TSASC, Inc.

Meeting of the Members

May 19, 2026

<u>Agenda</u>

1. Approval of Minutes of Meeting of September 22, 2025

2. Election of Alternate Directors

TSASC, Inc.

Meeting of the Members

May 19, 2026

Approval of Minutes

WHEREAS, the Members of TSASC, Inc. have reviewed the minutes of their previous meeting held on September 22, 2025; it is therefore

RESOLVED, that the minutes of the meeting of the Members held on September 22, 2025 be, and they hereby are, adopted.

MINUTES OF THE ANNUAL MEETING OF THE MEMBERS OF TSASC, INC.

September 22, 2025

The Meeting of the Members of TSASC, Inc. (the "Corporation") was held on September 22, 2025 at approximately 1:24 p.m., conducted at 255 Greenwich Street, Room 6-M4, New York, New York 10007.

The following members or their alternates were present:

Jacques Jiha, Director of Management and Budget of The City of New York (the "City"), represented by David Womack;

Brad Lander, Comptroller of the City, represented by Michael Stern;

Muriel Goode-Trufant, Corporation Counsel of the City, represented by Michael Moore;

and

Adrienne Adams, Speaker of the City Council, represented by Hector German,

constituting a quorum of the Members. Daniel Rabbani 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, who joined in-person and remotely.

The meeting was called to order by Mr. Womack.

Approval of Minutes

The first item on the agenda was the approval by the Members of the minutes of their previous meeting held on May 8, 2025. The minutes have been circulated for review. Upon unanimous vote, the following resolution to adopt such minutes was approved.

WHEREAS, the Members of TSASC, Inc. have reviewed the minutes of their previous meeting held on May 8, 2025; it is therefore

RESOLVED, that the minutes of the meeting of the Members held on May 8, 2025 be, and they hereby are, adopted.

Resolution: Receipt and Acceptance of Annual Report to Members

The second and final item on the agenda was a resolution which would accept the Annual Report to Members. Mr. Womack explained that this report has been verified by the Board of Directors, as required by Section 519 of the New York Not-for-Profit Corporation Law. He also noted that the Board have authorized the release of this report to the Members. The proposed resolution would approve the Annual Report. He asked if there were any questions or comments. There being no further discussion and upon unanimous vote, the following resolution was adopted:

WHEREAS, Section 519 of the New York Not-For-Profit Corporation Law (the "NPCL") requires that the Board of Directors of not-for-profit corporations present an annual report relating to the financial conditions of such corporations to the members of such corporations at their annual meeting; and

WHEREAS, the Corporation has prepared an annual report in compliance with Section 519 of the NPCL (the "Annual Report") attached heretofore as Schedule I; and

WHEREAS, the Board of Directors has verified the information in the Annual Report as attached heretofore and authorized the presentation of such report to the members of the Corporation; it is therefore

RESOLVED, that the members of the Corporation do hereby receive and review the Annual Report as attached heretofore; and it is

FURTHER RESOLVED, that the Annual Report be entered in the minutes of this Annual Meeting of the Members.

SCHEDULE I
ANNUAL REPORT OF THE BOARD OF DIRECTORS OF TSASC, INC.

For the Fiscal Year Ended June 30, 2025 Under Section 519 of

the New York State Not-For-Profit Corporation Law

To: The Members of TSASC, Inc.
From: The Board of Directors of TSASC, Inc.

The Board of Directors respectfully submits for your information the following report relating to

TSASC, Inc. for the twelve-month fiscal period ending June 30, 2025:

1. The assets and liabilities, including trust funds, of the Corporation as of the end of said fiscal period may be found on page 13 of the attached audited financial statements.

2. The principal changes in the assets and liabilities, including trust funds, of the Corporation during said fiscal period may be found on page 6 of the attached audited financial statements.

3. The revenues of the Corporation, both unrestricted and restricted to particular purposes, during said fiscal period may be found on page 14 of the attached audited financial statements.

4. The expenses of the Corporation, for both general and restricted purposes, during said fiscal period may be found on page 14 of the attached audited financial statements.

5. Concerning the membership of the Corporation:

(a) The number of members as of June 30, 2025 is 5
(b) The number of members remained the same during said fiscal period ended June 30, 2025.
(c) The names and places of residence of the current members may be found in the books of the Corporation, which are kept at 255 Greenwich Street, 7th Floor, New York, NY 10007.

This report has been prepared pursuant to Section 519 of the New York State Not-for-Profit Corporation Law

Dated: September 22, 2025
New York, New York

<u>Adjournment</u>

There being no further business to come before the Members, upon unanimous vote, the meeting was adjourned.

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SECRETARY

TSASC, Inc.

Meeting of the Members

May 19, 2026

Election of Alternate Directors

WHEREAS, TSASC, Inc. (the "Corporation") is a not-for-profit local development corporation incorporated under the New York Not-For-Profit Corporation Law (the "N-PCL");

WHEREAS, Section 703(d) of the N-PCL provides that where directors of not-for-profit corporations are elected by membership sections, such sections may also elect alternate directors;

WHEREAS, the Membership Class consisting of the Director of Management and Budget of the City of New York (the "City") wishes to elect an Alternate Director to attend meetings of the Corporation and act on his behalf at said meetings;

WHEREAS, the Membership Class consisting of the Commissioner of Finance of the City wishes to elect an Alternate Director to attend meetings of the Corporation and act on his behalf at said meetings;

WHEREAS, the Membership Class consisting of the Comptroller of the City wishes to elect an Alternate Director to attend meetings of the Corporation and act on his behalf at said meetings;

WHEREAS, the Membership Classes consisting of the Speaker of the City Council, wishes to elect an Alternate Director to attend meetings of the Corporation and act on her behalf at said meetings; and

WHEREAS, the Membership Classes consisting of the Corporation Council of the City, wishes to elect an Alternate Director to attend meetings of the Corporation and act on his behalf at said meetings; it is therefore

RESOLVED, that the Membership Class consisting of the Director of Management and Budget of the City hereby elects David Womack to act in his place as alternate director at meetings of the Corporation;

FURTHER RESOLVED, that the Membership Classes consisting of the Commissioner of Finance of the City, hereby elects Dara Jaffee to act as an alternate director on his behalf at meetings of the Corporation;

FURTHER RESOLVED, that the Membership Classes consisting of the Comptroller of the City, hereby elects F. Jay Olson to act as an alternate director on his behalf at meetings of the Corporation;

FURTHER RESOLVED, that the Membership Classes consisting of the Speaker of the City Council, hereby elects Hector German to act as an alternate director on her behalf at meetings of the Corporation; and

FURTHER RESOLVED, that the Membership Classes consisting of the Corporation Council of the City, hereby elects Michael Moore to act as an alternate director on his behalf at meetings of the Corporation.

TSASC, Inc.

Audit Committee Meeting

May 19, 2026

Agenda

1. Resolution: Approval of Minutes of Meeting of September 22, 2025

2. Review of Internal Controls

3. Resolution: Self-Evaluation and Review of Report of the Audit Committee

4. Presentation of Audit Plan by Independent Auditors and Discussion of New Accounting and Auditing Standards

TSASC, Inc.

Audit Committee Meeting

May 19, 2026

Approval of Minutes

WHEREAS, the Audit Committee of TSASC, Inc. has reviewed the minutes of the previous meeting of the Audit Committee held on September 22, 2025; it is therefore

RESOLVED, that the minutes of the Audit Committee meeting of September 22, 2025 be, and they hereby are, approved.

MINUTES OF THE MEETING OF

THE AUDIT COMMITTEE OF TSASC, INC.

September 22, 2025

A meeting of the Audit Committee (the "Committee") of TSASC, Inc. (the "Corporation") was held on September 22, 2025 at approximately 1:00 p.m., conducted at 255 Greenwich Street, Room 6-M4, New York, New York 10007.

The following members of the Committee or their alternates were present:

Jacques Jiha, Director of Management and Budget of The City of New York (the "City"), represented by David Womack;

Brad Lander, Comptroller of the City, represented by Michael Stern;

Muriel Goode-Trufant, Acting Corporation Counsel of the City, represented by Michael Moore; and

Adrienne Adams, Speaker of the City Council, represented by Hector German;

constituting a quorum of the Committee. Daniel Rabbani 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, who joined in-person and remotely.

The meeting was called to order by Mr. Stern, the Chairperson of the Committee.

Approval of Minutes

The first item on the agenda was the approval of the minutes of the prior meeting of the Committee held on May 8, 2025. The draft minutes were circulated for the Committee's review. There being no further discussion, upon unanimous vote, the following resolution to adopt such minutes was duly approved:

WHEREAS, the Audit Committee of TSASC, Inc. has reviewed the minutes of the previous meeting of the Audit Committee held on May 8, 2025 it is therefore

RESOLVED, that the minutes of the Audit Committee meeting of May 8, 2025 be, and they hereby are, approved.

Presentation by management and independent auditors regarding the audited annual financial statements of the Corporation

The second item on the agenda was a presentation by the Corporation's independent auditor, CBIZ CPAs ("CBIZ"). Raymond Lee, the Corporation's Comptroller, provided a summary of the Corporation's financial activities for fiscal year 2025 and then introduced James Wilkinson and Daniel McElwee of CBIZ. Mr. McElwee referred the Audit Committee to CBIZ's presentation materials regarding the firm's audit of the Corporation's financial statements for the fiscal years ending June 30, 2025 and June 30, 2024 which had been distributed to the Committee members in advance of the meeting. Mr. Wilkinson and Mr. McElwee then reviewed and discussed the contents of the presentation.

