

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

November 10, 2016

A meeting of the Board of Directors (the “Board”) of TSASC, Inc. (the “Corporation”) was held on November 10, 2016 at approximately 2:06 p.m. at 255 Greenwich Street, Room 6M4, New York, New York.

The following directors or their alternates were present:

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| Alan Anders | - alternate for Dean Fuleihan, Director of Management and Budget of The City of New York (the “City”); |
| Michael Stern | - alternate for Scott M. Stringer, Comptroller of the City; |
| Raymond Majewski | - alternate for Melissa Mark-Viverito, Speaker of the City Council; and |
| Albert Rodriguez | - alternate for Zachary W. Carter, Corporation Counsel of the City |
| Jacqueline Gold | - alternate for Jacques Jiha, Finance Commissioner of the City. |

constituting a quorum of the Board. Charlotte Borroughs 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 19, 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 September 19, 2016; it is therefore

RESOLVED, that the minutes of the meeting of the Board of Directors held on September 19, 2016 be, and they hereby are, adopted.

Establishment of Finance Committee & Approval of Finance Committee Charter.

The second item on the agenda was the establishment of the Finance Committee & Approval of the Finance Committee Charter. A motion was made and seconded to discuss the resolution set forth below. Pursuant to Section 2824(8) of the Public Authorities Law, corporations which issue debt are required to establish a finance committee to review the financial proposals of such debt issuances. The Governance Committee recommended the Board of Directors establish a Finance Committee, and have recommended the proposed Finance Committee Charter be adopted. There was no discussion and, there being no objections, the following resolution was approved.

WHEREAS, pursuant to Section 2824(8) of the Public Authorities Law (the “PAL”), the Board of Directors (the “Board”) of public authorities which issue debt are required to establish a Finance Committee; and

WHEREAS, the Governance Committee of TSASC, Inc. (the “Corporation”) has recommended that the Board establish a Finance Committee so that the Corporation will be in compliance with the PAL; and

WHEREAS, the Governance Committee of the Corporation has reviewed the proposed Finance Committee Charter and believes it to be reasonable and appropriate and recommends its adoption by the Board of Directors; it is

RESOLVED, that there is hereby established a Finance Committee, whose members will be responsible for reviewing proposals for the issuance of debt by the Corporation and making recommendations to the Board; and it is

FURTHER RESOLVED, that the Board hereby adopts the Finance Committee Charter, attached heretofore, a copy of which shall be filed with the minutes of the Board.

Approval of Amended and Restated Indenture

The third item on the agenda was the approval of the Amended and Restated Indenture. A motion was made and seconded to discuss the resolution set forth below. In connection with the Corporation's anticipated issuance of Tobacco Settlement Bonds, the Corporation's Amended and Restated Indenture by and between the Corporation and the Bank of New York Mellon was proposed to be amended. A clean and blackline copy of the proposed changes were included the folders provided to the Board. There was no discussion and, there being no objections, the resolution was approved.

WHEREAS, in connection with the expected issuance of the TSASC, Inc. (the "Corporation") Fiscal 2017 Series A and B Tobacco Settlement Bonds (the "Bonds") the Corporation proposes to amend and restate its Indenture by and between the Corporation and the Bank of New York Mellon dated as of November 1, 1999 as previously amended and restated on January 1, 2006; and

WHEREAS, the Board of Directors has received and reviewed a draft of the Amended and Restated Trust Indenture by and between the Corporation and the Bank of New York Mellon, dated as of November 1, 2016 (the "Amended Indenture") and finds it to be reasonable and appropriate; it is therefore

RESOLVED, that the Board of Directors hereby approves the Amended Indenture, in substantially the form included heretofore, provided that the Amended Indenture may be further amended to reflect changes acceptable to the President of the Corporation.

Approval of Amendment to the Amended and Restated Declaration and Agreement of Trust

The fourth item on the agenda was the approval of the Amended and Restated Declaration and Agreement of Trust. A motion was made and seconded to discuss the resolution set forth below. In connection with the Corporation's anticipated issuance of Tobacco Settlement Bonds the Corporation's Amended and Restated Indenture has been amended. The Amended and Restated Declaration and Agreement of Trust, between the Corporation, the Wilmington Trust Company, and individual trustees, references such Amended and Restated Indenture, and a proposed amendment to reflect the Amended Indenture is proposed. A copy of the proposed amendment to reflect the Amended Indenture was included in the folder provided

to the Board. There was no further discussion and, there being no objections, the resolution was approved.

WHEREAS, in connection with the expected issuance of the TSASC, Inc. (the “Corporation”) Fiscal 2017 Series A and B Tobacco Settlement Bonds (the “Bonds”) the Board of Directors of the Corporation have approved an Amendment to the Indenture by and between the Corporation and the Bank of New York Mellon, (the “Indenture”); and

WHEREAS, in connection with the amended Indenture, the Corporation must amend the Amended and Restated Declaration and Agreement of Trust by and between the Corporation, the Wilmington Trust Company, and the individual trustees, dated as of January 1, 2006 (the “Amended Agreement of Trust”); and

WHEREAS, the Board of Directors has received and reviewed a draft of the proposed Amendment to the Amended Agreement of Trust, and finds it to be reasonable and appropriate; it is therefore

RESOLVED, that the Board of Directors hereby approves the Amendment to the Amended Agreement of Trust, in substantially the form included heretofore, provided that the Amendment to the Amended Agreement of Trust may be further amended to reflect changes acceptable to the President of the Corporation.

