

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

April 27, 2018

A meeting of the Board of Directors (the “Board”) of TSASC, Inc. (the “Corporation”) was held on April 27, 2018 at approximately 2:35 p.m. at 255 Greenwich Street, Room 6M4, New York, New York.

The following Committee members were represented by their designees:

Melanie Hartzog, 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;

Corey Johnson, 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 September 13, 2017

The first item on the agenda was the approval of the minutes of the meeting of the Board held on September 13, 2017. 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 September 13, 2017; it is therefore

RESOLVED, that the minutes of the meeting of the Board of Directors held on September 13, 2017 be, and they hereby are, adopted.

Approval of Budget

The second item on the agenda was approval of a budget for the Corporation for fiscal year 2019. 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 answered questions by the Directors. Mr. Anders noted that the budget reflects the shortfall in the Corporation's April 2018 Tobacco Settlement Revenue distribution as described in the EMMA Notice dated April 26, 2018, a copy of which was in the packet provided to the Directors. A brief discussion ensued. There being no further 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 Amended Policy on the Procurement of Goods and Services

The third item on the agenda was the approval of the Amended Policy on the Procurement of Goods and Services. Mr. Anders explained that the proposed amendment is a recommendation by the Corporation's officers that the Policy be amended to change the dollar amount for procurement contracts for which the Corporation may enter into without prior approval of the Board of Directors or the need for a competitive request for proposals process to \$20,000. A motion was made to approve the resolution set forth. The motion was seconded and, there being no objections, approved.

WHEREAS, pursuant to Section 2824(e) of the Public Authorities Law of the State of New York, TSASC, Inc. (the "Corporation") is required to establish a policy on the procurement of goods and services; and

WHEREAS, the Corporation adopted a Policy on the Procurement of Goods and Services (the "Policy") on July 31, 2006 and amended it on April 24, 2009, September 22, 2010, and September 11, 2013; and

WHEREAS, the Corporation's Officers recommend amending Section II(1) of the Policy to change the dollar amount for procurement contracts for which the Authority may enter into without prior approval of the Board of Directors or the need for a competitive request for proposals process; and

WHEREAS, the Governance Committee has reviewed the Policy, as amended, and has recommended the Board of Directors adopt the amended Policy; it is therefore

RESOLVED, that the Board of Directors adopt the Policy as amended and 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. There being no discussion and 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 insurers such as 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, 2018 through June 24, 2019; provided that the annual premium payable by the Corporation to the Insurers, plus any fees, will not exceed \$275,000, 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.

Ratification and Approval of Bond Counsel Contract

The fifth item on the agenda was the ratification and approval of the Corporation’s bond counsel contract. A motion was made and seconded to approve the resolution set forth below relating to such matters. Mr. Anders explained that the Corporation’s competitive request for proposals (“RFP”) process for bond counsel services is nearly complete and that the Corporation seeks to extend its current bond counsel contract with Orrick, Herrington & Sutcliffe, LLP through June 30, 2018, pending the conclusion of the RFP process. There being no discussion and no objections, the below resolution was approved.

WHEREAS, TSASC Inc. (the “Corporation”), in conjunction with the City of New York and other issuers, is preparing to participate in competitive request for proposals seeking bond counsel services; and

WHEREAS, the Corporation previously approved entering into a contract with Orrick, Herrington & Sutcliffe, LLP (“Orrick”) to provide bond counsel services to the Corporation for a period ending December 31, 2016 and extending that contract through December 31, 2017; and

WHEREAS, the Corporation’s Procurement Guidelines Section II(5)(ii) and (iii) allows the Corporation to award contracts on a non-competitive basis if the firm selected provides uniquely required services and if the award represents a continuation of existing services from a previous supplier, which is desirable for purposes of continuity or compatibility; and

WHEREAS, to ensure there is no lapse in services while the Corporation completes the competitive request for proposals process, the Corporation’s Management has executed an extension of such agreement with Orrick to continue to serve as bond counsel to the Corporation through June 30, 2018 for the rates previously approved; it is therefore

RESOLVED, that the Board of Directors of the Corporation hereby ratifies and approves the Corporation’s extension of its contract with Orrick to serve as bond counsel through June 30, 2018 for rates not to exceed \$250,000 per bond transaction, with work between and subsequent to transactions not to exceed the following hourly rates:

Fiscal Year	Partners	Other Attorneys	Paralegals
2018	\$586	\$437	\$185

Annual Approval of Mission Statement and Measurement Report

The sixth 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 subsequently amended it to add Performance Measures. Mr. Anders noted that the Corporation’s management had proposed updates to the Mission Statement to reflect the Corporation’s last refunding, and a copy of the amended Mission Statement was in the packet provided to the Directors. 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 Corporation's management have suggested updates to the Mission Statement to reflect the Corporation's last refunding; and

WHEREAS, the Board has reviewed the amended Mission Statement and the completed Measurement Report and finds them to be reasonable and accurate; it is therefore

RESOLVED that Board accepts the Corporation's amended 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.

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 2017.

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