Recommendation to the Board of Directors the acceptance of the independent auditors' report on the audited financial statements of the Corporation for the fiscal years ended June 30, 2025 and June 30, 2024, and the issuance of such financial statements

The third item on the agenda was the approval of a recommendation to the Board of Directors to accept the independent auditor's report and financial statements for the fiscal years ended June 30, 2025 and June 30, 2024. There was no discussion and the following resolution was approved upon unanimous vote:

WHEREAS, the Audit Committee of TSASC, Inc. (the "Corporation") has met with the independent auditors of the Corporation and has reviewed the independent auditors' report on the audited financial statements of the Corporation for the fiscal years ended June 30, 2025 and June 30, 2024 and such financial statements, as submitted to the Committee; and

WHEREAS, the Audit Committee believes the independent auditors' report and the financial statements are reasonable and appropriate; it is therefore

RESOLVED, that the Audit Committee recommends to the Board the acceptance of the independent auditors' report and the authorization of the release of the audited financial statements of the Corporation for the fiscal years ended June 30, 2025 and June 30, 2024;

provided that both the independent auditors' report and the audited financial statements may be amended to reflect non-material changes acceptable to the Comptroller or Deputy Comptroller of the Corporation

Resolution: Review and Approval of the Audit Committee Charter

The fourth item on the agenda was the review and approval of the Audit Committee Charter. Pursuant to the Audit Committee Charter[1], sections III(s) and (u), the Committee is required to annually review and approve its Charter. Mr. Stern noted there were no proposed changes at this time. There was no discussion and the following resolution was approved upon unanimous vote:

WHEREAS, the Board of Directors (the "Board") of TSASC, Inc. (the "Corporation") originally adopted an Audit Committee Charter on October 4, 2007 and has subsequently amended it;

WHEREAS, pursuant to the Audit Committee Charter, Section III(s), the Audit Committee of the Corporation is required annually to review the Audit Committee Charter, reassess its adequacy, and recommend any proposed changes to the Governance Committee of the Corporation; and

WHEREAS, no changes to the Audit Committee Charter are proposed; it is therefore

RESOLVED, that the Audit Committee hereby approves the Audit Committee Charter as attached.

Review of the Audit Committee Schedule of Dates

The fifth and final item on the agenda was a review of the Audit Committee's Schedule of Dates. The Audit Committee Schedule of Dates[2] provides a guideline for the items to be addressed at annual meetings of the Audit Committee. A copy of the Schedule was in the materials provided to the Committee members. Mr. Stern explained that no changes were proposed. Mr. Stern noted that this was a review item only, and no vote was taken.

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[1] Filed with the meeting minutes.

[2] Filed with the meeting minutes.

Adjournment

There being no further business to come before the Committee, upon unanimous vote, the meeting was duly adjourned.

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SECRETARY

TSASC, INC.
POLICIES AND PROCEDURES MANUAL

INTERNAL CONTROLS
(Amended April 2025)

OVERVIEW

TSASC, Inc.'s ("TSASC") internal control objectives include but are not limited to: the safeguarding of assets (including preventing the intentional or unintentional misapplication of funds), ensuring the accuracy and reliability of accounting data and financial reporting (including ensuring proper documentation of all transactions), promoting the effectiveness and efficiency of operations and ensuring compliance with applicable laws and regulations.

Internal controls exist in each area of TSASC where financial activities take place and may be categorized as (A) controls related to funds received, held, invested and disbursed by TSASC's Indenture Trustee (as defined below) and (B) other control measures including record keeping activities. These types of controls are discussed in this internal controls manual (the "Manual").

The control measures used by TSASC are periodically reviewed by TSASC managers and changed as deemed necessary, and this Manual will be reviewed at least annually, and updated if appropriate. While not part of TSASC's system of internal control, TSASC is subject to audit annually by independent auditors. Any comments or recommendations pertaining to TSASC's internal controls made by the independent auditors are reviewed by management and, if the value of the expected risk reduction is expected to be greater than the additional cost, they are incorporated into TSASC's internal controls.

In accordance with the New York City Comptroller's Directive 1, once every four years, TSASC prepares a Financial Integrity Statement based upon a current Directive 1 Checklist with respect to management's assessment of TSASC's internal control environment.

Throughout this document the following Indenture, Trust and Trustees are referenced: the Amended and Restated Indenture between TSASC and the Bank of New York Mellon as trustee (the "Indenture Trustee"), dated as of December 1, 2016, Amending and restating in its entirety the Indenture dated as of November 1, 1999, as previously amended and restated as of January 1, 2006, (the "Indenture") and the Amended and Restated Declaration and Agreement of Trust, by and among TSASC, the Wilmington Trust Company as the Delaware Trustee ("Delaware Trustee"), and the successor trustees David Womack (Deputy Director of the City's Office of Management and Budget, Financing Policy and Coordination Unit), as appointed by letter executed May 8, 2023, and Michael Moore (Chief of the City Law Department's Municipal Finance

Division), as appointed by letter executed March 6, 2025 (together the "Controlling Trustees"), dated as of January 1, 2006, as amended January 19, 2017 (the "Tobacco Settlement Trust"). The City is the sole beneficial owner of the Tobacco Settlement Trust, as amended. Terms used but not defined herein have the same meaning given to them in the Indenture.

Organization

Overseen by its Board of Directors ("Board") and directed by its President, TSASC's internal operations are carried out by three functional areas within the organization. While all activities of TSASC require close coordination and cooperation among all units and with the New York City Office of Management and Budget ("OMB"), the following are the primary responsibilities of each:

1. Secretary's Office – Directed by TSASC's Secretary and the Assistant Secretaries and their staff, the Secretary's Office is responsible for all legal affairs of TSASC, including providing staff support for the operations of the Board and committees of the Board, drafting and interpretation of all contracts, agreements, and legal documents and dissemination of new or revised Board approved policies to staff.

2. Treasurer's Office – Directed by TSASC's Treasurer and his or her staff, the Treasurer's Office is responsible for the finance function of TSASC, including working with all parties on structuring and executing bond issuances, modeling debt service requirements, and directing the investment of TSASC's funds.

3. Accounting Unit – Directed by TSASC's Comptroller, Deputy Comptroller and the Accounting Manager (collectively, the "Accounting Managers"), the Accounting Unit is responsible for maintaining accounting books and records and the preparation of financial statements and other financial reports, on-going monitoring of TSASC's resources and coordination with and oversight of the Indenture Trustee.

   The Unit's Accounting Staff are responsible for various accounting tasks, including preparing payments, preparing journal entries, monitoring account activity, entering payments and journal entries into TSASC's electronic Accounting System, and maintaining schedules and analyses necessary for the preparation of year-end financial statements and other recurring and ad-hoc financial and non-financial reports.

   Throughout this Manual, when one Accounting Manager is unavailable to perform a noted function on a timely basis, another Accounting Manager can perform that function. When one Accounting Staff is unavailable to perform a noted function on a timely basis, another Accounting Staff or an Accounting Manager can perform that function or delegate it to another Accounting Staff who has performed no conflicting duties pertaining to that matter. Where an Accounting Manager performs a staff function, review and approval will be done by another Accounting Manager. In Summary, regardless of the availability of staff members usually tasked with performing or reviewing specific functions, all functions that require review will be performed by one person and reviewed by another.

TSASC and OMB are prepared to provide uninterrupted delivery of TSASC's operations in the face of business disruptions. TSASC's emergency preparedness plan is designed to provide personnel, equipment and technology to operate remotely with minimal interruption.

TSASC has one bond issuance outstanding, which was issued on January 19, 2017. This issue was primarily used to restructure all of TSASC's outstanding indebtedness and current refund all bonds then outstanding. The Indenture continues to provide that 37.40% of Tobacco Settlement Revenues (the "TSRs") are Pledged TSRs and are required to be applied to the payment of debt service and the operating costs of TSASC and that 62.60% of TSRs are Unpledged TSRs and are due to the Tobacco Settlement Trust as outlined in the Tobacco Settlement Trust Agreement, as amended, of which the City is the sole beneficial owner. Upon direction of the Controlling Trustees of the Tobacco Settlement Trust, distributions of Unpledged TSRs (as defined below) to the City are currently made prior to May 31st.

On December 9, 2024, TSASC entered into a Security Agreement with the Indenture Trustee, pursuant to which TSASC pledged to the Indenture Trustee the Unpledged TSRs (the "Security Agreement"). The Security Agreement stipulates that Unpledged TSRs are to be used, to the extent needed, to cure a Senior Bonds Payment Deficiency or Subordinate Bonds Payment Deficiency (as these terms are defined in the Security Agreement) for TSASC's outstanding bonds, beginning with the June 1, 2025, payment and through, at the latest, the June 1, 2028, payment. The Security Agreement and such pledge may be terminated earlier by TSASC upon ninety days' notice to the Indenture Trustee.

RECEIPTS

Tobacco Settlement Revenues (the "TSRs")

Annually on April 15th or the first business day following (the "Annual Payment Day"), in accordance with the Master Settlement Agreement (the "MSA"), dated November 23, 1998, between the Attorneys General of the 46 settling states and the participating cigarette manufactures ("PMs"), TSASC receives 3.403634% of the available TSRs paid primarily by the PMs. The independent auditors engaged in accordance with the MSA, currently PricewaterhouseCoopers LLP ("PwC"), determine the amount of all payments owed to the settling states pursuant to the MSA. This information is available on PwC's website (https://tlmsa.pwc.com). The information contained in this website is confidential and should not be shared with any outside individuals or entities, including TSASC's independent auditors. The New York State Attorney General's Office, Tobacco Compliance Office (the "AG") is the liaison between PwC and the recipients of the New York State TSRs.