Ratification and Approval of Rating Agency Contract – Standard & Poor’s

The fifth item on the agenda was the approval of Rating Agency Contract. A motion was made and seconded to discuss the resolution set forth below. Mr. Anders explained that in connection with the Corporation’s anticipated issuance of Tobacco Settlement Bonds, the Corporation entered into a contract with Standard & Poor’s, which is the only provider of credit ratings for TSASC, to provide a credit rating for the Bonds. The fee and term agreement is listed in the proposed resolution. Mr. Anders explained that the fee for S&P is higher than the fees paid by the Corporation’s related issuers, such as the City’s General Obligation Bonds and the NYC Transitional Finance Authority Bonds, because it is a more complicated deal and would be completed on an accelerated time frame. In this deal, Mr. Anders noted, we will pay up to \$500,000, plus expenses and an annual surveillance fee, so the total rating fee per deal is lower in

this transaction than in the prior TSASC transaction. A brief discussion ensued, subsequent to which, there being no further discussion and no objections, the resolution was approved.

WHEREAS, in conjunction with the expected issuance of the Fiscal 2017 Series A and B Tobacco Settlement Bonds (the “Bonds”), TSASC, Inc. (the “Corporation”), requires a credit rating for the Bonds; and

WHEREAS, the Corporation’s Procurement Guidelines Section II(5)(ii) allows the Corporation to award contracts on a non-competitive basis if a firm is the only source reasonably available for the required services; and

WHEREAS, Standard & Poor’s is currently the only source of credit ratings for Tobacco Settlement Bonds; it is therefore

RESOLVED, that the Board of Directors of the Corporation hereby ratifies and approves the Corporation’s contract with Standard & Poor’s to provide credit ratings for the Bonds, at a rate of 7 basis points of the total principal amount of the Bonds, not to exceed \$500,000, plus expenses, plus an annual surveillance fee of \$20,000 for the life of the Bonds.

Approval of Disclosure & Structuring Verification Agent Contract – Deloitte & Touche

The sixth item on the agenda was the approval of the Disclosure & Structuring Verification Agent Contract. A motion was made and seconded to discuss the resolution set forth below. Mr. Anders explained that in connection with the Corporation’s anticipated issuance of Tobacco Settlement Bonds, the Corporation, in conjunction with Jefferies, issued a competitive request for proposals (“RFP”) seeking a disclosure & structuring verification agent. The RFP was conducted and Deloitte & Touche was selected based on the quality of their proposal. The proposed resolution lists the fee and term of the agreement. There was no further discussion and, there being no objections, the resolution was approved.

WHEREAS in conjunction with the expected issuance of TSASC Inc.’s (the “Corporation”) Fiscal 2017 Series A and B Tobacco Settlement Bonds (the “Bonds”), the Corporation issued a request for proposals seeking a disclosure and structuring verification agent on October 19, 2016; and

WHEREAS, Corporation management have recommended Deloitte & Touche to serve as disclosure and verification agent in connection with the issuance of the Bonds; it is therefore

RESOLVED, that the Board of Directors of the Corporation hereby approves the retention of Deloitte & Touche to serve as disclosure and structuring verification agent in connection with the issuance of the Bonds, and authorizes and directs the President or any such Officer of the Corporation to enter into an agreement with Deloitte & Touche for a fee not to exceed \$75,000, plus compensation by the Corporation for time Deloitte & Touche may incur if it is subpoenaed or otherwise legally required to perform additional work in connection with such agreement, and such agreement 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.

Approval of Global Insight IHS Contract

The seventh item on the agenda was the approval of the Global Insight IHS contract. A motion was made and seconded to discuss the resolution set forth below. Mr. Anders explained that in connection with the Corporation's anticipated issuance of Tobacco Settlement Bonds, the Corporation seeks to enter into an agreement with Global Insight IHS to develop a Cigarette Consumption Forecast report. Global Insight IHS has provided such a report for prior TSASC transactions. There was no further discussion and, there being no objections, the following resolution was approved.

WHEREAS in conjunction with the expected issuance of TSASC Inc.'s (the "Corporation") Fiscal 2017 Series A and B Tobacco Settlement Bonds (the "Bonds"), the Corporation seeks to enter into a contract with an independent contractor to develop a Cigarette Consumption Forecast report; and

WHEREAS, the Corporation's Procurement Guidelines Section II(5) allows the Corporation to award contracts on a non-competitive basis under certain circumstances; and

WHEREAS, Global Insight IHS ("Global") provides specialized services consisting of the development of cigarette consumption forecasts which are accepted by the bond market, and Global was the provider of such reports for the previous issuance of the Corporation's debt, the Corporation's Procurement Guidelines Sections II(5)(ii)-(iv) allows for a waiver of the competitive request for proposals process; it is therefore

RESOLVED, that the Board of Directors of the Corporation hereby approves the retention of Global to provide a Cigarette Consumption Forecast in connection with the issuance of the Bonds, and authorizes and directs the President or other such Officer of the Corporation to enter into an agreement with Global for a fee not to exceed \$225,000, plus expenses, including the indemnification of Global by the Corporation against any third party claims relating to the issuance

of the Bonds, and such agreement 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.

[Recess for duration of Finance Committee meeting]

A motion was made and seconded to recess for the duration of the Finance Committee meeting. Following the Finance Committee meeting, a motion was made and seconded to reconvene the Board of Directors Meeting.

Approval of the Resolution Authorizing the Issuance of Fiscal 2017 Series A and B Tobacco Settlement Bonds.

The final item on the agenda was the approval of the Resolution authorizing the issuance of Fiscal 2017 Series A and B Tobacco Settlement Bonds¹. The proposed resolution would approve the Series 2017 Supplement authorizing the issuance of Fiscal 2017 Series A and B Tobacco Settlement Bonds. Mr. Anders noted this action has been recommended by the Finance Committee. A motion was made and seconded to discuss the resolution set forth below. There was no further discussion and, there being no objections, the resolution was approved.

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

¹ Filed with the meeting Minutes