

**MINUTES FOR THE AUDIT COMMITTEE OF THE
TOBACCO SETTLEMENT FINANCING CORPORATION
HELD ON DECEMBER 13, 2018 AT 9:36 A.M
AT ITS OFFICES AT 641 LEXINGTON AVENUE
NEW YORK, NEW YORK 10022**

MEMBERS AND DESIGNEES

PRESENT:

Kenneth Adams	Chairman
Joyce Miller	Director
Andrew SanFilippo	Representing the Office of the State Comptroller (via video conference)
Jesse Olczak	New York State Division of the Budget, representing Robert Mujica, Budget Director, Member (via video conference)

Chairman Kenneth Adams presided over the meeting. Ms. Linda Manley, Senior Vice President and Counsel to HCR, formally opened the meetings and acted as secretary.

Ms. Manley noted that Mr. Jesse Olczak, representing Mr. Robert F. Mujica, the Director of the New York State Division of the Budget, participated via video conference from the Capitol Building, Room 131, in Albany.

A public notice was given of the time and location of the venue in accordance with the New York State Open Meetings Law.

Ms. RuthAnne Visnauskas, Mr. Christopher Curtis, Mr. Jonathan Ballan, Mr. Nestor Davidson, Mr. Mark Schroeder, Ms. Linda Baldwin and Mr. David E. Kapell attended as guests.

Ms. Manley asked for motions and seconds to call to order the Audit Committee meetings of the New York State Housing Finance Agency ("HFA"), the New York State Affordable Housing Corporation ("AHC"), the State of New York Mortgage Agency ("SONYMA"), the New York State Municipal Bond Bank Agency ("MBBA"), and the New York State Tobacco Settlement Financing Corporation ("TSFC"). Chairman Adams moved to call the HFA and AHC meetings to order and Mr. Nestor Davidson seconded the motion. Ms. Joyce Miller moved to call the SONYMA meeting to order and Chairman Adams seconded the motion. Ms. Joyce L. Miller moved to call the MBBA and TSFC meetings to order and Chairman Adams seconded the motion.

These minutes reflect only those items being considered by the Directors of TSFC. A record of items considered by the other Agencies is contained in the minutes of each of the Agencies.

Ms. Manley stated that as items were presented to each Board throughout the meetings, these motions and seconds would be used, unless specific items called for a different vote, or unless any members wished to record his or her vote differently.

Ms. Manley noted that Chairman Adams would chair the Audit Committees for SONYMA, MBBA and TSFC; and that Mr. Davidson would chair the Audit Committee for HFA and AHC.

Lastly, Ms. Manley noted that for purpose and convenience items shared by one or more agencies would be presented by Mr. Davidson.

The next item on the Agenda was the adoption of the minutes of the TSFC Audit Committee meeting held on September 6, 2018. There being no objections or corrections from the Directors, Chairman Adams deemed the minutes of the TSFC Audit Committee approved.

The next item on the Agenda was a resolution reviewing and approving the internal audit staff functions. Mr. Chohey presented and summarized the main points in the related memo. Chairman Adams and Mr. Davidson complimented Mr. Chohey on the work done by his unit during the preceding year and noted that they found the written presentations prepared by the Audit staff in connection with their audits to be particularly helpful in not only addressing the issues raised by the audits, but in providing very useful and well-written summaries of the various Agency content areas. Mr. SanFilippo also complimented Mr. Chohey on his work.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was adopted unanimously:

A RESOLUTION OF THE AUDIT COMMITTEE OF THE NEW YORK STATE TOBACCO SETTLEMENT FINANCING CORPORATION REVIEWING AND APPROVING INTERNAL AUDIT STAFF FUNCTIONS.

The next item on the Agenda was a resolution approving the Audit Committee Action Plan for 2019. Mr. Weinstock presented and summarized the main points in the related memo.

Considering the first and second motions previously entered, the motions were carried, and the following resolution was adopted unanimously:

A RESOLUTION OF THE AUDIT COMMITTEE OF THE NEW YORK STATE TOBACCO SETTLEMENT FINANCING CORPORATION APPROVING AN ACTION PLAN FOR THE PERIOD FROM JANUARY 1, 2019 THROUGH DECEMBER 31, 2019.

The last item an update on the status of HR Audit follow-up items. Ms. Manley presented the update. She stated that the Executive Chamber, from time to time, requests that an individual, who is detailed to the Executive Chamber and whose primary work location may or may not be a HCR office, be employed by the HFA, SONMA, AHC, MBBA, TSFC, Housing Trust Fund Corporation or the Division of Housing and Community Renewal (collectively "HCR").

Ms. Manley reported that prior to the employment of a detailee by an HCR entity, the HCR takes the preceding actions: the HCR obtains from the Executive Chamber a job description that includes the detailee's job title, the detailee's duties and responsibilities, and the relation of those duties and responsibilities to the mission of HCR; the HCR will review the job description and process the candidate through its Request to Fill system including approval by HCR's Human Resources Department and the appropriate HCR finance department; and the Executive Chamber and the employing HCR entity will execute a Memorandum of Understanding ("MOU") which sets forth the detailee arrangement.

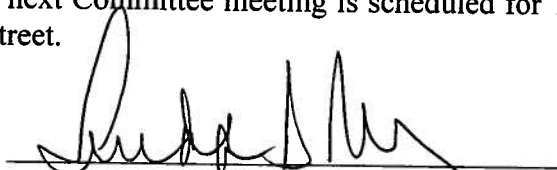
Additionally, during the course of the detailee's service under the MOU, the Executive Chamber will supervise the detailee in the performance of their duties and responsibilities and will provide approval of the detailee's time, attendance, and expenditures including travel, and the timely transmittal of such approvals to the appropriate HCR personnel for processing. Upon Executive Chamber approval of time, attendance and expenditures, and receipt by HCR, HCR will designate staff responsible for entering time and attendance into the appropriate HCR leave and accrual tracking system ("LATS") and for entering travel into the Statewide Financial System ("SFS") and the HCR will designate staff to approve time, attendance and expenditures once entered into the appropriate LATS and SFS.

At the present time, only one detailee is employed by the HCR, through the AHC.

Chairman Adams asked that Ms. Manley continue to monitor this topic.

There being no unfinished business, Committee Chairman Davidson asked for a motion to adjourn the meeting. Considering the first and second motions previously entered, the motions were carried and the meeting was adjourned at 10:00 a.m.

Ms. Manley informed the Directors that the next Committee meeting is scheduled for Thursday, January 24, 2019 at the HCR offices at 25 Beaver Street.


Linda S. Manley, Secretary