In late March, the Accounting Unit receives an e-mail from PwC with projected TSRs amounts to be received by the State on the Annual Payment Day. The projected pledged and unpledged amounts are computed and shared with other OMB and TSASC staff.

In mid-April, prior to the Annual Payment Day, the Accounting Unit receives an e-mail from PwC and the AG with the final calculated amount of TSRs to be received by the State on the Annual Payment Day. The Accounting Unit notifies the Indenture Trustee of the expected amount of TSRs to be received by TSASC. This amount may differ from the final actual payment due to disputes and other adjustments.

On the Annual Payment Day, the PMs and other related parties deposit their required payments into the Escrow Account at Citibank. PwC and Citibank coordinate TSRs receipts from the PMs and distributions to each recipient. PwC instructs Citibank to wire the appropriate amounts to each recipient. Citibank wires TSASC's TSRs to the Indenture Trustee for deposit into TSASC's collection account on the Annual Payment Day and any residual amounts within a few days after.

The Accounting Unit confirms with the AG and the Indenture Trustee the amount of TSRs received by TSASC on the Annual Payment Day. Once the TSRs received are confirmed as final, TSASC promptly allocates funds between the Unpledged TSRs (62.60%) and Pledged TSRs (37.40%). Pledged TSRs are held in the Collections Account and then used towards the operating expenses (as specified by an Officer's Certificate) and debt service as required in the Amended and Restated Indenture.

Pursuant to the Security Agreement, if TSASC operating expenses for the current or next fiscal year are projected to exceed the Operating Cap (as defined in the Indenture), TSASC management will issue an Officer's Certificate to the Indenture Trustee specifying an amount, not to exceed $500,000 for any fiscal year, to be transferred to the Operating Account from the Unpledged TSRs to cover the operating expenses projected to exceed the Operating Cap.

While the Security Agreement is in effect, Unpledged TSRs, net of any amounts transferred to the Operating Account, are then transferred to the Series 2017 Additional Pledged TSRs Account (as defined in the Security Agreement). No later than three business days prior to each June 1st beginning with June 1, 2025, if there is a Senior Bonds Payment Deficiency and/or a Subordinate Bonds Payment Deficiency, TSASC will provide a Payment Deficiency Notice (as defined in the Security Agreement) to the Indenture Trustee, with copies provided to the Tobacco Settlement Trust and the City. If there is no Payment Deficiency, TSASC will provide a Notice of No Payment Deficiency (as defined in the Security Agreement) to the Indenture Trustee, with copies provided to the Tobacco Settlement Trust and the City.

Upon receipt of a Payment Deficiency Notice, the Indenture Trustee will retain the amounts stipulated in the Payment Deficiency Notice from the Series 2017 Additional Pledged TSRs Account. Amounts in excess of the retained amounts are transferred to the Unpledged TSRs Subaccount. Similarly, upon receipt of a Notice of No Payment Deficiency, the Indenture Trustee will transfer all funds in the Series 2017 Additional Pledged TSRs Account to the Unpledged TSRs Subaccount. Upon authorization of the Controlling Trustees, amounts in the Unpledged TSRs Subaccount are remitted to the City.

Information regarding the final actual TSRs received and any Payment Deficiency is shared with OMB and TSASC staff.

For the further handling of the Pledged funds, see the *Debt Service Payments* section; for the further handling of Unpledged funds, see the *Transfers to the TSASC Tobacco Settlement Trust,* under the *Disbursements* section of this Manual.

Debt Service Retention

The Treasurer maintains debt service models which tracks the debt service requirements for TSASC. Under the current debt structure, TSASC has senior and subordinate serial & term bonds with scheduled required principal and interest payment dates. The subordinate bonds include term bonds with flexible amortization requirements whereby if there are Pledged funds available after retaining the annual required principal and interest payments, the excess funds are used to "Turbo" redeem subordinate turbo term bonds. Any senior or subordinate debt service reserve fund draws, if any, are replenished as specified under the Indenture given available funds, generally after the funding of the respective upcoming debt service payments. See *Debt Service Payments* section of this Manual.

The Accounting Unit reviews the debt service models for reasonableness and rely upon them for financial statement preparation and debt service requirements.

Interest Income

All interest income is posted to the individual bank accounts and reported on the monthly bank statements by the financial institutions. The bank account statements are reviewed and recorded through monthly journal entries prepared by the Accounting Staff as described in the *Journal Entries* section of this Manual. At year-end, the Accounting Staff prepares journal entries to record the fair market value adjustments for financial reporting purposes.

Interest earnings from the Debt Service accounts are used toward TSASC's debt service requirements. See the *Debt Service Payments* section of this Manual.

Interest earnings from the Operating Accounts are retained in the Operating Accounts and are used for TSASC's operations.

Interest earnings from the Unpledged Account are due to the City, as the beneficial owner of the Delaware Trust. See the *Disbursements* section of this Manual.

Miscellaneous Cash Receipts

TSASC may receive cash from sources other than the ones listed previously. These receipts may come as check receipts or wire/ACH receipts.

1. **Check Receipts**

   When a check is received, receipt is recorded in the Check Control Log by the Accounting Staff responsible for the log, detailing date, amount, payer, and other relevant information. The Accounting Staff then gives the check to an Accounting Manager, who in turn gives the check to the appropriate Accounting Staff to research the reason for the receipt and to determine the proper accounting for the receipt. Any checks received by OMB or another department of TSASC are delivered to the Accounting Staff responsible for the Check Control Log. The Accounting Staff follows the same procedures detailed above for recording the check. Checks are endorsed immediately and secured in a locked area until deposit.

   As the Indenture Trustee does not have any retail banking locations, checks are either hand-delivered or mailed to the Indenture Trustee representative along with a letter prepared by the Accounting Staff and signed by an Accounting Manager. The letter details the amount, payer of the check, and the bank account for deposit.

   The letter and any supporting documentation are filed and a journal entry recording the cash receipt is made in the Accounting System. At month end, an Accounting Manager confirms that the deposit is reflected in the bank statement and in the Accounting System.

2. **Wire/ACH Receipts**

   When a miscellaneous wire/ACH is received, the Accounting Staff researches the reason for the receipt to determine the proper accounting for the receipt. Receipts are transferred to the appropriate account(s) as deemed necessary. Once a determination is made, a journal entry recording the cash receipt is made in the Accounting System.

DISBURSEMENTS

Transfers to the TSASC Tobacco Settlement Trust

Pursuant to a Purchase and Sale Agreement dated as of November 18, 1999, as amended (the "TSR Purchase Agreement"), the City sold to TSASC the Tobacco Assets (as defined in the Indenture), including the City's right to receive its portion of the TSRs. Under the Indenture, TSASC has assigned and pledged only the Pledged TSRs to the Indenture Trustee. The purchase price paid by TSASC to the City under the TSR Purchase Agreement gives the City 100% beneficial ownership interest in the Tobacco Settlement Trust. The assets of the Tobacco Settlement Trust consist primarily of a security (the "Residual Certificate") which entitles the Tobacco Settlement Trust to the Unpledged TSRs received by TSASC. The Tobacco Settlement Trust has its own trustee, the Delaware Trustee, who is different from the Indenture Trustee.

The Tobacco Settlement Trust receives the Unpledged TSRs (62.60% of the TSRs received), net of amounts retained pursuant to the Security Agreement, as described under the *Tobacco Settlement Revenues* section of this Manual. The Unpledged TSRs are kept in the Unpledged TSRs Subaccount maintained at the Indenture Trustee bank until they are transferred to the Delaware Trustee. Prior to the transfer, the Accounting Unit prepares a schedule reporting the total Unpledged TSRs received net of amounts retained pursuant to the Security Agreement, amounts in the Tobacco Settlement Distribution Account (as defined in the Tobacco Settlement Trust Agreement), projected interest earnings, and projected operating expenses of the Tobacco Settlement Trust obtained from the Delaware Trustee. The net amount, after deducting the Trust's operating expenses, are transferred to the City upon authorization of the Controlling Trustees. This transfer currently occurs prior to May 31st.

The Controlling Trustees meet to review and approve the projected transfer and authorize the transfer through a jointly signed letter to the Delaware Trustee authorizing and directing the Delaware Trustee to transfer the authorized amount to the City from the Distribution Account. This letter includes the City's wiring instructions, which are confirmed by the Accounting Unit. Prior to the transfer date, a letter signed by two authorized signatories, along with a copy of the Controlling Trustees' transfer authorization, is sent to the Indenture Trustee instructing the Indenture Trustee to send the authorized amount to the Tobacco Settlement Trust bank account from the Indenture Trustee's Unpledged bank account. The Accounting Unit confirms that the funds have been received by the Delaware Trustee. The City's Department of Finance is notified of the amount and expected date of receipt of these funds into the City's Central Treasury account. On the day of the transfer, the Delaware Trustee will forward the Accounting Unit the wire transfer reference number. The Accounting Unit confirms the amount wired to the City on the following business day.

