

SECURITY AGREEMENT

by and between

TSASC, INC.

and

**THE BANK OF NEW YORK MELLON,
as Trustee,**

Dated as of December 9, 2024

relating to

**Tobacco Settlement Bonds
Fiscal 2017 Series A (Senior) and Fiscal 2017 Series B (Subordinate)**

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THIS SECURITY AGREEMENT, dated as of December 9, 2024 (this “Agreement”) and effective as of the Effective Date (as defined herein), by and between TSASC, Inc., a New York local development corporation (the “Corporation”), and The Bank of New York Mellon, a New York banking corporation, as trustee (the “Trustee”) under the Amended and Restated Indenture, as supplemented by a Series 2017 Supplement, each dated as of December 1, 2016, by and between the Corporation and the Trustee (collectively, and as further amended and supplemented, the “Indenture”).

WITNESSETH:

WHEREAS, pursuant to the Indenture, the Corporation issued its \$613,370,000 Tobacco Settlement Bonds, Fiscal 2017 Series A (Senior) (the “Series 2017A Bonds”) and its \$489,700,000 Tobacco Settlement Bonds, Fiscal 2017 Series B (Subordinate) (the “Series 2017B Bonds” and together with the Series 2017A Bonds, the “Series 2017 Bonds”); and

WHEREAS, in return for entering into the Indenture, the Corporation received on January 19, 2017, consideration in the form of \$705,836,447.71 in cash, constituting the net cash proceeds of the Series 2017 Bonds, and the exchange of \$450,000,000 in principal amount of bonds previously issued by the Corporation for \$450,000,000 in principal amount of Series 2017B Bonds with different terms; and the Corporation used such net cash proceeds to, among other things, defease certain bonds with different terms previously issued by the Corporation and secured by the Pledged TSRs (as defined herein); and

WHEREAS, the Series 2017 Bonds are secured by and payable from, among other things, all of the Corporation’s right, title and interest in and to 37.40% of the Tobacco Assets (as defined herein) (the “Pledged TSRs”); and

WHEREAS, the 62.60% of the Tobacco Assets owned by the Corporation that are not Pledged TSRs (the “Unpledged TSRs”) are not collateral for the payment of the Series 2017 Bonds or any other obligation of the Corporation and are currently deposited into the Unpledged TSRs Subaccount (as defined herein) and then paid by the Trustee from time to time to the Trust (as defined herein), as registered owner of the Residual Certificate (as defined herein); and

WHEREAS, with the consent of the Trust and the City (as defined herein), as sole beneficiary of the Trust, the Corporation has determined to provide certain additional credit support to the Series 2017 Bonds as provided herein, including to pledge, and grant a security interest in and lien on, the Unpledged TSRs to the Trustee, for the benefit of the holders of the Series 2017 Bonds, in order to secure the obligation of the Corporation to pay any Payment Deficiency (as defined herein) as set forth in Section 2.02(b) hereof, all subject to the terms and conditions set forth in this Agreement; and

WHEREAS, the execution and delivery of this Agreement shall not alter any of the terms of the Series 2017 Bonds.

NOW THEREFORE, in consideration of the foregoing and the prior consideration described in the second recital of this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to legally bound, the Corporation and the Trustee hereby agree as follows:

ARTICLE I
DEFINITIONS AND INTERPRETATION

Section 1.01 Definitions. Capitalized terms used in this Agreement shall have the following meanings:

“Agreement” shall have the meaning given to such term in the first paragraph of this Agreement.

“Amended Payment Deficiency Notice” means the written notice, in substantially the form attached hereto as Exhibit C, which supersedes any previously provided Payment Deficiency Notice or Amended Payment Deficiency Notice and sets forth a revised Payment Deficiency.

“Authorized Officer of the Corporation” means the Chairperson, the President, a Vice President, the Treasurer, an Assistant Treasurer, the Comptroller, the Assistant Comptroller, the Secretary, an Assistant Secretary, their successors in office, and any other person authorized to act hereunder by appropriate Written Notice from an Authorized Officer of the Corporation to the Trustee.

“Business Day” means any day other than a Saturday, a Sunday, a day on which banking institutions in New York, New York are required or authorized by law to be closed or a day on which the New York Stock Exchange is closed.

