

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

May 11, 2020

A meeting of the Board of Directors (the “Board”) of TSASC, Inc. (the “Corporation”) was held on May 11, 2020 at approximately 10:24 a.m. via online conference and telephone.

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 Jay Olson;

Scott M. Stringer, Comptroller of the City, represented by Marjorie Henning;

James Johnson, Corporation Counsel of the City, represented by Al Rodriguez;

and Jacques Jiha, Finance Commissioner, represented by Robin Lee,

constituting a quorum of the Board. Rita Pasarell 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. Olson, Chairperson of the Committee.

Acknowledgement of Alan Anders

The first item on the agenda was a resolution acknowledging the passing of Alan Anders and his many contributions to TSASC, Inc. Mr. Anders, the Corporation’s President, passed away over the weekend. The proposed resolution recognizes Mr. Anders’ commitment and dedication to the Corporation, and expresses the Board of Director’s, and the Corporation’s staff, deep gratitude for his decades of services and leadership. Mr. Olson then read the resolution, highlighting Mr. Anders’ accomplishments during his years of dedicated service. Upon unanimous vote, the following resolution was approved.

**WHEREAS**, the Board of Directors of TSASC, Inc. (the “Corporation”) is deeply saddened to learn of the passing of Alan L. Anders, President of the Corporation; and

**WHEREAS**, Mr. Anders was first appointed Vice President and Treasurer of the Corporation in 1999, and was subsequently appointed President in 2006; and

**WHEREAS**, Mr. Anders also served as an alternate Director on the Audit Committee, Finance Committee, Governance Committee and Board of Directors of the Corporation since 2012; and

**WHEREAS**, Mr. Anders provided unparalleled guidance and wisdom during his many years of dedicated service to the Corporation; it is therefore

**RESOLVED**, that the Board of Directors of the Corporation, on behalf of themselves and the staff of the Corporation, wishes to recognize Mr. Anders’ immeasurable contribution to the Corporation, express its gratitude for the decades of service and leadership he provided, and send its deepest sympathies to Mr. Anders’ family.

#### Approval of Minutes

The second item on the agenda was the approval of the minutes of the meeting of the Board held on September 26, 2019. The minutes were circulated for the Board’s review. There was no discussion and, upon unanimous vote, the resolution was approved.

**WHEREAS**, the Board of Directors of TSASC, Inc. has reviewed the minutes of its meeting held on September 26, 2019; it is therefore

**RESOLVED**, that the minutes of the meeting of the Board of Directors held on September 26, 2019 be, and they hereby are, adopted.

#### Approval of Independent Auditor Contract

The third item on the agenda was approval of a contract with Marks Paneth LLP (“Marks Paneth”) to serve as independent auditor to the Corporation. Following a competitive request for proposals process, the Corporation’s staff have recommended the retention of Marks Paneth to serve as independent auditor for the Corporation’s financial statements for the Fiscal Years 2020 through 2023, with an optional one year extension. The Audit Committee of the Corporation has

recommended the Board of Directors approve the proposed resolution. The Corporation's Comptroller, Robert Balducci, was present to discuss the selection. There being no further discussion, upon unanimous vote the below resolution was adopted.

**WHEREAS**, pursuant to a request for proposals for independent auditors, the selection committee of TSASC, Inc. (the "Corporation") has selected the firm of Marks Paneth LLP; and

**WHEREAS**, the Audit Committee has recommended the retention of Marks Paneth LLP as the Corporation's independent auditors; it is hereby

**RESOLVED**, that the staff of the Corporation is to enter into an agreement with Marks Paneth LLP to serve as independent auditor for the Corporation's financial statements for the fiscal years ending June 30, 2020, 2021, 2022 and 2023, with an optional one one-year extension at the discretion of the Corporation's management, with no prior Board approval required, to cover the audit of the Corporation's financial statements for the fiscal year ending June 30, 2024, which agreement shall contain such other terms and conditions which are not inconsistent with this resolution as the staff of the Corporation shall determine, and which agreement shall provide for compensation not to exceed the following rates:

Audit (by Fiscal Year)

2020	\$ 14,000
2021	\$ 14,500
2022	\$ 15,000
2023	\$ 15,500
2024	\$ 16,000

Special Projects (per hour)

Position	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Partner	\$320	\$330	\$340	\$350	\$360
Manager	\$225	\$230	\$235	\$240	\$245
Senior	\$160	\$165	\$170	\$175	\$180
Staff	\$115	\$120	\$125	\$130	\$135

Approval of Budget

The next item on the agenda was approval of the Authority's budget and financial plan.