TSASC Tobacco Settlement Trust Disbursements

TSASC is not responsible for the payment of the Tobacco Settlement Trust's expenses. However, the Delaware Trustee sends a copy of all invoices to be paid from Tobacco Settlement Trust funds for TSASC's review. If clarification is needed, the Accounting Unit contacts the Delaware Trustee for further explanation. The Accounting Unit maintains copies of the invoices and a schedule of all Tobacco Settlement Trust expenses. The Accounting Unit also reconciles the monthly bank statements of the Tobacco Settlement Trust.

Debt Service Payments

TSASC funds principal and semi-annual interest on its bonds from the Pledged Account. The Accounting Unit confirms the projected principal and interest payments with the Treasurer and the Indenture Trustee. After retaining sufficient funds to cover the agreed upon principal and interest payments for the next two payment dates, the excess funds are used to Turbo redeem TSASC's subordinate term bonds (see the *Debt Service Retention* section of this manual). The Accounting Unit prepares a schedule to determine the amount to be Turbo redeemed and confirms the amounts with the Indenture Trustee. The Turbo redemption, principal, and interest payments occur on June 1st and December 1st.

Prior to making the debt service payments, the Accounting Unit confirms with the Indenture Trustee the total amounts to be paid. The next business day, the Accounting Unit confirms that the correct amounts were transferred from TSASC's bank accounts using the daily transactions report received via e-mail from the Indenture Trustee. If there are any discrepancies, the Accounting Unit immediately notifies the Indenture Trustee to resolve the discrepancy.

If, on the Annual Payment Day, the TSRs received appear to be inadequate to fund upcoming payments of principal and interest due on the next two payment dates, the Accounting Manager will inform TSASC's Treasurer's and Secretary's Offices of the deficiency. Under the guidance of the Secretary, legal notices may be filed as needed informing bondholders of the funding shortfall.

The Accounting Unit prepares a schedule to determine the amount of funds to be withdrawn from the appropriate reserve fund to make the required payments. If reserve funds are not adequate to make the required payments, pursuant to the Security Agreement, the Indenture Trustee will retain Unpledged TSRs in an amount certified by TSASC in a Payment Deficiency Notice (see the *Tobacco Settlement Revenues* section of this Manual). The retained amounts are held in the Series 2017 Additional Pledged TSRs Account. No later than two business days prior to each interest payment date, the Indenture Trustee transfers from the Series 2017 Additional Pledged TSRs Account to the Senior Debt Service Account amounts equal to the Senior Bonds Payment Deficiency, if any. Then, the Indenture Trustee transfers from the Series 2017 Additional Pledged TSRs Account to the Subordinate Debt Service Account amounts equal to the Subordinate Bonds Payment Deficiency.

Vendor Payments

All invoices are routed for review and approval to the TSASC officer/manager (or his or her designee) with the most direct knowledge of and/or responsibility for the goods or services for which payment is to be made. In addition to checking for mathematical accuracy of all invoices, when applicable the reviewer compares the invoice to the orders, receiving reports or contracts for the correct pricing of goods and services, and verifies that no sales tax has been included in the invoices,

After an invoice is approved by the applicable officer/manager, it is entered by the Accounting Staff into TSASC's Accounting System. A digital copy of the invoice is also attached in the Accounting System. To release and post invoices in the Accounting System, the system requires the Accounting Staff request approval from an Accounting Manager. After approving and releasing the invoices, the Accounting Staff posts the invoices.

After the invoices are reviewed and posted, the Accounting Staff either prepares a wire payment instruction letter directing the Indenture Trustee to wire money from TSASC's bank accounts to the vendors or pays the invoices using the company purchasing card administered by the New York City Municipal Water Finance Authority.

1. **Wire Payments**

   Payment instruction letters for wire payments must contain the amount of the wire payment, the payment date, and the account numbers from and to which the money will be wired. The letter must be reviewed and signed by two authorized signers. The payment instruction letters and approved invoices are e-mailed to the Indenture Trustee for payment. The Accounting Staff confirms the wire payments the following business day by reviewing the bank account information online.

2. **Purchasing Card Payments**

   Vendors invoices may be paid using the New York City Municipal Water Finance Authority ("NYW") purchasing card if other forms of electronic payment are not readily available. All uses of the NYW purchasing card require requestors to submit to the Accounting Managers a completed *Purchasing Card Expense Authorization Form* along with any required documentation. The form must be approved by the requestor's supervisor who must also be an officer of TSASC. If the requestor's supervisor is not an officer of TSASC, approval must be obtained from an officer who does not report to the requestor. Payments above $1,000 require a secondary approval from the President, Treasurer, or Secretary. Receipts must be sent to the Accounting Unit immediately after purchase or as soon as receipts are available. TSASC will reimburse NYW for these purchases as part of the annual overhead allocation (see the *Overhead Allocation* section of this manual).

In parallel with or following all payments, the Accounting Staff enters payment journals in TSASC's Accounting System to record the payments and close previously entered and approved invoices. Payment journals must be approved by an Accounting Manager before they can be posted to the Accounting System.

Supporting documentation must be electronically attached to the invoice records and payment journals in the Accounting System. For invoice records, at a minimum, the approved invoice should be attached. For payment journals, digital copies of wire confirmations from the Indenture Trustee and payment instruction letters should be attached to the payment journals.

1099 Preparation and Issuance

All vendors must complete and sign an IRS Form W-9 (or its equivalent) and send it to the Accounting Unit before payment can be made to the vendor. This information is used to determine if any Forms 1099 must be issued to the vendor for payments from TSASC made during each calendar year.

Starting with calendar year 2023, TSASC is required to submit Forms 1099 electronically to the IRS. Recipient (payee) copies of Forms 1099 may continue to be mailed to recipients or transmitted electronically with the recipients' permission.

Although there are several types of 1099 forms, TSASC generally uses only the Form 1099-MISC to report gross proceeds paid to attorneys and Form 1099-NEC to report payments to entities for services performed by non-employees.

To prepare the Forms 1099, the Accounting Staff compiles a schedule showing all payments from January 1st to December 31st of the year, by category, for all disbursements to vendors. The Accounting Staff then enters the disbursement information for each vendor and form type into the IRS Information Return Intake System ("IRIS"). PDFs of each Form 1099 are then generated by the IRIS system for each vendor and form type. Prior to mailing to recipients, the Forms 1099 are checked by the Accounting Staff for accuracy before being submitted to an Accounting Manager for review.

While deadlines to distribute Forms 1099 to recipients and e-filing with the IRS depends on the form type, most of TSACS's Forms 1099 (specifically, Form 1099-NEC) are due to recipients by January 31st. Similarly, e-filing with the IRS is also generally due by January 31st.

Internal Funds Transfers

Instruction letters for wire transfers among TSASC's bank accounts are signed by one authorized signer except for activities for TSASC's operating accounts which require two authorized signers.

The signed letters are e-mailed to the Indenture Trustee and copies are submitted with the monthly bank statements and the proposed journal entries for review by an Accounting Manager

INVESTMENTS

The universe of allowable investments for the TSASC is defined in the Indenture. Additionally, TSASC has Investment Guidelines adopted by the Board of Directors. All investments are to be made within the constraints imposed by the Indenture and Investment Guidelines. Based upon instructions received from the Treasurer, investment letters are prepared authorizing the Indenture Trustee to invest funds on behalf of TSASC. The instruction letter for the purchase, sale or rollover of investments, instructs the Indenture Trustee how the funds are to be invested including the investment vehicle and the required maturity date of the investments. The letter is signed by one authorized signer.

FINANCIAL ACCOUNTING AND REPORTING

The recording of TSASC's financial transactions into the Accounting System is through purchase invoices and payment journals for vendor payments and through journal entries for all other transactions.

Recording of Bond Issuance Costs

Bond issuance costs may either be paid directly from the bond proceeds at the time of the closing of the bond issuance or paid at a later date through the invoice process. For payments made at the closing, closing documents are forwarded to the Accounting Unit for recording in the Accounting System as part of the recording of the bond issuance. Payments requested by invoice are processed as discussed in the *Vendor Payments* section of this Manual.

Journal Entries

Journal entries are prepared by the Accounting Staff to record all transactions, other than vendor payments, as part of the following monthly journal entry preparation process.

Each month, the Accounting Staff reconciles the Indenture Trustee bank account statements and verifies that all transactions reported were made in accordance with TSASC instruction letters for transfers between accounts, investment of funds, and disbursements. Any discrepancies are immediately investigated and resolved with the

Indenture Trustee. Activity in each account is summarized by the Accounting Staff and the summaries are used by the Accounting Staff to prepare journal entries for the month.

The entries are reviewed by an Accounting Manager who approves and signs the journal entries. The Accounting Staff then enters the journal entries into the Accounting System. To post the journal entries in the Accounting System, the system requires Accounting Staff request approval from an Accounting Manager. After an Accounting Manager approves the entries, the Accounting Staff posts the journal entries and verifies that they were posted accurately in the general ledger and subledgers, as applicable. If adjusting journal entries are required, they are reviewed and approved by an Accounting Manager.

After posting, the new trial balance is reviewed by the Accounting Staff to verify that the amounts agree with the transaction summaries and bank statements used to prepare the journal entries.

Fiscal Year-End Closing and Financial Reporting

Shortly after the fiscal year ends, the Comptroller requests that the Secretary's Office and the Treasurer's Office contact all vendors and service providers and obtain invoices for goods and services provided through June 30th so that expenditures are accrued and reported in the proper fiscal year. Additionally, all vendor payments made between fiscal year-end and the conclusion of the annual audit are analyzed by Accounting Staff for proper treatment as an expenditure of the current or prior fiscal year.