“City” means The City of New York.

“Collections Account” has the meaning given such term in the Indenture.

“Corporation” shall have the meaning given to such term in the first paragraph of this Agreement.

“Effective Date” means December 9, 2024.

“Electronic Means” includes the following communications methods: email, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services hereunder.

“Electronic Notice” means notice delivered by Electronic Means.

“Eligible Investments” shall have the meaning given to such term in the Indenture.

“Indenture” shall have the meaning given to such term in the first paragraph of this Agreement.

“Interest Payment Date” means each June 1 and December 1, commencing on the first June 1 or December 1 occurring after the Effective Date.

“Outstanding” shall have the meaning given to such term in the Indenture.

“Payment Deficiency” has the meaning given such term in Section 3.01(c)(iv).

“Payment Deficiency Notice” has the meaning given such term in Section 3.01(c)(i).

“Pledged TSRs” shall have the meaning given to such term in the recitals to this Agreement.

“Purchase and Sale Agreement” means the Purchase and Sale Agreement, dated as of November 18, 1999, as amended by the Amendment, dated as of August 15, 2002, and as supplemented by the Confirmation and Acknowledgment, dated as of February 8, 2006, each between the Corporation and the City, in each case as may be further amended or supplemented.

“Residual Certificate” means the Residual Certificate, dated November 18, 1999, executed by the Corporation and authenticated by the Trustee, as may be further amended or supplemented.

“Security Agreement Collateral” shall have the meaning given to such term in Section 2.02(a).

“Senior Bonds Payment Deficiency” has the meaning given such term in Section 3.01(c)(ii).

“Senior Debt Service Account” means the account held by the Trustee by that name under the Indenture.

“Series 2017 Additional Pledged TSRs Account” shall have the meaning given to such term in Section 3.01(a).

“Series 2017 Bondholders” means the registered owners of the Series 2017 Bonds from time to time as shown on the books of the Trustee.

“Series 2017 Bonds” shall have the meaning given to such term in the recitals to this Agreement.

“Series 2017A Bonds” shall have the meaning given to such term in the recitals to this Agreement.

“Series 2017B Bonds” shall have the meaning given to such term in the recitals to this Agreement.

“Subordinate Bonds Payment Deficiency” has the meaning given such term in Section 3.01(c)(iii).

“Subordinate Debt Service Account” means the account held by the Trustee by that name under the Indenture.

“Tobacco Assets” shall have the meaning given to such term in the Purchase and Sale Agreement.

“Trust” means the TSASC Tobacco Settlement Trust.

“Trustee” shall have the meaning given to such term in the first paragraph of this Agreement.

“Unpledged TSRs” shall have the meaning given to such term in the recitals to this Agreement.

“Unpledged TSRs Subaccount” means the subaccount held by the Trustee by that name under the Indenture.

“Written Notice,” “written notice” or “notice in writing” means notice in writing which may be delivered by hand or first class mail, overnight delivery, electronically or by facsimile transmission.

Section 1.02 Interpretation.

(a) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Agreement.

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa.

(c) The terms “hereby,” “hereof,” “herein,” “hereunder” and any similar terms, as used in this Agreement, refer to this Agreement.

(d) The captions of the Articles and Sections of this Agreement and any table of contents shall be solely for convenience of reference, and shall not affect the meaning, construction or effect of this Agreement.

(e) Terms used herein that are defined in the New York Uniform Commercial Code, as amended, and not otherwise defined herein, shall have the meaning set forth in the New York Uniform Commercial Code, as amended, unless the context requires otherwise.

Section 1.03 Consideration. The Corporation hereby confirms the receipt and the adequacy of the consideration described in the second recital of this Agreement.

Section 1.04 No Liability. Neither the members, directors, or officers of the Corporation shall be liable personally or be subject to any personal liability or accountability solely by reason of the execution and delivery of this Agreement.

ARTICLE II DISPOSITION OF AND SECURITY INTEREST IN UNPLEDGED TSRS

Section 2.01 Disposition of Unpledged TSRs. As permitted by Section 6.07(a) of the Indenture, the Corporation hereby disposes of the Unpledged TSRs by granting the security interest set forth in Section 2.02(a) and by transferring the Unpledged TSRs to the Series 2017 Additional Pledged TSRs Account as set forth in Section 3.01.

