

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

May 15, 2019

A meeting of the Board of Directors (the “Board”) of TSASC, Inc. (the “Corporation”) was held on May 15, 2019 at approximately 4:25 p.m. at 255 Greenwich Street, Room 6M4, New York, New York.

The following directors or their alternates were present:

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. Deborah Cohen 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

The first item on the agenda was the approval of the minutes of the meeting of the Board held on September 5, 2018. 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 5, 2018 it is therefore

RESOLVED, that the minutes of the meeting of the Board of Directors held on September 5, 2018 be, and they hereby are, adopted.

Discussion of EMMA Filing

The second item on the agenda was a discussion of the Corporation's recent filing to the Electronic Municipal Marketplace Access database ("EMMA") regarding the Corporation's April 2019 receipt of Pledged Tobacco Settlement Revenues ("TSRs"). Mr. Anders noted that the TSRs were lower than projected in the Corporation's 2017 Offering Circular, in large part due to the independent investigator's stipulation of 175 million Tribal NPM Pack sales for 2017 and 2018, which impact payment years 2019 and 2020. Mr. Anders explained that the notice filed to EMMA informs bondholders that the Corporation expects that it will be required to draw upon its Subordinate Liquidity Reserve Account in December of 2019, as it has done in 2017 and 2018. Discussion ensued.

Approval of Budget

The next item on the agenda was approval of the Authority's budget and projected financial plan. Mr. Anders noted that the Board of Directors is required to approve a budget and four year financial plan pursuant to the Public Authorities law, and that the document provided to the Board reflects the expected draw on the Subordinate Liquidity Reserve Account discussed earlier.

Discussion ensued. Then, upon motion duly made and seconded, the below 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, provided that the Corporation’s Comptroller may make non-material changes to the budget and financial plan prior to its submission.

Approval of Directors & Officers Insurance Policies

The next item on the agenda was a resolution authorizing the Corporation to procure Directors & Officers Insurance Policies. Mr. Anders explained that the Corporation’s current policy expires in June, and the proposed resolution would authorize the Corporation to enter into new policies for another year. He noted that the Corporation’s broker is currently soliciting these policies. Discussion ensued. Then, upon motion duly made and seconded, the below 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 Board of Directors hereby approves the procurement of Directors’ and Officers’ Liability Insurance policies from American International Group (“AIG”), Zurich American Insurance Company (“Zurich”), Liberty Mutual Insurance Company (“Liberty Mutual”), Aspen Insurance (“Aspen” and together with AIG, Zurich, Liberty Mutual, the “Insurers”) or similarly rated insurers, through USI Insurance Services LLC as broker, providing coverage for the period from June 25, 2019 through June 24, 2020 provided that the annual premium payable by the Corporation to the Insurers, plus any 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.

Approval of Mission Statement and Performance Measures and Completed Measurement Report

The next item on the agenda was the approval of the Corporation’s amended Mission Statement and Performance Measures and Completed Measurement Report. Mr. Anders noted that the Corporation is required to review its Mission Statement, and to complete a measurement report, annually. He explained that there were minor proposed changes to the Mission Statement, and that the Measurement Report had been completed. There being no discussion, upon motion duly made and seconded, the following resolution was adopted.

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 and have completed the Measurement Report; 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 hereto¹ and authorizes the completed Measurement Report to be published on the Corporation's website and submitted to the Authorities Budget Office.

Adjournment for Duration of Audit Committee and Governance Committee meetings

Upon motion duly made and seconded, the Board of Directors meeting adjourned for the duration of the Audit Committee and Governance Committee meetings.

Presentation by Audit Committee Chair

The sixth and final item on the agenda was a presentation by Mr. Stern, the Audit Committee Chair. Mr. Stern explained that pursuant to Section III(g) of the Audit Committee Charter the Audit Committee is required to conduct an annual self-evaluation of its functioning, and that the Committee had found it was conducting itself in a satisfactory manner in accordance with its Charter.

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.

¹ Filed with the meeting minutes

Paul D. Uy
ASSISTANT SECRETARY