At year-end, the Accounting Unit prepares all closing schedules and analyses needed for adjusting entries, for disclosures, and for auditors, including but not limited to: amortization schedules for bond premiums and discounts, bond interest payable accruals, investment income accruals, deposit and investment categorization). Where required due to technical complexity, select schedules and analyses may be prepared by an Accounting Manager.

Schedules and analyses prepared by the Accounting Staff are provided to an Accounting Manager along with supporting documentation for review. Schedules and analyses pertaining to deposits, investments, outstanding bonds, and debt service are provided to TSASC's Treasurer or his or her designee in draft form for review.

Adjusting journal entries are prepared, reviewed, approved, and posted under the same process as monthly journal entries (see the *Journal Entries* section of this Manual).

The adjusted trial balance is reviewed by the Accounting Staff to verify balances, and then exported into an Excel file for preparation of financial statements. Draft financial statements, notes, and management discussion and analysis are prepared jointly by Accounting Staff and an Accounting Manager for review by other members of TSASC's management and independent auditors.

After the conclusion of the independent audit, any adjusting entries needed are prepared by the Accounting Staff and reviewed by an Accounting Manager, who approves and signs prior to entry in to the Accounting System. Before running the general ledger close process in the Accounting System, a final trial balance is run, and the Accounting Staff verifies that all balances are in agreement with the audited financial statements. The final trial balance is approved by an Accounting Manager and retained in the fiscal year-end files.

An Accounting Manager instructs the Accounting Staff to close the fiscal year, which is automatically done by the Accounting System when the close process is run. The Accounting System will automatically produce "closing entries" that must be retained in the year-end files. After the closing entries have generated, reviewed, and approved by an Accounting Manager, the Accounting Staff reviews the trial balance after the close and verifies that the assets, liabilities, and fund balances (net assets) have been properly updated.

All trial balances, workpapers, journal entries, and supporting documentation are centrally filed for access by the external auditors. See the *Records Retention* section of this Manual.

OTHER CONTROL MEASURES

TSASC Tobacco Settlement Trust Reporting Requirements

TSASC does not perform any financial accounting or reporting for the Tobacco Settlement Trust. The Delaware Trustee prepares an annual financial report (unaudited) and the Internal Revenue Service 1041 U.S. Income Tax Return for Estates and Trusts. The Accounting Unit contacts the Delaware Trustee to determine the estimated date of completion of the financial statements and the tax return. These reports are done annually, and copies should be forwarded to TSASC for information purposes only. If there are any discrepancies between the amounts transferred from TSASC to the Tobacco Settlement Trust and from the Tobacco Settlement Trust to the City, the Accounting Unit contacts the Delaware Trustee for clarification. A copy of the tax return and the annual financial report is forwarded to the City's Law Department as the representative of the beneficial owner of the Tobacco Settlement Trust.

Bank Accounts

When a new bank account is needed, the Treasurer, Comptroller, or their respective designee will send an e-mail request to the Indenture Trustee, along with supporting documentation requested by the Indenture Trustee. After opening the new account, the Trustee will confirm the number and name of the account via e-mail to the Treasurer and the Accounting Staff. Subsequently, the Accounting Staff will add the new account to the bank account schedule.

All unneeded bank accounts are closed immediately by a letter to the bank, signed by one TSASC Officer.

Incumbency Certificate

Every time there is a change of an officer for TSASC, a new Incumbency Certificate is prepared listing the current officers. The Incumbency Certificate is signed by the TSASC Secretary and the original sent to the Indenture Trustee bank. Similarly, new authorized signatory documents are prepared, signed, approved, and forwarded to the Indenture Trustee bank.

Computer Equipment and System Usage

TSASC personnel follow the current policies and guidelines of OMB. Staff are required to familiarize themselves with these policies and guidelines.

Overhead Allocation

TSASC has entered into an Administrative Services Agreement with OMB and other financing entities at the direction of the Board which specifies how shared personal service and other than personal service costs are allocated among the entities. The OMB overhead allocation is calculated by the Accounting Unit, with assistance and information provided by OMB as needed. Staff are required to familiarize themselves with this agreement.

Inventory

TSASC does not own any capital assets or equipment. All equipment is owned, maintained, and monitored by OMB. TSASC personnel follow the current policies and guidelines of OMB. Staff are required to familiarize themselves with these policies and guidelines.

Procurement

The Board of Directors has adopted a Policy on the Procurement of Goods and Services ("Procurement Policy"). Staff are required to familiarize themselves with the Procurement Policy. Any changes to the Procurement Policy, as adopted by the Board, are disseminated to staff by the Secretary's Office.

Travel and Business Expense Reimbursement

The Board of Directors has adopted a Policy on Travel Allowance ("Travel Policy") and a Policy on Salary, Compensation, Reimbursements, Time and Attendance ("Reimbursement Policy"). Staff are required to familiarize themselves with these policies. All internal control measures detailed above under *Vendor Payments* are followed in the issuance of reimbursements to employees. Any changes to the Travel

Policy or Reimbursement Policy, as adopted by the Board, are disseminated to staff by the Secretary's Office.

Personal and Real Property

The Board of Directors has adopted a Policy on the Disposition of Personal Property ("Personal Property Policy") and a Policy on the Acquisition and Disposition of Real Property ("Real Property Policy" and together with the Personal Property Policy, the "Property Policies"). Staff are required to familiarize themselves with the Property Policies. Any changes to the Property Policies, as adopted by the Board, are disseminated to staff by the Secretary's Office.

RECORDS RETENTION

Documents supporting TSASC transactions recorded in the Accounting System and information on the opening and closing of all bank accounts are maintained and available for audit by various entities (e.g., independent auditors, State and City auditors, IRS). The support may be maintained in either paper or electronic form.

Procurement records pertaining to contracts and all procurements other than Small Purchases (as defined by the TSASC Board approved procurement guidelines) are maintained by TSASC's contracting officer and the Secretary's Office.

Calculations of allocated costs (management fees, rent, and overhead costs incurred by OMB and bond financing entities) are maintained by the Accounting Unit.

TSASC, Inc.

Audit Committee Meeting

May 19, 2026

Annual Report of the Audit Committee

WHEREAS, Section III(k) of the Audit Committee Charter and Section 5.3 of Directive 22 of the City of New York Office of the Comptroller require the Audit Committee to issue an annual report to be prepared no later than October 30 of each year, which details the activities and decisions of the Audit Committee for the prior calendar year;

WHEREAS, the Audit Committee has reviewed the Annual Report of the Audit Committee, as attached hereto and finds it to be reasonable;

WHEREAS, Section III(j) of the Audit Committee Charter requires the Audit Committee to conduct an annual self-evaluation of its performance, including its effectiveness and compliance with the Audit Committee Charter; and

WHEREAS, the Audit Committee finds its performance to be satisfactory, effective, and in compliance with the Audit Committee Charter; it is therefore

RESOLVED, that the Annual Report of the Audit Committee is hereby approved and shall be presented to the Board of Directors of TSASC, Inc., copies of which shall be filed with the minutes of the Audit Committee.

TSASC, Inc.

Annual Report of the Audit Committee

May 19, 2026

During calendar year 2025, the Audit Committee of TSASC, Inc. (the "Corporation") met twice. The Audit Committee's actions at these meetings were as follows:

On May 8, 2025:

- Recommended to the Board of Directors of the Corporation the approval of an independent auditor agreement;
- Conducted a self-evaluation and approved an annual report of the Committee's activities;
- Reviewed the Corporation's Internal Control manual; and
- Met with the independent auditors to review the auditors' audit plan for the fiscal year 2025 audit and several new accounting and auditing standards.

On September 22, 2025:

- Met with the independent auditors and management of the Corporation to discuss the annual audited financial statements and independent auditors' report for the fiscal years ended June 30, 2025 and June 30, 2024 and recommended to the Board of Directors of the Corporation the acceptance and release of such report and financial statements; and
- Reviewed and approved Audit Committee Charter and Schedule of Dates.

CBIZ CPAs

TSASC, Inc.

Audit and Other Services Planning Meeting for the Year Ending June 30, 2026

This information is proprietary and confidential and is solely for the use of TSASC, Inc., including management and those charged with governance, unless permission for use is otherwise granted.

May 19, 2026

Your Engagement Leadership Team

Steven Lee

Audit Leader

Phone: 212.710.1681
Email: Steven.Lee@cbiz.com

Daniel McElwee

Audit Senior Manager

Phone: 212.201.2992
Email: Daniel.McElwee@cbiz.com

Other Team Members
Audit:
Jessy Ruiz – Supervisor
David Ainahmanesh – Associate

CBIZ CPAs

Agenda

- Executive Summary - Planning Meeting
  - Service Delivery Timeline
  - Engagement Objectives
  - Responsibilities: Ours, Those Charged with Governance, & Management
  - Deliverables
  - Overview of the Audit Approach & Risk Assessment
  - Fraud Risks - Related Procedures & Inquiries
  - Relationship & Independence
  - Questions & Discussion
- New Developments
- Appendices:
  - A. Draft Engagement Letter
  - B. Background on CBIZ & CBIZ CPAs

Executive Summary – Planning Meeting

The purpose of this presentation is to provide an overview to the Audit Committee of our audit plan for TSASC, Inc. (the "Organization") for the year ended June 30, 2026, including a summary of our overall objectives for the audit, and the nature, significant risks, scope, and timing of the audit work.