Section 2.02 Grant of Security Interest.

(a) In order to secure the obligation of the Corporation set forth in Section 2.02(b), the Corporation hereby pledges to the Trustee, and grants to the Trustee a lien on and security interest in, all of the Corporation's right, title, and interest, whether now owned or hereafter acquired, in, to, and under: (i) the Unpledged TSRs, (ii) the Series 2017 Additional Pledged TSRs Account, all money, instruments, investment property, or other property credited thereto or on deposit therein, and all investment earnings thereon; and (iii) all proceeds of the foregoing (collectively, the "Security Agreement Collateral"). Notwithstanding any other provision, the "Security Agreement Collateral" does not include any (i) Unpledged TSRs received by the Corporation or the Trustee prior to the Effective Date, (ii) any Pledged TSRs, or (iii) any proceeds of the foregoing.

(b) The Corporation agrees to pay to the Trustee each Payment Deficiency not later than two Business Days prior to each Interest Payment Date. Such payment shall be made by the Trustee withdrawing the amount of such Payment Deficiency from the Series 2017 Additional Pledged TSRs Account pursuant to Section 3.01(f).

(c) The obligation of the Corporation described in Section 2.02(b) is payable solely from the Security Agreement Collateral. Notwithstanding any other provision, the Corporation shall have no obligation to pay Payment Deficiencies from any moneys or property other than the Security Agreement Collateral.

(d) The Security Agreement Collateral secures solely the obligation of the Corporation set forth in Section 2.02(b). Notwithstanding any other provision, the Security Agreement Collateral does not secure any other obligation, including, without limitation, any obligation arising under the Indenture or the Series 2017 Bonds. Notwithstanding any other provision, the Security Agreement Collateral is not subject to the lien of the Indenture and does not constitute "Collateral" as defined in the Indenture.

(e) The Corporation has caused or will have caused, within ten days after the Effective Date, the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Security Agreement Collateral granted to the Trustee hereunder.

(f) The Corporation shall implement, protect, and defend the security interest made in this Section 2.02 by all appropriate action for the benefit of the Trustee and the Series 2017 Bondholders.

Section 2.03 Discharge of Agreement. This Agreement and the pledge, lien, and security interest, and the rights and obligations, created by this Agreement shall terminate and become null and void on the first of the following to occur: (i) ninety (90) days after the Corporation provides written notice of such termination to the Trustee, with a copy to the Trust and the City, as sole beneficiary of the Trust, (ii) June 1, 2028 or (iii) the date on which the Series 2017 Bonds are no longer outstanding in accordance with their terms under the Indenture. Upon such termination, the Trustee shall execute and deliver such instruments as may be necessary to discharge the Trustee's lien, pledge, and security interest created hereunder. Any funds or other property

credited to or on deposit in the Series 2017 Additional Pledged TSRs Account shall be transferred to the Unpledged TSRs Subaccount.

ARTICLE III
ESTABLISHMENT AND APPLICATION OF
SERIES 2017 ADDITIONAL PLEDGED TSRS ACCOUNT; INVESTMENTS

Section 3.01 Establishment and Application of Series 2017 Additional Pledged TSRs Account.

(a) There is hereby created and established with the Trustee a trust account designated the “TSASC, Inc. Series 2017 Additional Pledged TSRs Account” (the “Series 2017 Additional Pledged TSRs Account”) to be held in the custody of the Trustee, separate and apart from all other funds of the Corporation or the Trustee, including, without limitation, the funds and accounts created and held under the Indenture.

(b) Promptly upon receipt by the Trustee of the Unpledged TSRs on or after the Effective Date, the Trustee shall first deposit the Unpledged TSRs in the Collections Account and then (i) transfer Unpledged TSRs in an amount specified by an Officer’s Certificate not to exceed \$500,000 for any Fiscal Year for deposit into the Operating Account to pay, for the current or next Fiscal Year, Operating Expenses projected to exceed the Operating Cap (as defined in the Indenture) for the current or next Fiscal Year and (ii) transfer all other Unpledged TSRs for deposit into the Series 2017 Additional Pledged TSRs Account.

