

**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS OF  
TSASC, INC.**

April 2, 2013

A meeting of the Board of Directors (the “Board”) of TSASC, Inc. (the “Corporation”) was held on April 2, 2013 at approximately 11:20 a.m. at 255 Greenwich Street, Room 6M4, New York, New York.

The following members of the Committee or their alternates were present:

Mark Page	-	Director of Management and Budget of The City of New York (the “City”)
Michael Stern	-	alternate for John C. Liu, Comptroller of the City
Raymond Majewski	-	alternate for Christine C. Quinn, Speaker of the City Council; and
John Sarich	-	alternate for David M. Frankel, Commissioner of Finance of the City

constituting a quorum of the Board. Kathy Blyn served as secretary of the meeting.

Also in attendance were members of the public, officers of the Corporation and employees of various agencies of the City.

The meeting was called to order by Mr. Page.

Approval of Minutes

The first item on the agenda was the approval of the minutes of the meeting of the Board held on September 13, 2012. Upon motion duly made and seconded, there being no objections, the following resolution to adopt such minutes was approved.

**WHEREAS**, the Board of Directors of TSASC, Inc. has reviewed the minutes of its meeting held on September 13, 2012; it is therefore

**RESOLVED**, that the minutes of the meeting of the Board of Directors held on September 13, 2012 be, and they hereby are, adopted.

### Annual Approval of Mission Statement and Measurements

The second item on the agenda was the annual approval of the Corporation's Mission Statement and Measurements. Mr. Page explained that pursuant to the Public Authorities Law the Corporation is required to annually approve its Mission Statement and Measurements. He noted that the Board of Directors had previously adopted and amended the Mission Statement and Measurements and that minor changes are now proposed. Mr. Page explained that the changes consist of referring to the Corporation as the "Corporation" rather than as the "Authority". A motion was made to approve the resolution set forth below with respect to the Mission statement and Measurements. The motion was seconded and, there being no objections, approved.

**WHEREAS**, pursuant to Section 2800 of the Public Authorities Law (the "PAL"), the Board of Directors (the "Board") of TSASC, Inc. (the "Corporation") previously adopted a mission statement on October 4, 2007 and amended it on March 2, 2011; and

**WHEREAS**, the Corporation is required to annually review the mission statement and measurements; and

**WHEREAS**, the Corporation's staff has recommend minor revisions to the mission statement and measurements; and

**WHEREAS**, the Board has reviewed the mission statement and measurements, as amended, and found them to be reasonable; it is hereby

**RESOLVED** that Board accepts the mission statement and measurements as attached hereto.

### Annual Approval of Policy on the Acquisition and Disposition of Real Property

The third item on the agenda was the annual approval of the Corporation's Policy on the Acquisition and Disposition of Real Property (a copy of which was in the packet provided to the Directors). Mr. Page informed the Directors that Section 2896 of the Public Authorities Law

requires the annual review and approval of such Policy and that the Governance Committee of the Corporation has recommended the approval. He noted that no changes have been proposed. A motion was made to approve the resolution set forth below relating to the Policy. The motion was seconded and, there being no objections, approved.

**WHEREAS**, TSASC, Inc. (the “Corporation”), on July 31, 2006, pursuant to Section 2824 of the Public Authorities Law of the State of New York (the “Public Authorities Law”), adopted a Policy on the Acquisition and Disposition of Real Property; and

**WHEREAS**, pursuant to Section 2896 of the Public Authorities Law, the Corporation is required annually to review such policies; and

**WHEREAS**, the Governance Committee has reviewed the attached policy and has recommended its approval; it is therefore

**RESOLVED**, that the Policy on the Acquisition and Disposition of Real Property, a copy of which will be filed with the Minutes of the Meeting, is hereby approved.

#### Annual Approval of Policy on Disposition of Personal Property

The fourth item on the agenda was the annual approval of the Corporation’s Policy on the Disposition of Personal Property (a copy of which was in the packet provided to the Directors). Mr. Page explained that Section 2896 of the Public Authorities Law requires the Corporation to annually review such Policy. He noted that the Governance Committee of the Corporation has recommended the approval of such Policy and that no changes are proposed. A motion was made to approve the resolution set forth below approving the Corporation’s Policy on the Disposition of Personal Property. The motion was seconded and, there being no objections, approved.

**WHEREAS**, TSASC, Inc. (the “Corporation”), on July 31, 2006, pursuant to Section 2824 of the Public Authorities Law of the State of New York (the “Public Authorities Law”), adopted a Policy on the Disposition of Personal Property; and

**WHEREAS**, pursuant to Section 2896 of the Public Authorities Law, the Corporation is required annually to review such policy; and

**WHEREAS**, the Corporation has reviewed the attached policy and has deemed it to be reasonable and appropriate; it is therefore

**RESOLVED**, that the Policy on the Disposition of Personal Property, a copy of which will be filed with the Minutes of the Meeting, is hereby approved.

#### Approval of Directors and Officers Insurance

The fifth item on the agenda was approval of the procurement of Directors and Officers Liability Insurance. Mr. Page explained that the proposal at issue was the procurement by Wells Fargo Insurance Services, USA, Inc. of such insurance from several insurance companies and that the insurance would cover the directors, members and officers of the Corporation. He briefly described the terms of such policies. A motion was made to approve the resolution set forth below with respect to the insurance. The motion was seconded and, there being no objections, approved.