- Financial Statements
- Reports under *Government Auditing Standards*
- Independent Auditors' Report on Compliance with Investment Guidelines

Service Delivery Timeline

Audit Services	FY 2026	FY 2025 Actual
Kick-off communication , understanding of current matters and draft engagement letter	May 12, 2026	May 2, 2025
Planning meeting with the Audit Committee	May 19, 2026	May 8, 2025
Trial balance and audit workpapers provided to our audit team	August 10, 2026	August 8, 2025
Planning and Risk Assessment Process: • update our understanding of internal controls, • use of technology, • fraud and errors risks, and • new matters	Mid-August 2026	August 2025
Draft financials received from management	Early September 2026	September 8, 2025
Drafts to the Audit Committee	Mid-September 2026	September 15, 2025
Audit Committee meeting	Late September 2026	September 22, 2025
Report issuance	Within 1-2 days of approval by the Audit Committee and Board	September 26, 2025

Engagement Objectives

- Independent audit of the financial statements of the Organization as of and for the year ended June 30, 2026, in accordance with Generally Accepted Auditing Standards *and Government Auditing Standards.*
- Independent auditors' report on compliance with the Organization's investment guidelines
- Independent feedback to management and the Audit Committee through our management comments.
- Matters required to be communicated to those charged with governance.

Engagement Deliverables

1. Issuance of opinions on the financial statements
2. Issuance of an independent auditors' report on internal control over financial reporting and compliance in accordance with GAS.
3. Issuance of a report on the Organization's compliance with its investment guidelines.
4. Independent feedback and insights on the results of the audit, other required communications, as well as business and industry perspectives.

Our Responsibilities

Financial Statements To obtain evidence to provide reasonable assurance that the financial statements are free of material misstatement, whether caused by error or fraud

- To issue an auditor's report that includes opinions on whether the financial statements are fairly stated in all material respects in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP)
  1. Reasonable assurance is a high level of assurance, but not absolute, in the detection of material misstatements; material misstatements are items that would influence users of the financial statements
  2. This process entails an understanding of the Organization and its environment, including internal controls, to assess the risk of material misstatement and to design tests responsive to those risks to allow support for our opinion
  3. This process entails assessing accounting policies and estimates, including disclosures, to result in fair presentation
  4. We will conclude, based on the audit evidence, relative to the ability of the entity to continue as a going concern for a reasonable period of time
  5. We will communicate significant matters related to the audit
  6. We will not report on the required supplementary information, including Management's Discussion and Analysis, but will compare the information to the financial statements, and read the information for clarity and to ensure it complies with U.S. GAAP.

Government Auditing Standards

1. Reporting under *Government Auditing Standards (GAS)* requires that we report instances of noncompliance and other matters, as well as matters related to internal control over financial reporting that may come up during the audit that are considered material weaknesses or significant deficiencies
   - This report has an entity-wide focus that could have a direct and material effect on financial statement amounts

An audit provides reasonable, not absolute, assurance that the financial statements are free from material misstatements due to fraud or error. It does not relieve you or management of your respective responsibilities. Our responsibilities are described further in our engagement letter.

Responsibilities of Those Charged With Governance and Management

Those Charged with Governance :

- Overseeing the financial reporting process
- Setting a positive tone at the top and challenging the Organization’s activities in the financial arena
- Discussing significant accounting and internal control matters with management
- Informing us about fraud or suspected fraud, including its views about fraud risks
- Informing us about other matters that are relevant to our audit, such as:
    - The Organization’s strategies and related business risks that may result in heightened risks of material misstatement
    - Matters warranting particular audit attention
    - Significant communications with regulators
    - Matters related to the effectiveness of internal control and your oversight responsibilities
    - Your views regarding our current communications and your actions regarding previous communications

Management:

- Preparing and fairly presenting the financial statements
- Designing, implementing, evaluating, and maintaining effective internal control over financial reporting, including internal controls to prevent, detect and deter fraud
- Communicating significant accounting and internal control matters to those charged with governance
- Providing us with unrestricted access to all persons and all information relevant to our audit
- Informing us about fraud, illegal acts, significant deficiencies, and material weaknesses
- Adjusting the financial statements, including disclosures, to correct material misstatements
- Designating a qualified management-level individual to oversee any non-audit services performed by CBIZ CPAs or CBIZ
- Informing us of subsequent events
- Providing us with written representations

An audit provides reasonable, not absolute, assurance that the financial statements are free from material misstatements due to fraud or error. It does not relieve you or management of your respective responsibilities. Our responsibilities are described further in our engagement letter.

Overview of the Audit Approach & Risk Assessment

Entity-Wide Considerations

Understand the Organization and its environment, including its internal controls

Control Environment

The tone at the top, ethical values, governance, and overall culture that influence control consciousness

Risk Assessment

The process for identifying, analyzing, and responding to risks that may affect objectives

Control Activities

Policies, procedures, and mechanisms that are put in place to mitigate risks

Information and Communication

Systems and processes to capture and share relevant, timely, and accurate information

Monitoring Activities

Ongoing or periodic evaluations to ensure that controls are present and functioning

Overview of the Audit Approach & Risk Assessment: What it means for the Organization

Our audit procedures are designed to address each identified **RMM** and **Significant Risk**

The following slides summarize the key considerations in our risk assessment process, along with the audit procedures we may perform to address them

Risk of Material Misstatement (RMM) and Significant Risks

- RMM is the risk that financial statements may contain a material error or fraud before any audit work is performed
  - Identification of an RMM does not imply wrongdoing
  - Two sources:
    - Inherent risk: The nature of business or transactions that may cause errors or fraud
    - Control risk: The possibility that internal controls may not prevent or detect misstatements
- Significant risks are those RMMs requiring special audit focus, as determined by professional standards or auditor judgment

Material misstatements are caused by inherent complexity or weak controls and can arise from:

- Errors - Unintentional mistakes in financial statements
- Fraudulent financial reporting - Intentional misstatement or omission of financial information
- Misappropriation of assets - Theft or misuse of organizational assets
- Complex or unusual transactions – Nonroutine agreements or related party transactions lacking market terms
- Noncompliance with of laws, regulations, or agreements - Noncompliance with legal or regulatory requirements
- IT and process/control Issues- Inadequate segregation of duties

Overview of the Audit Approach & Risk Assessment

We've outlined the following significant risks, including fraud-related risks, and financial statement risk as part of our risk assessment.

If we identify any further risks during the audit, we will share them with the Audit Committee at the end of the engagement.

Description of Significant Risk, including Fraud Risk	Audit Procedures to be Performed
Management Override of Controls Presumed Fraud Risk Even well-designed controls can be overridden by management. The risk is present in every organization and is a presumed audit risk under professional standards	• Fraud risk inquiries of senior management and other employees, including inquiries related to improper or unusual journal entry activity. • Retrospective review of significant accounting estimates to see if such estimates reflect bias on the part of management. • Journal entry testing for validity, support, and approvals. The focus will be on manual journal entries impacting revenue, including top-side, unusual, at the end of the year.

CBIZ CPAs

Fraud Risk - Related Procedures & Inquiries

Our Approach to Detecting Fraud	1. Questionnaires to key employees regarding fraud matters 2. Oral inquiries with certain members of the management team and those charged with governance 3. Consideration of incentives, pressures, opportunities, and attitudes/tone at the top 4. Understanding of internal controls at various levels 5. Follow-up on noted matters, considering the effect on the audit plan

Inquiries of Governance	1. Is the Audit Committee aware of any fraud, suspected fraud, or allegations? • subject to internal investigations or regulatory inquiries related to fraud? • Has external or internal counsel raised concerns? • Have any findings been reported through compliance hotlines? 2. Does the Audit Committee have any concerns about specific exposures to fraud or accounts that may be susceptible to fraud? • pressures to meet financial or programmatic expectations (e.g., from donors or grantors)? 3. Has management discussed internal control to prevent, detect, and deter material fraud with the Audit Committee? 4. Are there any other risks/areas of concern where you believe we should focus audit attention?

Relationship and Independence

No non-audit services are provided that would impair our independence.

No consulting services outside of routine advice relative to accounting and tax matters

No known roles of our people or their relatives in any management or oversight role

No known financial interrelationships of either the firm or its people with the Organization that impaired our independence.

Questions & Discussion

New Developments

New Developments

Development	What's Changing?	When Are the Changes Effective?	Recommended Actions
GASB 103, *Financial Reporting Model Improvements*	Seeks to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability	Fiscal years beginning after June 15, 2025 (i.e., FY 2026).	• Understand the standard • Model the effects • Review with external auditors • Communicate impact
GASB 104, *Disclosure of Certain Capital Assets*	Requires certain types of capital assets to be disclosed separately in the capital assets note disclosure. The Statement also required additional disclosures for capital assets held for sale and for such assets to be evaluated each reporting period.	Fiscal years beginning after June 15, 2025 (i.e., FY 2026).	▪ No impact is anticipated as TSASC has no capital assets.

