public Authorities Reform Act. Mr. Valella highlighted certain information contained in the materials provided to the Members in connection with this item, which materials are incorporated herein by reference. He noted that the Task Force emphasized the fulfillment of fiduciary duties of Board Members in relation to the party that appointed them, the requirement of the Boards to implement risk management and oversight, the need to limit Board reliance on senior staff, reaching out to MWBEs, an analysis of Board Member Compensation, and trying to create diversity among Board Members.

The next item on the agenda was a discussion of the role of the Finance and Program Committees. Chairman Levy voiced his opinion that having a separate Finance and Program Committee was redundant in an Agency that deals primarily with finance issues, and recommended that the Committee meet as a committee of the whole. Ms. McCann recommended that senior staff to get the opinion of the Authorities Budget Office on this matter and report back before action is taken.

There being no unfinished business, Ms. McCann moved to adjourn the meeting; Chairman Levy seconded the motion, and the meeting was adjourned at 12:10 p.m.

Secretary