

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

April 27, 2017

A meeting of the Board of Directors (the “Board”) of TSASC, Inc. (the “Corporation”) was held on April 27, 2017 at approximately 3:21 p.m. at 255 Greenwich Street, Room 6M4, New York, New York.

The following Committee members were represented by their designees:

Dean Fuleihan, Director of Management and Budget of The City of New York (the “City”), represented by Alan Anders;

Scott M. Stringer, Comptroller of the City, represented by Michael Stern;

Melissa Mark-Viverito, Speaker of the City Council, represented by Davis Winslow;

Zachary Carter, Corporation Counsel of the City, represented by Al Rodriguez;
and

Jacques Jiha, Finance Commissioner, represented by Jacqueline Gold,
constituting a quorum of the Board. Loran Radovicka 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. Anders.

Approval of Minutes of Meeting of December 14, 2016

The first item on the agenda was the approval of the minutes of the meeting of the Board held on December 14, 2016. A motion was made and seconded to discuss the resolution set forth below with respect to such minutes. There was no discussion and, there being no objections, the resolution was approved.

WHEREAS, the Board of Directors of TSASC, Inc. has reviewed the minutes of its meeting held on December 14, 2016; it is therefore

RESOLVED, that the minutes of the meeting of the Board of Directors held on December 14, 2016 be, and they hereby are, adopted.

Report of the President

The second item on the agenda was Mr. Anders's report to the Board regarding the shortfall in the Corporation's April 2017 Tobacco Settlement Revenue distribution, stemming from higher-than-projected untaxed Tribal cigarette sales from reservations in the State of New York in 2015. Mr. Anders noted that the Corporation had filed a voluntary notice addressing this shortfall on the Electronic Municipal Market Access database ("EMMA"), which was included in the Board's materials, and is copied below:

Notice is hereby given that TSASC, Inc. has received \$59,900,337 of Pledged TSRs in its April 2017 Tobacco Settlement Revenue distribution, which differs from the previous projection of Pledged TSRs of \$66,763,223 for such distribution. TSASC, Inc. believes that such reduced payment has resulted primarily from the determination by the Investigator that 175 million Tribal NPM Packs were sold in 2015. Due to such reduced payment of Pledged TSRs, TSASC, Inc. projects that it will be required to draw upon its Subordinate Liquidity Reserve Account in the amount of approximately \$4.2 million in order to make its debt service payment due on December 1, 2017. Following such draw, TSASC, Inc. projects that approximately \$36 million will remain in the Subordinate Liquidity Reserve Account. Terms used but not defined herein have the meanings assigned to them in TSASC, Inc.'s Official Statement, dated January 11, 2017, in connection with its Tobacco Settlement Bonds Fiscal 2017 Series A (Senior) and Fiscal 2017 Series B (Subordinate).

Approval of Budget

The third item on the agenda was approval of a budget for the Corporation for fiscal year 2018. A motion was made and seconded to consider the resolution set forth below with respect to the budget, a copy of which was included in the packet provided to the Directors. Mr. Anders explained that pursuant to the Public Authorities Law the Corporation must submit a budget to various officials and he briefly described the contents of the budget. The Corporation's Comptroller, Robert Balducci, briefly described the budget and noted that it had been revised to reflect the shortfall in the Corporation's April 2017 Tobacco Settlement Revenue distribution. There being no discussion and no objections, the resolution was 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.

Approval of Directors and Officers Insurance

The fourth item on the agenda was approval of the procurement of Directors and Officers Liability Insurance. A motion was made and seconded to consider the resolution set forth below with respect to such insurance. A brief discussion ensued. There was no further discussion and, there being no objections, the resolution was 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, at the same rates as previously approved, USA, Inc. from American International Group (“AIG”), Zurich American Insurance Company (“Zurich”), Liberty Mutual Insurance Company (“Liberty Mutual”), Aspen Insurance (“Aspen”) and Chubb Group of Insurance Companies (“Chubb” and together with AIG, Zurich, Liberty Mutual and Aspen, the “Insurers”), or such other substitute insurers as the President shall determine, providing \$50 million of coverage for the period from May 25, 2017 through May 24, 2018; provided that the annual premium payable by the Corporation to the Insurers, plus the brokers fee, will not exceed \$250,000, 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.

Annual Approval of Mission Statement and Measurement Report

The fifth item on the agenda was the annual approval of the Corporation’s Mission Statement and Measurement Report, copies of which were in the packet provided to the Directors. A motion was made and seconded to consider the resolution set forth below with respect to the Mission Statement and Measurement Report. Mr. Anders explained that pursuant to the Public Authorities Law the Corporation adopted a Mission Statement in 2007 and amended it to add Performance Measures. He noted that no changes have been proposed. There being no discussion and no objections, the resolution was 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 to add Performance Measures by which the Corporation could evaluate whether its policies and performance meet

the stated goals of its Mission Statement, and subsequently amended the Mission Statement and Performance measures; and

WHEREAS, the Corporation is required to annually review the Mission Statement and Performance Measures and to publish a Measurement Report which utilize the Performance Measures to evaluate whether the Corporation's policies and performance meet the stated mission of the Corporation; and

WHEREAS, the Board has reviewed the Mission Statement and Performance Measures, and the completed Measurement Report, and has found them to be reasonable and accurate; it is hereby

RESOLVED that Board accepts the Mission Statement and Performance Measures as attached hereto and authorizes the completed Measurement Report to be published on the Corporation's website and submitted to the Authorities Budget Office.

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

The sixth 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. A motion was made and seconded to consider the resolution set for below with respect to such policy. Mr. Anders explained that the approval of the Policy was recommended by the Governance Committee of the Corporation. There being no discussion and no objections, the resolution was 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 seventh 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. A motion was made and seconded to consider the resolution set forth below with respect to such policy. Mr. Anders explained that approval was required by the Public Authorities Law and that approval has been recommended by the Governance Committee of the Corporation. There being no discussion and no objections, the resolution was 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.

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

The eighth and final 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 informed the Directors that the Committee believed that it had performed satisfactorily in 2016.

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