Mr. Olson noted that pursuant to Section 2801(2) of the Public Authorities Law, the Corporation

is required to submit a budget report to the Authorities Budget Office. The budget contains estimated receipts and expenditures for the current and next fiscal year, and the actual receipts and expenditures for the last completed fiscal year, as well as a projected four year plan. The Budget was circulated to the Board.

The current projections in the budget show an inability of the Corporation to meet its subordinate debt service funding requirements in fiscal 2023 -- during December 2022-- unless additional revenues, beyond what is assumed in the budget, are received.

The Corporation will continue to monitor this closely, and weigh all options, including refinancings. There being no further discussion, upon unanimous vote, 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.

#### Discussion of EMMA Filing

The fourth item on the agenda was a discussion of the Corporation’s April 22, 2020

filing to the Electronic Municipal Marketplace Access database (“EMMA”) regarding the April 2020 Tobacco Settlement Revenue distribution of Pledged Tobacco Settlement Revenues (“TSRs”). This was a review item only, and no vote was taken. The EMMA notice was provided to the Board. Mr. Olson noted that TSASC received approximately \$70.473 million of TSRs, which is less than the projected \$84.95 million projected in the 2017 Offering Circular. TSASC believes this is due primarily from the continued use of 175 million Tribal NPM Packs sold in the calculation of the 2020 payment. Due to this difference, TSASC projects it will be required to draw upon its Subordinate Liquidity Reserve Account in the amount of approximately \$11.2 million to pay debt service due December 1, 2020. Upon that draw, TSASC projects \$11.6 million will be left in the Subordinate Liquidity Reserve Account. There was no further discussion.

#### Approval of Directors & Officers Insurance Policies

The next item on the agenda was approval of the Corporation’s procurement of Directors & Officers Insurance Policies from several insurance companies through the Corporation’s Broker, USI, providing for \$50 million of coverage for the period from June 25, 2020 through June 24, 2021 for directors, members, and officers of the Corporation. Mr. Olson noted that the proposed resolution provides that the annual premium payable by the Corporation to the insurers shall not exceed \$300,000, which includes a large cushion to account for market fluctuations. Last year, the Corporation paid just over \$180,000, but the Corporation’s broker recommended the aforementioned cushion due to the current volatility in the insurance market. There being no further discussion, upon unanimous vote, 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, 2020 through June 24, 2021 provided that the annual premium payable by the Corporation to the Insurers will not exceed \$300,000, and said policies shall contain such other terms and conditions not inconsistent with the foregoing which the Vice President, Secretary or authorized representative of the Corporation shall deem necessary, desirable or appropriate and that the President shall be authorized to procure such insurance coverage.

Review and Approval of Mission Statement and Performance Measures and Authorization to Publish Measurement Report

The next item on the agenda was the approval of the Corporation's Mission Statement and Completed Measurement Report. Mr. Olson noted that pursuant to Section 2800 of Public Authorities Law, the Board of Directors previously adopted a Mission Statement and Performance Measures, which are a means for the Corporation to evaluate whether its performance and policies are consistent with its stated mission. There were no proposed changes to the Mission Statement/Performance Measures and the Measurement Report has been completed. There being no discussion, upon unanimous vote, 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 hereto<sup>1</sup> 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 Report and Self-Evaluation

The seventh and final item on the agenda was a presentation by Ms. Henning, the Audit Committee Chair. Ms. Henning stated that the Audit 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, upon unanimous vote, the meeting was duly adjourned.

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<sup>1</sup> Filed with the meeting minutes



ASSISTANT SECRETARY