

**MINUTES OF THE 45<sup>th</sup> MEETING OF THE  
TOBACCO SETTLEMENT FINANCE CORPORATION  
HELD ON WEDNESDAY, APRIL 27, 2011 at 6:04 P.M.,  
AT ITS OFFICES AT 641 LEXINGTON AVENUE  
NEW YORK, NEW YORK 10022**

MEMBERS AND DESIGNEES

PRESENT

Judd S. Levy	Chairman
Kenneth M. Bialo	Vice Chairman
Naomi Bayer	Member
Robert Megna	Member Via video conference
Andrew A. SanFilippo	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
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Chairman Levy thanked the board members for their indulgence in meeting late in the day. He introduced Mr. Darryl C. Towns, newly-appointed Commissioner of Housing, and Messrs. Thomas Mattox, Commissioner of Taxation and Finance, and Robert Megna, Budget Director, noting that both were attending the meetings accompanied by their designees, Ms. Aida Brewer, and Ms. Elaine McCann, respectively. Chairman Levy stated that due to the late starting time, he would make some changes to the order of the agenda items to accommodate the needs of the Members.

**The first item on the agenda was the President's Report.** Mr. Lawlor thanked the Members, and stated it had been a pleasure and honor to lead the agencies during his tenure, and wished Mr. Towns the greatest success and a smooth transition. He thanked the Members, and said he would continue to work with them in a different capacity.

The next item on the agenda was an approval of the minutes of the 44<sup>th</sup> Members' meeting for the Tobacco Settlement Financing Corporation held on January 27, 2011, which minutes were deemed approved, absent corrections from Members.

**The next item on the agenda was an item approving the appointment of Darryl C. Towns as the Agencies' President and Chief Executive Officer, effective April 7, 2011.** Chairman Levy referred the Members to the memorandum in the materials submitted to the Members, which summarized the Assemblyman's experience. Chairman Levy noted that Mr. Towns had been appointed Commissioner of the Division of Housing and Community Renewal and that his appointment as President of the Agencies was now before the Members. Chairman Levy stated he was impressed with Mr. Towns' dedication to the mission of the Agencies. Chairman Levy stated he was confident he would do an excellent job as the President and Chief Executive Officer. Ms. Rogatz stated that she welcomed the opportunity to appoint Mr. Towns.

Ms. Bayer 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 AFFORDABLE HOUSING  
CORPORATION THE STATE OF NEW YORK MORTGAGE  
AGENCY THE TOBACCO SETTLEMENT FINANCING  
CORPORATION AND THE STATE OF NEW YORK MUNICIPAL  
BOND BANK AGENCY APPOINTING DARRYL C. TOWNS AS  
EXECUTIVE DIRECTOR WITH THE TITLE OF PRESIDENT  
AND CHIEF EXECUTIVE OFFICER**

Mr. Towns thanked the Members and those with whom he had worked in the legislature. He noted that he values the missions of the Agencies and looks forward to a successful tenure. He thanked Messrs. Levy and Lawlor, whom he called his "two person transition team" for introducing him to the Agencies. He noted that "tough economic times," would require the Agencies to make some adjustments, but that any adjustments should preserve the strength of the Agencies. He said that he looked forward to the Members' guidance.

**The next item on the agenda was a resolution approving compensation for the President and Chief Executive Officer.** Chairman Levy noted that the Members' materials contained a memorandum summarizing this item. He opened the floor to questions and comments. There being no comments, Chairman Levy asked for a vote on the matter.

Ms. Bayer 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 AFFORDABLE HOUSING**

**CORPORATION THE STATE OF NEW YORK MORTGAGE  
AGENCY THE TOBACCO SETTLEMENT FINANCING  
CORPORATION AND THE STATE OF NEW YORK  
MUNICIPAL BOND BANK AGENCY APPOINTING DARRYL  
C. TOWNS AS EXECUTIVE DIRECTOR WITH THE TITLE OF  
PRESIDENT AND CHIEF EXECUTIVE OFFICER**

Chairman Levy noted that his intent had been to abstain from voting on the President's proposed compensation, since the Chairman had not been involved in the setting of the compensation, but that, because he was advised by Counsel that four votes are needed to approve an action by HFA, he had voted in the affirmative. Chairman Levy stated that he was satisfied that his views on the matter had been heard. Mr. Lebowitz stated that the Chairman did not stand alone in the salary level concern. Chairman Levy emphasized that his reticence lay in the fact that the Members were not given the opportunity to establish the salary, even though it is their duty. Mr. Lebowitz agreed, and hoped that he could discuss this issue with the new President, Chief Executive Officer.

**The next item on the agenda was a resolution authorizing the revocation of Governance Committee concurrent rule.** Chairman Levy noted that the Members' materials contained a memorandum summarizing this item. He noted that unless the rule was revoked, the salaries of a number of Senior Vice Presidents would be above permissible levels. Ms. Bayer spoke in favor of revoking the rule for current and future employees and expressed the hope that the flexibility that would be provided by this revocation would allow the Agencies to function in a manner appropriate to the largest issuer of housing debt in the country. She noted that it would be difficult to attract top-flight talent at certain lower salary levels, and noted that she was hopeful that if the resolution were passed it would provide the ability and flexibility to attract talent.