(c) (i) In each calendar year while this Agreement is in effect and by no later than three Business Days prior to each June 1 beginning with June 1, 2025, the Corporation shall provide written notice to the Trustee, in substantially the form attached hereto as Exhibit A (a “Payment Deficiency Notice”), with a copy to the Trust and the City, as sole beneficiary of the Trust, of the Senior Bonds Payment Deficiency and the Subordinate Bonds Payment Deficiency.

(ii) The Senior Bonds Payment Deficiency means the amount needed to be added to the Senior Debt Service Account, after taking into account all transfers from the Collections Account made or to be made in connection with the next Interest Payment Date, in order for the balance in the Senior Debt Service Account to be sufficient to pay:

(1) unpaid interest due on the Outstanding Series 2017A Bonds on the next Interest Payment Date;

(2) principal of the Outstanding Series 2017A Bonds due on the next Interest Payment Date; and

(3) interest due on the Outstanding Series 2017A Bonds on the second succeeding Interest Payment Date.

(iii) The Subordinate Bonds Payment Deficiency means the amount needed to be added to the Subordinate Debt Service Account, after taking into account all transfers from the Collections Account made or to be made in connection with the next Interest Payment Date, in order for the balance in the Subordinate Debt Service Account to be sufficient to pay:

(1) interest due on the Outstanding Series 2017B Bonds on the next Interest Payment Date;

(2) principal of the Outstanding Series 2017B Bonds due on the next Interest Payment Date; and

(3) interest due on the Outstanding Series 2017B Bonds on the second succeeding Interest Payment Date.

(iv) The aggregate amount of the Senior Bonds Payment Deficiency and the Subordinate Bonds Payment Deficiency set forth in such Payment Deficiency Notice is the “Payment Deficiency.”

(v) Failure to make Turbo Redemptions (as defined in the Indenture) with respect to any Series 2017 Bonds that are Turbo Term Bonds (as defined in the Indenture) will not cause, or constitute, a Payment Deficiency.

(vi) If there is no Payment Deficiency, the Corporation shall provide written notice to the Trustee, in substantially the form attached hereto as Exhibit B, with a copy to the Trust and the City, as sole beneficiary of the Trust, that there is no Payment Deficiency. Upon the Trustee receiving written notice that there is no Payment Deficiency, the Trustee shall release all funds or other property credited to or on deposit in the Series 2017 Additional Pledged TSRs Account as provided in Section 3.01(h).

(d) If at any time after a Payment Deficiency Notice has been delivered to the Trustee, additional funds or other property is credited to or deposited in (or will be credited to or deposited in by no later than two Business Days prior to the next Interest Payment Date) the Senior Debt Service Account or the Subordinate Debt Service Account, the Corporation may provide an Amended Payment Deficiency Notice to the Trustee, with a copy to the Trust and the City, as sole beneficiary of the Trust, that supersedes any previously provided Payment Deficiency Notice or Amended Payment Deficiency Notice to reflect such reduced Payment Deficiency.

(e) Upon the Trustee receiving the Payment Deficiency Notice or Amended Payment Deficiency Notice, the Trustee shall retain the amount equal to the Payment Deficiency set forth therein in the Series 2017 Additional Pledged TSRs Account until such amounts are transferred to the Senior Debt Service Account or Subordinate Debt Service Account, as applicable, pursuant to Section 3.01(f), and the Trustee shall release any excess funds or other property credited to or on deposit in the Series 2017 Additional Pledged TSRs Account as provided in Section 3.01(h).

(f) By no later than two Business Days prior to each Interest Payment Date, the Trustee shall (i) withdraw from the Series 2017 Additional Pledged TSRs Account only the amount of the Senior Bonds Payment Deficiency needed to pay interest and principal due on the Outstanding

Series 2017A Bonds on such Interest Payment Date and transfer such amount to the Senior Debt Service Account, and (ii) withdraw from the Series 2017 Additional Pledged TSRs Account only the amount of the Subordinate Bonds Payment Deficiency needed to pay interest and principal due on the Outstanding Series 2017B Bonds on such Interest Payment Date and transfer such amount to the Subordinate Debt Service Account.