**WHEREAS**, despite their diligence and good faith, directors and officers of TSASC, Inc. (the "Corporation") may be subject to potentially large personal financial liability in connection with the Federal securities laws or otherwise arising from their service to the Corporation; and

**WHEREAS**, Article VI of the Bylaws of the Corporation provides that the Corporation shall indemnify each member, director and officer, to the fullest extent permitted by law; and

**WHEREAS**, Directors' and Officers' Liability Insurance is a prudent supplement to such indemnification; it is therefore

**RESOLVED**, that the Corporation hereby approves the procurement of Directors' and Officers' Liability Insurance policies through Wells Fargo Insurance Services, USA, Inc. from Allied World Assurance Company, Inc. ("AWAC"), Zurich American Insurance Company ("Zurich"), Arch Insurance Group, Inc. ("Arch") and Houston Casualty Company ("Houston" and together with AWAC, Zurich, and Arch, the "Insurers"), or such other substitute insurers as the President shall determine, providing coverage for the period from May 25, 2013 through May 24, 2014; provided that the annual premium payable by the Corporation to the Insurers, plus the brokers fee, will not exceed \$225,000 and said policies shall contain such other terms and conditions not inconsistent with the foregoing which the President or such other officer of the Corporation shall deem necessary, desirable or appropriate and that the President shall be authorized to procure such insurance coverage.

#### Approval of Bond Counsel Contract

The sixth item on the agenda was approval of a bond counsel contract for the Corporation. Mr. Page explained that proposals for such contract had been solicited through a request for approvals process and that a selection committee consisting of representatives of the Corporation, the Office of Management and Budget, the New York City Law Department and the Office of the Comptroller of the City had recommended the selection of Orrick, Herrington & Sutcliffe, LLP as bond counsel to the Corporation. He noted that the bond counsel contract would be for the period from January 1, 2013 through December 31, 2014 with a two-year optional extension and that the rates are set forth in the resolution appearing below. A motion was made to approve such resolution. The motion was seconded and, there being no objections, approved.

**WHEREAS** the City of New York (the “City”), in conjunction with TSASC, Inc. (the “Corporation”) and other issuers, issued a request for proposals for bond counsel on September 13, 2012; and

**WHEREAS**, the selection committee, consisting of representatives of the Corporation, the New York City Law Department and the New York City Office of the Comptroller, has recommended the retention of Orrick, Herrington & Sutcliffe, LLP (“Orrick”) as bond counsel to the Corporation; it is hereby

**RESOLVED**, that the Board of Directors of the Corporation hereby approves the retention of Orrick to serve as bond counsel to the Corporation for the period from January 1, 2013 through December 31, 2014 with one two-year extension at the option of the Corporation’s management at a rate, inclusive of expenses, not to exceed \$250,000 per bond transaction or \$450,000 if the Corporation enters into an amended indenture, with work between and subsequent to transactions not to exceed the following hourly rates, increasing by the same percentage as the State of New York contract with Orrick:

<b>Fiscal Year</b>	<b>Partners</b>	<b>Other Attorneys</b>	<b>Paralegals</b>
2013	\$505	\$377	\$159
2014	531	396	167
2015	558	416	176
2016	586	437	185

Presentation by Audit Committee Chair regarding Audit Committee's Annual Report and Self-Evaluation

The seventh item on the agenda was a presentation by Mr. Stern, the Chairperson of the Audit Committee, with respect to the Audit Committee's Annual Report and self-evaluation. Mr. Stern explained that the Audit Committee is required to evaluate itself annually and that the Annual Report listing its accomplishments had been provided. He indicated that based on such accomplishments he believed that the Audit Committee has performed its duties in a satisfactory manner.

Approval of Budget

The eighth item on the agenda was approval of a budget for the Corporation for fiscal year 2014. A copy of the budget was included in the packet provided to the Directors. Mr. Page explained that pursuant to Section 2801(2) of the Public Authorities Law the Corporation must submit a budget report to various officials. He noted that such report contains estimated and actual receipts and expenditures of the Corporation. A motion was made to approve the resolution set forth below with respect to the budget. The motion was then seconded and, there being no objections, approved.

**WHEREAS**, TSASC, Inc. (the "Corporation"), pursuant to Section 2801(2) of the Public Authorities Law (the "PAL"), is required to submit to the Mayor, Comptroller, Speaker of the City Council and the Authorities Budget Office, at least sixty days before the commencement of its fiscal year, budget information on operations and capital construction setting forth the estimated receipts and expenditures for the next fiscal year and the current fiscal year, and the actual receipts and expenditures for the last completed fiscal year; and

**WHEREAS**, the Corporation is also required, pursuant to the PAL, Section 2800(2)(a)(14) to submit to the Mayor, Comptroller, Speaker of the City Council and the Authorities Budget Office, at a minimum a four-year financial plan, including (i) a current and projected capital budget, and (ii) an operating budget report, including an actual versus estimated budget, with an analysis and measurement of financial and operating performance;

**WHEREAS**, the Board of Directors of the Corporation has reviewed the budget information and financial plan attached hereto and found it to be satisfactory; it is therefore

**RESOLVED**, that the Board of Directors of the Corporation approves the budget information and financial plan as attached hereto.

Report from President

The ninth and final item on the agenda was the Report of the President of the Corporation. Alan Anders, the President of the Corporation, discussed certain ongoing litigation with the tobacco companies. He explained that the litigation relates to payments by tobacco companies that were not participants in the original settlement but are required to make payments and the possibility that the participating companies could hold back their payments of Tobacco Settlement Revenues. He noted that the City is not a party to the litigation but that the State is keeping the City informed. A discussion ensued with respect to the impact of this litigation on the Corporation.

Adjournment

There being no further business to come before the Board, on motion duly made and seconded, there being no objections, the meeting was duly adjourned.

  
ASSISTANT SECRETARY