

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

May 2, 2011

A meeting of the Board of Directors (the “Board”) of TSASC, Inc. (the “Corporation”) was held on May 2, 2011 at approximately 2:15 p.m. at 75 Park Place, Room 6M4, New York, New York.

The following directors or their alternates were present:

Mark Page (Director of Management and Budget of The City of New York (the “City”))	- in person
Michael Stern	- alternate for John C. Liu, Comptroller of the City
Raymond Majewski	- alternate for Christine C. Quinn, Speaker of the City Council
John Sarich	- alternate for David M. Frankel, Commissioner of Finance of the City
Albert F. Moncure, Jr.	- alternate for Michael A. Cardozo, Corporation Counsel of the City

constituting a quorum of the Board. Kathy Blyn 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 and the State of New York.

The meeting was called to order by Mr. Page.

Approval of Minutes

The first item on the agenda was the approval of the minutes of the meeting of the Board held on March 2, 2011. Upon motion duly made and seconded, there being no objections, the following resolution to adopt such minutes was approved.

**WHEREAS**, the Board of Directors of TSASC, Inc. has reviewed the minutes of its meeting held on March 2, 2011; it is therefore

**RESOLVED**, that the minutes of the meeting of the Board of Directors held on March 2, 2011 be, and they hereby are, adopted.

#### Expansion of Governance and Audit Committees

The second item on the agenda was the expansion of the Governance and Audit Committees of the Corporation so that the composition of the Committees would include the entire Board as opposed to the current composition which excludes the Director of Management and Budget of the City. Mr. Page explained that since the Board is small it makes sense that the entire Board be represented on the Committees. He stated that this proposal is not in any way a statement on the prior performance of the Committees. A motion was made to approve the resolution with respect to the expansion, which is set forth below. Mr. Majewski then stated it was the opinion of Speaker Quinn that the original composition of the Committees makes sense because it provides a balance between Mayoral appointees and those not appointed by the Mayor and he would therefore oppose the motion. Mr. Stern stated that he very much appreciates Mr. Page's input but the new structure would dilute the representation of the Comptroller's Office on the Committees and that he will therefore vote against the motion. The motion was seconded and a vote was taken with three Directors voting in favor and Mr. Majewski and Mr. Stern voting in opposition. A majority having voted in favor, the motion carried.

**WHEREAS**, pursuant to the Public Authorities Law (the “PAL”), the Board of Directors (the “Board”) of TSASC, Inc. (the “Corporation”) previously established an Audit Committee and a Governance Committee; and

**WHEREAS**, it is in the interests of the Corporation to expand the membership of the Audit Committee and the Governance Committee to include the Director of Management and Budget of the City of New York (the “City”); it is hereby

**RESOLVED** that the memberships of each of the Audit Committee and Governance Committee of the Board shall be comprised of the following Directors:

- (1) Director of Management and Budget of the City;
- (2) Comptroller of the City;
- (3) Corporation Counsel of the City;
- (4) Speaker of the City Council; and
- (5) Commissioner of Finance of the City

**FURTHER RESOLVED** that each Committee’s Charter shall be amended to reflect the above change in membership.

#### Approval of Budget

The third item on the agenda was approval of a budget for the Corporation for fiscal year 2012 as well as a four year financial plan. A copy of the budget and financial plan was included in the packet provided to the Directors. Mr. Page explained that pursuant to the Public Authorities Law the Corporation must submit certain budget information and a financial plan to various officials. A discussion ensued, particularly with respect to the decrease in the amount of Tobacco Settlement Revenues estimated to be received in fiscal year 2011 as a result of Philip Morris depositing amounts in an escrow fund in connection with a dispute under the Master Settlement Agreement between certain tobacco companies and certain states and localities. Kemraj Narine, the Assistant Comptroller of the Corporation, explained that the reduction would not jeopardize debt service coverage on Corporation bonds but would delay receipt of excess moneys by the City. A motion was made to approve the resolution set forth below with respect

to the budget information and financial plan. The motion was seconded and, there being no objections, 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.

#### Directors and Officers Insurance

The fourth item on the agenda was authorization of the procurement of Directors and Officers Liability Insurance. Mr. Page explained that authorization is sought for the procurement by the Corporation’s broker, Wells Fargo, of \$50 million of liability insurance to cover the Directors, Members and officers of the Corporation. Mr. Moncure inquired as to whether alternate Directors would be covered under this insurance and Mr. Page and Mr. Olson indicated that they would. Mr. Majewski then revealed to the Directors that he has a family relationship with Wells Fargo, that he has discussed this with the City’s Conflict of Interests Board (the “COIB”) and that the COIB has advised him that it is appropriate for him to vote on this matter. A motion was made to approve the resolution set forth below with respect to the insurance. The motion was seconded and, there being no objections, 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

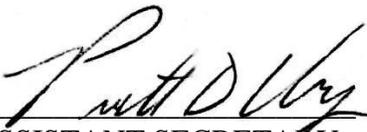
**RESOLVED**, that the Corporation hereby approves the procurement of Directors' and Officers' Liability Insurance policies through Wells Fargo Insurance Services, USA, Inc. from Allied World Assurance Company, Inc. ("AWAC"), Zurich American Insurance Company ("Zurich"), Arch Insurance Group, Inc. ("Arch") and Houston Casualty Company ("Houston" and together with AWAC, Zurich, and Arch, the "Insurers"), or such other substitute insurers as the President shall determine, providing coverage for the period from May 25, 2011 through May 24, 2012; provided that the annual premium payable by the Corporation to the Insurers will not exceed \$180,000, 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.

#### Discussion of Annual Board Evaluation

The fifth and final item on the agenda was a discussion of the annual evaluation of the Board. Mr. Page explained that the Public Authorities Law requires that the Board conduct a self-evaluation at the end of each fiscal year and that each Board member will receive a form for evaluating the performance of the Board as a whole. Mr. Moncure asked if the form would be sent to the alternate Directors. Scott Ulrey, the Assistant Secretary of the Corporation, replied that this is still under consideration but it is thought that they would be.

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