(g) In the event that there are insufficient funds in the Series 2017 Additional Pledged TSRs Account to pay the Payment Deficiency, then the amounts in the Series 2017 Additional Pledged TSRs Account shall be applied, first, in the order of priority described in Section 3.01(c)(ii) for the Outstanding Series 2017A Bonds and, second, in the order of priority described in Section 3.01(c)(iii) for the Outstanding Series 2017B Bonds.

(h) Upon the Trustee holding the full amount of the Payment Deficiency in the Series 2017 Additional Pledged TSRs Account described in Section 3.01(e), or upon the Corporation giving written notice to the Trustee that there is no Payment Deficiency under Section 3.01(c)(vi) and provided there is no interest or principal due and unpaid on the Outstanding Series 2017A Bonds and the Outstanding 2017B Bonds, any remaining funds or other property credited to or on deposit in the Series 2017 Additional Pledged TSRs Account shall be released from the lien of this Agreement, shall no longer constitute Security Agreement Collateral, and shall promptly be transferred by the Trustee to the Unpledged TSRs Subaccount.

Section 3.02 Investments. Pending its use or release under this Agreement, money in the Series 2017 Additional Pledged TSRs Account held by the Trustee may be invested by the Trustee in Eligible Investments maturing or redeemable at the option of the Corporation on or before the fifth Business Day immediately preceding each Interest Payment Date and shall be so invested as directed in a written certificate of an Authorized Officer of the Corporation. In the absence of negligence or willful misconduct on its part, the Trustee shall not be liable for any losses on investments made at the direction of the Corporation.

ARTICLE IV COVENANTS AND REPRESENTATIONS OF THE CORPORATION

Section 4.01 Contract; Obligations to Series 2017 Bondholders; Representations of the Corporation.

(a) The grant of a security interest, lien, and pledge made in this Agreement and the covenants herein set forth to be performed by the Corporation shall be for the equal benefit, protection, and security of the Series 2017 Bonds, without preference or priority of any Series 2017 Bond over another other Series 2017 Bond of the same class.

(b) The Corporation covenants to pay when due all sums payable by it under this Agreement, but only from the Security Agreement Collateral and subject to the limitations set forth in Section 1.04. The obligation of the Corporation to pay the amounts payable by the Corporation under this Agreement shall be absolute and unconditional, shall be binding and enforceable in all circumstances whatsoever, and shall not be subject to setoff, recoupment, or counterclaim.

(c) The Corporation represents that (i) it is duly authorized pursuant to law to execute, deliver, and perform the terms of this Agreement; (ii) all action on its part required for or relating to the Effective Date has been duly taken; (iii) this Agreement, upon the execution and delivery hereof, shall be a valid and binding obligation of the Corporation, enforceable against the Corporation in accordance with its terms; (iv) it is the sole owner of the Security Agreement Collateral and it has not, prior to the Effective Date, sold, transferred, assigned, pledged, granted a security interest in, set over or otherwise conveyed any right, title or interest of any kind in all or any portion of the Security Agreement Collateral, except for security interests that have been released prior to the date hereof; (v) the execution, delivery, and performance by the Corporation of this Agreement is not in contravention of law or any agreement, instrument, indenture, or other undertaking to which it is a party or by which it is bound and no other approval, consent, or notice from any governmental agency is required on the part of the Corporation in connection with the execution and delivery of this Agreement; (vi) the Trustee has a valid first priority perfected security interest in the Security Agreement Collateral; (vii) it is duly organized and validly existing in good standing as a local development corporation under the laws of New York; and (viii) its complete legal name is TSASC, Inc.

(d) This Agreement creates a valid security interest in the Security Agreement Collateral in favor of the Trustee to secure the obligations of the Corporation set forth in Section 2.02(b), enforceable by the Trustee in accordance with the terms hereof.

Section 4.02 Covenants.

(a) The Corporation shall from time to time authorize, execute or authenticate, deliver and file all financing statements, continuation statements, amendments to financing statements, documents and instruments, and shall take such other action, as is necessary or advisable to maintain or preserve the lien, pledge and security interest (and the perfection and priority thereof) created by this Agreement; to perfect or protect the validity of any grant made or to be made by this Agreement; to preserve and defend title to the Security Agreement Collateral and the rights of the Trustee in the Security Agreement Collateral against the claims of all persons and entities, including the challenge by any person or entity to the validity or enforceability of this Agreement; to enforce this Agreement, to pay any and all taxes levied or assessed upon all or any part of the Security Agreement Collateral; or to carry out more effectively the purposes of this Agreement.