CBIZ CPAs

New Developments

Development	What's Changing?	When Are the Changes Effective?	Recommended Actions
GASB 105, *Subsequent Events*	This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events.	Fiscal years beginning after June 15, 2026 (i.e., FY 2027).	▪ Understand the standard ▪ Model the effects ▪ Review with external auditors ▪ Communicate impact

CBIZ CPAs

Appendix A

Draft Engagement Letter

May XX, 2026

Mr. Raymond Lee, Comptroller
TSASC, Inc.
255 Greenwich Street, 7th Floor
New York, NY 10007

Dear Mr. Lee:

We are pleased to confirm the arrangements of our engagement and the nature of the services CBIZ CPAs P.C. ("CBIZ CPAs," "Firm," "we," "us," or "our"") will provide TSASC, Inc. (the "Client", "Entity", "you," or "your").

ENGAGEMENT OBJECTIVES AND OUR RESPONSIBILITIES

We will audit the governmental activities and each major fund of the Client, as of June 30, 2026, and for the year then ended and the related notes to the financial statements, which collectively comprise the Client's basic financial statements as listed in the table of contents.

Our audit will be conducted with the objectives of our expressing an opinion on each opinion unit.

The objectives of our audit of the financial statements are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America ("GAAS") and in accordance with *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Accounting principles generally accepted in the United States of America ("U.S. GAAP") as promulgated by the Governmental Accounting Standards Board (GASB) require that certain information, such as management's discussion and analysis ("MD&A"), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Client's required supplementary information ("RSI") in accordance with GAAS. These limited procedures will consist of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

- Management's Discussion and Analysis

We will also issue a report on the Entity's compliance with its investment guidelines – as part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we will perform certain tests and report on the Entity's compliance with its investment guidelines as of and for the year ended June 30, 2026.

Auditor Responsibilities

We will conduct our audits in accordance with GAAS, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. As part of an audit of financial statements in accordance with GAAS and in accordance with *Government Auditing Standards,* we will exercise professional judgment and maintain professional skepticism throughout the audit. We will also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of the system of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

4. Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Client's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements or noncompliance may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards* of the Comptroller General of the United States of America. Please note that the determination of abuse is subjective and *Government Auditing Standards* does not require auditors to detect abuse.

Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

We will issue a written report upon completion of our audit of the Client's basic financial statements. Our report will be addressed to the governing body of the Client. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s) to our auditors' report, or if necessary, withdraw from the engagement. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

In accordance with the requirements of *Government Auditing Standards*, we will also issue a written report describing the scope of our testing over internal control over financial reporting and over compliance with laws, regulations, and provisions of grants and contracts, including the results of that testing. However, providing an opinion on internal control and compliance over financial reporting will not be an objective of the audit and, therefore, no such opinion will be expressed.

MANAGEMENT'S RESPONSIBILITIES

Our audit will be conducted on the basis that management and, when appropriate, those charged with governance acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with U.S. GAAP;
2. For the design, implementation, and maintenance of an effective system of internal control over the financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
3. To provide us with:

a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including the disclosures, and relevant to federal award programs, such as records, documentation, and other matters;
b. Additional information that we may request from management for the purpose of the audit;
c. Unrestricted access to persons within the entity and others from whom we determine it necessary to obtain audit evidence;
d. A written acknowledgement of all the documents that management expects to issue that will be included in the annual report and the planned timing and method of issuance of that annual report (if applicable); and
e. A final version of the annual report (including all the documents that, together, comprise the annual report) in a timely manner prior to the date of the auditors' report (if applicable).

4. For adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period(s) under audit are immaterial, both individually and in the aggregate, to the financial statements as a whole;
5. For acceptance of non-attest services, including identifying the proper party to oversee non-attest work;
6. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets;
7. For informing us of any known or suspected fraud affecting the entity involving management, employees with significant role in internal control and others where fraud could have a material effect on compliance;
8. For the accuracy and completeness of all information provided;
9. For the evaluation of the effectiveness of the entity's internal control over financial reporting using suitable and available criteria;
10. For providing us with management's written assessment about the effectiveness of the entity's internal control over financial reporting;
11. For supporting management's assessment about the effectiveness of the entity's internal control over financial reporting with sufficient evaluations and documentation (e.g., policy or accounting manuals, narrative memoranda, flowcharts, decision tables, procedural write-ups, or completed questionnaires)
12. For taking reasonable measures to safeguard protected personally identifiable and other sensitive information; and
13. For confirming your understanding of your responsibilities as defined in this letter to us in your management representation letter.

As part of our audit process, we will request from management and, when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We understand that your employees will prepare all confirmations we request and will locate any documents or invoices selected by us for testing.

Management is responsible for all management decisions and performing all management functions including critical judgments and conclusions, and for designating an individual, preferably from senior management, with suitable skill, knowledge, or experience to oversee any financial statement preparation services, assistance with the preparation of the Data Collection Form, bookkeeping services, tax services, or other services we or our associated company CBIZ, Inc. (or its related entities (collectively with CBIZ, Inc., "CBIZ")) provides.

Professional standards prohibit us from being the sole host and/or the sole storage for your financial and non-financial data. As such, it is your responsibility to maintain your original data and records and we cannot be responsible to maintain such original information. If you are missing any documents or workpapers from our prior years' engagements (if applicable), it is your responsibility to inform us. By signing this engagement letter, you affirm that you have all the data and records required to make your books and records complete.

You agree to inform us of facts that may affect the financial statements of which you may become aware during the period from the date of the auditors' report to the date the financial statements are issued.

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

At the conclusion of our audit engagement, we will communicate to those charged with governance the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

ENGAGEMENT FEES

We will complete the aforementioned services for the year ended June 30, 2026 for a fixed fee of $21,195.

We request that payments for these services be no later than the following dates/events specified below:

Upon signing this letter	$	5,300
September 1, 2026		8,000
Issuance of financial statements		7,895
	$	21,195

LIMITATION OF LIABILITY

Unless otherwise prohibited by law or applicable professional standard, you agree that CBIZ CPAs and its personnel shall not be liable to you for any claims, liabilities, or expenses relating to this engagement for an aggregate amount in excess of the fees paid by you to CBIZ CPAs pursuant to this engagement, except to the extent finally judicially determined to have resulted from the bad faith or intentional misconduct of CBIZ CPAs. Unless otherwise prohibited by law or applicable professional standard, in no event shall CBIZ CPAs or its personnel be liable for consequential, special, indirect, incidental, punitive, or exemplary losses or damages relating to this engagement. This limitation on liability provision shall apply to the fullest extent of the law, whether in contract, statute, tort (such as negligence), professional standard, or otherwise.

No action, regardless of form, arising out of the services under this agreement may be brought by you more than one year after the date the last services are provided under this agreement.

OTHER MATTERS

Auditors' Report and Reproduction

We will issue a written report upon completion of our audit of the Client's financial statements. Our report will be addressed to those charged with governance. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s) to our auditors' report. If for any reason, we are unable to complete the audit or we are unable to form or have not formed an opinion, we may decline to express an opinion or decline to issue a report as a result of the engagement. If, in our professional judgment, the circumstances require us to do so, we may resign from the engagement prior to completion.

Background Checks

As a matter of our Firm policy, we may perform background checks, which may require out-of-pocket expenses. The terms and conditions of this engagement are expressly contingent upon the satisfactory completion of our investigatory procedures, and we reserve the right to withdraw from any engagement should information we deem to be adverse come to our attention.

Independence and Our Personnel

Professional standards require that a firm and its members maintain independence throughout the duration of the professional relationship with a client. These services are being provided under the AICPA and Government Accountability Office (GAO) independence standards. If the Client becomes subject to Public Company Accounting Oversight Board ("PCAOB") or Securities and Exchange Commission ("SEC") independence standards, those standards will need to be followed. As a result, certain non-attest services that would not impair our independence under the AICPA and *Government Auditing Standards* may have impaired our past or may impair our future independence under the PCAOB and SEC standards. CBIZ CPAs' acceptance of this engagement is conditioned on confirming that it is independent under applicable standards. We will inform you promptly if we determine that we are not independent.

In addition, we will periodically reevaluate our independence as part of our customary client continuance process or more frequently, should circumstances arise that may require us to investigate whether our independence may have been impaired in which case we may terminate and resign from this engagement in our sole and absolute discretion. You agree to promptly advise us of any matters or changes in circumstances that could affect our independence or give rise to conflicts including, changes in senior management or the Board, or entities that may have preexisting relationships with CBIZ or CBIZ CPAs or conflicts that could affect our independence.

Any discussions that the Client has with personnel of CBIZ CPAs or CBIZ regarding potential employment with the Client could impair our independence with respect to this engagement. Therefore, we request that you inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence. Employment offers to any staff member working on your engagement without our prior knowledge may require substantial additional procedures to ensure our independence on this engagement. Any additional costs incurred due to these procedures will be billed at our standard hourly rates.

Furthermore, we strive to maintain a staff of quality, trained professionals. In recognition of the investment we have made to recruit and develop our personnel, solely to the extent not prohibited by law, you agree to not solicit any of our employees involved in this engagement at any time while we are performing services for you. However, this limitation shall not apply to employment via a general solicitation or open job posting which is not directed towards the employee or CBIZ CPAs.

Access to Working Papers; Confidentiality

Our workpapers and files for this engagement are the property of CBIZ CPAs. If we receive a subpoena or other administrative, judicial, or government demand or request requiring it to provide information or documents, we will, unless prohibited by law, provide written notice to the Client of such demand or request. The Client shall reimburse CBIZ CPAs for our time at standard rates and reasonable expenses (including reasonable attorneys' fees and expenses) incurred in responding to such demands or requests, so long as CBIZ CPAs is not a party to the proceeding or the subject of the investigation in which the information is sought.