Mr. Lebowitz, a SONYMA Director emphasized that there is some precedent of disparity in salaries between someone running a State agency and the people working for them. He noted that there are many staff members in the state agencies that earn more than the commissioners, whose salaries are set by statutes.

Mr. Megna noted this disparity of income in the State agencies and stated that the new administration is particularly concerned about the fact that some commissioners are making less than various executives and deputy commissioners and that the governor is trying to correct that situation wherever he can. He noted that the governor does not think that it is a good idea for subordinate employees to make significantly more than the commissioner.

Ms. Rogatz, a SONYMA Director stated that a New York State public authority with a New York City office must compensate their employees at higher rates. Failing that, Ms. Rogatz stated, she's concerned about what the rating agencies will say if the Agencies do not have the ability to hire the caliber of professionals recognized by the rating agencies to ensure competitiveness.

Mr. Towns stated that the Members' points had been noted. He explained that neither he nor Mr. Megna disagreed with the Members, and that their shared goal was to continue to run the Agencies in the most professional manner possible.

Ms. Bayer noted that it might be beneficial to do a comparative analysis of what compensation may be for similar positions in different state housing finance agencies.

Ms. Bayer 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 AFFORDABLE HOUSING CORPORATION THE STATE OF NEW YORK MORTGAGE AGENCY THE NEW YORK STATE TOBACCO SETTLEMENT FINANCING CORPORATION AND THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY REVOKING A GOVERNANCE COMMITTEE RULE CONCURRENT RULE AS TO SALARIES FOR SENIOR OFFICERS**

**The next item on the agenda was a resolution approving the appointment of Brian E. Lawlor as the Agencies' Senior Vice President and Chief Operating Officer, effective April 27, 2011.** Chairman Levy noted that the Members were very familiar with Mr. Lawlor's experience. He noted that the COO would be appointed at a salary of \$149,000, and that his employment as COO would be effective as of April 27<sup>th</sup>, 2011. The Members expressed their thanks for and appreciation of Mr. Lawlor's continued service to the Agency/Corporation.

Ms. Bayer 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 NEW YORK STATE AFFORDABLE HOUSING CORPORATION STATE OF NEW YORK MORTGAGE AGENCY THE NEW YORK STATE TOBACCO SETTLEMENT FINANCING CORPORATION AND THE STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY APPOINTING BRIAN LAWLOR AS SENIOR VICE PRESIDENT AND CHIEF OPERATING OFFICER**

**The next item on the agenda was a resolution authorizing the approval of amendments to the Code of Ethics.** Chairman Levy noted that the amendments to the Code were not significant and had been reviewed earlier in the day at the Governance Committee Meeting.

Ms. Bayer 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 NEW YORK STATE HOUSING TRUST FUND CORPORATION NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION ADOPTING AN UPDATED CODE OF ETHICAL CONDUCT FOR THE MEMBERS OF THE AGENCIES**

**The next item on the agenda was a resolution accepting the Audit Committee's Self-Evaluation.** Chairman Levy noted that this report was vetted at the audit committee meeting and there were no questions from the board.

Ms. Bayer 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, NEW YORK STATE AFFORDABLE HOUSING CORPORATION, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION AND THE STATE OF NEW YORK MORTGAGE AGENCY CONCERNING SELF-EVALUATION**

**The next item on the agenda was a resolution accepting the Governance Committee's Self-Evaluation.** Chairman Levy noted that this report was vetted at the Audit Committee meeting and there were no questions from the Members.

Ms. Bayer 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, 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 authorizing the approval of Quarterly Bond Sale Report.** The Members had received information about this item in the materials given to them in advance of the meeting. There were no questions from the Members.

Ms. Bayer 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, STATE OF NEW YORK MUNICIPAL BOND BANK AGENCY AND TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING THE AGENCIES' BOND SALE REPORTS**

The next item on the agenda was a resolution approving **Quarterly Investment Reports**. The Members had received information about this item in the materials given to them in advance of the meeting. There were no questions from the Members.

Ms. Bayer 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 THE TOBACCO SETTLEMENT FINANCING CORPORATION AND THE NEW YORK STATE AFFORDABLE HOUSING CORPORATION APPROVING QUARTERLY REPORTS OF INVESTMENTS**

**A report on the activities of the Audit Committee followed.** The following items came before the Audit Committee: The minutes for the 22<sup>nd</sup> TSFC Audit Committee Members' meetings held on January 27, 2011; a resolution approving the Disaster Recovery Audit Report, a resolution approving Internal Audit's Work Plan for Fiscal Year 2012; the 2010 Self-Evaluation of Audit Committees' Performance; and a financial statement update for the 1st Quarter of Fiscal 2011.

**A report on the activities of the Governance Committee followed.** The following items came before the Governance Committee: Adoption of the Minutes of the 20th TSFC Governance Committee Members' meetings held on January 27, 2011; a Resolution approving amendments to Code of Ethics; and a Review and approval of the 2010 Self-Evaluation of Governance Committees' Performance.

There being no unfinished business, Chairman Levy moved to adjourn the meeting; Ms. Watson seconded the motion; and the TSFC Members' meeting was adjourned at 6:35 PM.

  
Secretary