(b) The Corporation shall not (i) permit the validity or effectiveness of this Agreement to be impaired, or permit the security interest, lien, and pledge created by this Agreement to be amended, hypothecated, subordinated, terminated, or discharged, or permit any party to be released from any covenants or obligations under this Agreement, except as may be expressly permitted hereby; (ii) permit any lien, charge, pledge, claim, security interest, mortgage, or other encumbrance (other than the security interest, lien, and pledge created by this Agreement) to be created on or extend to or otherwise arise upon or burden the Security Agreement Collateral, any part thereof, any interest therein, or the proceeds thereof; (iii) permit the security interest created by this Agreement not to constitute a valid first priority perfected security interest in the Security Agreement Collateral or any part thereof; or (iv) sell or dispose of any of the Security Agreement Collateral or any interest therein, except as permitted by this Agreement.

(c) The Corporation shall not, directly or indirectly, make distributions from the Series 2017 Additional Pledged TSRs Account except in accordance with this Agreement.

ARTICLE V
THE TRUSTEE

Section 5.01 Trustee's Duties and Obligations.

(a) The Trustee agrees to perform all the duties and obligations expressly imposed upon it by this Agreement, and, except for such duties and obligations, the Trustee shall not have any implied duties.

(b) The provisions of Article VIII of the Indenture relating to the rights, duties, indemnification and reimbursements of the Trustee are hereby incorporated in this Agreement as if set forth in full herein.

ARTICLE VI
MISCELLANEOUS

Section 6.01 Supplements and Amendments. This Agreement may be supplemented or amended by agreement among the parties hereto without the consent of any of the Series 2017 Bondholders.

Section 6.02 Notices. Unless otherwise expressly provided, all notices to the Corporation or the Trustee shall be in writing and shall be deemed sufficiently given if (i) sent by registered or certified mail, postage prepaid and return receipt requested, (ii) delivered during business hours or (iii) provided by Electronic Notice, as follows:

To the Corporation: TSASC, Inc.
255 Greenwich Street, Seventh Floor
New York, New York 10007
Attention: Secretary
Phone: (212) 788-5882
Email: wernerj@omb.nyc.gov

To the Trustee: The Bank of New York Mellon
240 Greenwich Street, 7E
New York, New York 10286
Attention: Corporate Trust Department
Phone: (212) 815-4575
Email: wilson.lee@bnymellon.com

To the Trust: Wilmington Trust Company, as Delaware Trustee
TSASC Tobacco Settlement Trust
1100 North Market Street
Wilmington, Delaware 19890
Attention: Gregory Marcum
Email: gmarcum@wilmingtontrust.com

To the City (as sole beneficiary of the Trust):

NYC Office of Management and Budget
255 Greenwich Street, 6th Floor
New York, New York 10007
Attention: Jeffrey Werner, General Counsel
Phone: (212) 788-6298
Email: wernerj@omb.nyc.gov

or, as to all of the foregoing, to such other address as the addressee shall have indicated by prior written notice to the one giving notice.

Section 6.03 Beneficiaries. This Agreement is not intended for the benefit of and shall not be construed to create rights in parties other than the Corporation, the Trustee, the Series 2017 Bondholders and the owner of the Residual Certificate to the extent specified herein.

Section 6.04 Successors and Assigns. All covenants and agreements in this Agreement by the Corporation shall bind its successors and assigns, whether so expressed or not. All agreements of the Trustee in this Agreement shall bind its successors.

Section 6.05 Severability. In case any provision of this Agreement shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.06 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of New York, without reference to its conflict of law provisions (other than Section 5-1401 of the General Obligations Law), and the obligations, rights and remedies of the parties hereunder shall be determined in accordance with such laws.

Section 6.07 Jurisdiction. Each party hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court for the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court, or to the extent permitted by law, in such Federal court.

Section 6.08 Venue. Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in Section 6.07. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

Section 6.09 Waiver Of Jury Trial. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS

CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY).


Section 6.10 No Recourse to Corporation. The Trustee and the Series 2017 Bondholders shall have no recourse against the Corporation, but shall look only to the Security Agreement Collateral in accordance with the terms hereof with respect to any amounts due hereunder.

Section 6.11 Signatures and Counterparts. This Agreement may be executed and delivered in any number of counterparts, each of which shall be deemed to be an original, but such counterparts together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Corporation and the Trustee have caused this Agreement to be executed as of the day and year first above written.

TSASC, INC.

By: 
Name: David Womack
Title: President

(SEAL)

ATTEST:


Name: Jeffrey M. Werner
Title: Secretary

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Name: Craig S. Wenzler
Title: Vice President

IN WITNESS WHEREOF, the Corporation and the Trustee have caused this Agreement to be executed as of the day and year first above written.

TSASC, INC.

By: _____
Name: David Womack
Title: President

(SEAL)

ATTEST:

Name: Jeffrey M. Werner
Title: Secretary

THE BANK OF NEW YORK MELLON,
as Trustee

By: _____
Name: Craig S. Wenzler
Title: Vice President

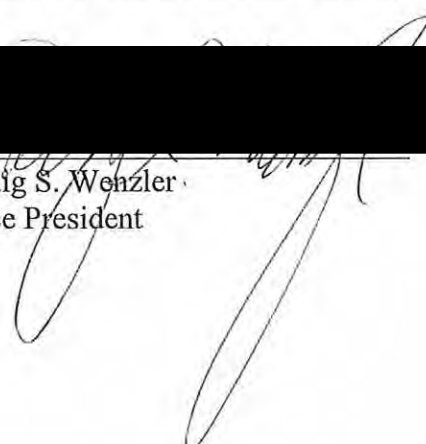


EXHIBIT A

FORM OF PAYMENT DEFICIENCY NOTICE

[Date]¹

The Bank of New York Mellon, as Trustee
240 Greenwich Street, 7E
New York, New York 10286

Re: Security Agreement between TSASC, Inc. and The Bank of New York Mellon, as Trustee, dated as of December 1, 2024 (the “Security Agreement”) relating to the TSASC Inc. Tobacco Settlement Bonds, Fiscal 2017 Series A (Senior) and Fiscal 2017 Series B (Subordinate)

Ladies and Gentlemen:

Pursuant to Section 3.01(c)(i) of the above-referenced Security Agreement, TSASC Inc. (the “Corporation”) hereby advises the Trustee of the following Senior Bonds Payment Deficiency, the Subordinate Bonds Payment Deficiency and collectively, the Payment Deficiency:

Calculation of the Senior Bonds Payment Deficiency:

1. Amount to be transferred to the Senior Debt Service Account from the Collections Account by June 1: \$ _____
2. Amount needed to pay:
 - a. unpaid interest due on the Outstanding Series 2017A Bonds on June 1, ____: \$ _____
 - b. principal of the Outstanding Series 2017A Bonds due on June 1, ____: \$ _____
 - c. interest due on the Outstanding Series 2017A Bonds on December 1, ____: \$ _____
3. There [is][is not] a Senior Bonds Payment Deficiency of \$ _____ [2 minus 1]

Calculation of the Subordinate Bonds Payment Deficiency:

4. Amount to be transferred to the Subordinate Debt Service Account from the Collections Account by June 1: \$ _____

¹ By no later than three Business Days prior to each June 1.

5. Amount needed to pay:

- a. unpaid interest due on the Outstanding Series 2017B Bonds on June 1, ____:
\$ _____
- b. principal of the Outstanding Series 2017B Bonds due on June 1, ____: \$ _____
- c. interest due on the Outstanding Series 2017B Bonds on December 1, ____:
\$ _____

6. There is a Subordinate Bonds Payment Deficiency of \$ _____ [5 minus 4]

Calculation of the Payment Deficiency:

Accordingly, the Payment Deficiency is \$ _____ [3 plus 6]

Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Security Agreement.

TSASC. INC.

By: _____

Name:

Title: President

cc: Trust and City (as sole beneficiary of the Trust)

EXHIBIT B

FORM OF NOTICE OF NO PAYMENT DEFICIENCY

[Date]²

The Bank of New York Mellon, as Trustee
240 Greenwich Street, 7E
New York, New York 10286

Re: Security Agreement between TSASC, Inc. and The Bank of New York Mellon, as Trustee, dated as of December 1, 2024 (the “Security Agreement”) relating to the TSASC Inc. Tobacco Settlement Bonds, Fiscal 2017 Series A (Senior) and Fiscal 2017 Series B (Subordinate)

Ladies and Gentlemen:

Pursuant to Section 3.01(c)(vi) of the above-referenced Security Agreement, TSASC Inc. (the “Corporation”) hereby advises the Trustee that there is no Payment Deficiency, as calculated below.

Calculation of the Senior Bonds Payment Deficiency:

1. Amount to be transferred to the Senior Debt Service Account from the Collections Account by June 1: \$_____
2. Amount needed to pay:
 - a. unpaid interest due on the Outstanding Series 2017A Bonds on June 1, ____: \$_____
 - b. principal of the Outstanding Series 2017A Bonds due on June 1, ____: \$_____
 - c. interest due on the Outstanding Series 2017A Bonds on December 1, ____: \$_____
3. There is no Senior Bonds Payment Deficiency. [because 1 is more than 2]

Calculation of the Subordinate Bonds Payment Deficiency:

4. Amount to be transferred to the Subordinate Debt Service Account from the Collections Account by June 1: \$_____
5. Amount needed to pay:

² By no later than three Business Days prior to each June 1.

- a. unpaid interest due on the Outstanding Series 2017B Bonds on June 1, ____:
\$_____
 - b. principal of the Outstanding Series 2017B Bonds due on June 1, ____: \$_____
 - c. interest due on the Outstanding Series 2017B Bonds on December 1, ____:
\$_____
6. There is no Subordinate Bonds Payment Deficiency. [because 4 is more than 5]

Calculation of the Payment Deficiency:

Accordingly, there is no Payment Deficiency.

Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Security Agreement.

TSASC. INC.

By:_____

Name:

Title: President

cc: Trust and City (as sole beneficiary of the Trust)

EXHIBIT C

FORM OF AMENDED PAYMENT DEFICIENCY NOTICE

[Date]

The Bank of New York Mellon, as Trustee
240 Greenwich Street, 7E
New York, New York 10286

Re: Security Agreement between TSASC, Inc. and The Bank of New York Mellon, as Trustee, dated as of December 1, 2024 (the "Security Agreement") relating to the TSASC Inc. Tobacco Settlement Bonds, Fiscal 2017 Series A (Senior) and Fiscal 2017 Series B (Subordinate)

Ladies and Gentlemen:

Pursuant to Section 3.01(d) of the above-referenced Security Agreement, TSASC Inc. (the "Corporation") hereby advises the Trustee of the following updated Payment Deficiency and that this Amended Payment Deficiency Notice supersedes the [Amended] Payment Deficiency Notice dated [date] previously provided to the Trustee (the "Prior Notice").

Calculation of the Senior Bonds Payment Deficiency:

1. Senior Payment Deficiency calculated in the Prior Notice: \$_____
2. Additional amount to be transferred to the Senior Debt Service Account from the Collections Account by June 1 of the current calendar year and not accounted for in the Prior Notice: \$_____
3. Additional amount to be transferred to the Senior Debt Service Account from the Collections Account by December 1 of the current calendar year and not accounted for in the Prior Notice: \$_____
4. The updated Senior Bonds Payment Deficiency is \$_____ [1 minus 2 minus 3]

Calculation of the Subordinate Bonds Payment Deficiency:

5. Subordinate Payment Deficiency calculated in the Prior Notice: \$_____
6. Additional amount to be transferred to the Subordinate Debt Service Account from the Collections Account by June 1 of the current calendar year and not accounted for in the Prior Notice: \$_____

7. Additional amount to be transferred to the Subordinate Debt Service Account from the Collections Account by December 1 of the current calendar year and not accounted for in the Prior Notice: \$_____
8. The updated Subordinate Bonds Payment Deficiency is \$_____ [5 minus 6 minus 7]

Calculation of the Payment Deficiency:

Accordingly, the updated Payment Deficiency is \$_____ [4 plus 8]

Capitalized terms not otherwise defined herein shall have the meanings given such terms in the Security Agreement.

TSASC. INC.

By:_____

Name:

Title: President

cc: Trust and City (as sole beneficiary of the Trust)