Certain professional standards, including American Institute of Certified Public Accountants Code of Professional Conduct 1.700 and similar rules adopted by state boards of accountancy, prohibit the disclosure of client confidential information without client consent, except in limited circumstances. CBIZ CPAs will treat the Client's confidential information in accordance with applicable professional standards. The Client acknowledges and agrees that we may disclose confidential information as directed by the Client or as permitted by law, rule, regulation, professional standards or guidelines, or the terms of this engagement letter. The Client authorizes CBIZ CPAs to use email and other electronic methods to transmit and receive information, including confidential information, related to this engagement. CBIZ CPAs will employ commercially reasonable efforts to protect the confidentiality of transmitted information.

In performing our engagement, we will utilize professional and administrative staff who are employed by or otherwise associated with CBIZ or other entities. These individuals will be under the direct control and supervision of CBIZ CPAs, which is solely responsible for the professional performance of our engagement. Additionally, the professional staff is subject to the standards governing the accounting profession, including the requirement to maintain the confidentiality of client information, and CBIZ CPAs has contractual agreements requiring confidential treatment of all client information.

In addition, the Client agrees that we may provide CBIZ with access to the Client's accounting, financial, and other records in our possession so that CBIZ can provide the Client with any services it has engaged them to perform.

Should you request that we use a third-party electronic file transfer service in connection with this engagement, you acknowledge that CBIZ CPAs makes no representations or warranties regarding the security of data transmitted to and from, or stored by, that third-party electronic file transfer service. You also agree that CBIZ CPAs is not responsible for any loss, or unauthorized interception, of data transmitted to and from, or stored by, third-party electronic file transfer service.

You agree that we may use confidential information we receive as part of this engagement for internal and/or third-party data analysis or other insight generation. Information developed in connection with these purposes may be disclosed to you or current or prospective clients, but only on an anonymous basis; we will not use or disclose confidential information in a way that would permit you to be identified by third parties without your consent.

In addition, you agree that we may use your name and logo and a brief description of our services solely for the purpose of identifying you as a client of the Firm in the Firm's marketing and promotional materials, including proposals.

Termination

Our engagement ends on the earlier of termination or resignation (including without limitation, our declining to issue a report or other work product) or CBIZ CPAs' delivery of its report. We acknowledge your right to terminate this agreement at any time, and you acknowledge our right to terminate this agreement and resign at any time in our sole and absolute discretion.

Agreement

If it is determined that any provision of this letter is unenforceable, all other provisions shall remain in full force and effect.

It is hereby understood and agreed that this engagement is being undertaken solely for the benefit of the Client and that no other person or entity shall be authorized to enforce the terms of this engagement. The undersigned represents and warrants that it has the requisite authority and consents to enter into and perform this Agreement and the obligations herein for and on behalf of the Client.

If you agree with the terms of our engagement, as described in this letter, please affix your e-signature and return the letter to us via DocuSign and we will return a fully executed letter to you.

A copy of our most recent peer review report is available on our website (www.cbizcpas.com/about-us).

Very truly yours,

Steven Lee, CPA
CBIZ CPAs P.C.

ACKNOWLEDGED AND AGREED

Authorized signature:________________________

Name: Raymond Lee

Title: Comptroller

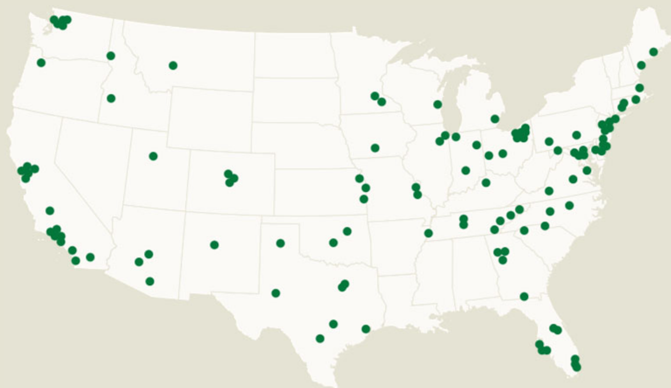
Date signed: ______________________________

Appendix B

Background on CBIZ and CBIZ CPAs

Background on CBIZ and CBIZ CPAs

160+ Offices Nationwide



International

Over 100

countries served

Over 18,000

team members

OneCBIZ Culture

9

Employee Resource Groups

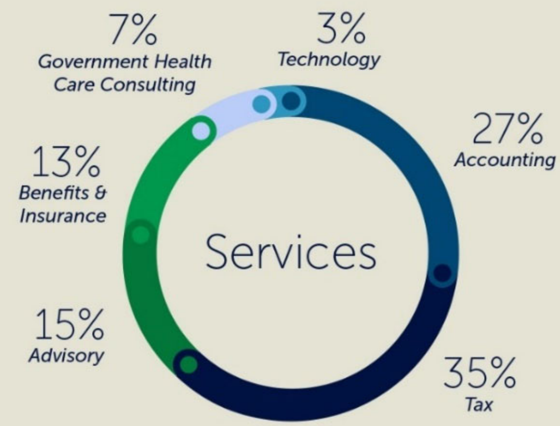
7th

Largest*

Accounting Provider*

*based on previously reported Accounting Today 2024 Top 100 Firms

Services



2,965

CPAs

5,890

Professionals

CBIZ CPAs

Background on CBIZ and CBIZ CPAs

A National Leader in Accounting, Tax & Advisory Services

- Leading middle market professional services firm nationally.
- Recently merged with Marcum demonstrating a commitment to continuity of existing teams while providing broader capability and enhanced access to experts for all clients.

Practice Structure

- CBIZ provides tax and consulting services while CBIZ CPAs provides financial statement audits and other attest services. Like many other national firms, our attest practice is organized as a separate and independent legal entity from our tax and consulting activities. Together CBIZ and CBIZ CPAs work seamlessly together to serve our clients through a long-term administrative services agreement.

Not-For-Profit (NFP) Sector

- The NFP sector is one of our largest focus areas with our firm being a recognized national leader in serving not-for-profit organizations. We attract, develop, and retain talent to ensure a knowledgeable team that consistently engages with our clients. Our investment in people, technology, and value-added service areas delivers innovation, savings and operational excellence for our NFP clients.

Keeping You Informed & Supporting Innovation

Seminars & Webinars	Regular Client Communications	Proactive Implementation of New Standards	Not-For-Profit Newsletter	Resource Center
Complimentary virtual/in-person events designed to cover accounting, tax, business, technology and other areas of importance to our clients	Year-round communication from our team in person, by phone, through a virtual meeting, or via email	Provide templates, training, tools, and best practices as new standards are introduced	The Not-For-Profit Viewpoint Monthly newsletter covering topics that impact not-for-profit and education organizations	Inflation Resource Center Our program to provide companies with articles, podcasts, webinars, guides and more to help navigate these unprecedented times

Sign up to receive our newsletters and alerts here: Email Subscription Center

Supporting Innovation and Mitigating Risks:
In addition to our capable attest, audit, tax compliance and related tax advisory services, we can assist with other business services when they fit with our core engagement as follows:

- Outsourced accounting and operations support
- Data Security, Cyber and Information Technology
- AI Planning and Management
- Healthcare/Benefits Cost Savings Solutions
- Insurance and Risk Management Advisory/Brokerage
- Investment Advisory
- HR, Compensation Advisory, Executive Search

Commitment to Diversity & Inclusion

How we embrace and treat our people is important to team continuity and service satisfaction for your organization. We strive to strengthen our culture to enable a feeling of belonging for all team members in a variety of ways, including:

Diversity & Inclusion Task Force

Leaders from across the company tasked with accelerating our efforts nationally

CEO ACTION FOR DIVERSITY & INCLUSION

The largest CEO-driven business commitment to diversity and inclusion within the workplace

TRAINING, LEARNING & DEVELOPMENT

Required for all team members on an ongoing basis

EMPLOYEE BENEFITS

Domestic partner benefits, flexible work arrangements, paid parental leave, expecting parents' programs, childcare resources, etc. to attract and retain a diverse workforce

LOCAL INITATIVES

Since 2020, our hiring of professionals from underrepresented ethnicities has increased by 59%; also, in 2022, 51% of hires were female

EMPLOYEE RESOURCE GROUPS

We offer four employee resource groups: CBIZ BIPOC, CBIZ PRIDE, CBIZ Women's Advantage and CBIZ Young Professionals

TSASC, Inc.

Governance Committee Meeting

May 19, 2026

Agenda

1. Resolution: Approval of Minutes of Meeting of September 22, 2025

2. Resolution: Review & Approval of Policy on the Procurement of Goods & Services

TSASC, Inc.

Governance Committee Meeting

May 19, 2026

Approval of Minutes

WHEREAS, the Governance Committee of TSASC, Inc. has reviewed the minutes of the previous meeting of the Governance Committee held on September 22, 2025; it is therefore

RESOLVED, that the minutes of the Governance Committee meeting of September 22, 2025, are hereby approved.

MINUTES OF THE MEETING OF
THE GOVERNANCE COMMITTEE OF
TSASC, INC.

September 22, 2025

A meeting of the Governance Committee (the "Committee") of TSASC, Inc. (the "Corporation") was held on September 22, 2025 at approximately 1:14 p.m., conducted at 255 Greenwich Street, Room 6-M4, New York, New York, 10007.

The following members of the Committee or their alternates were present:

Jacques Jiha, Director of Management and Budget of The City of New York (the "City"), represented by David Womack;

Brad Lander, Comptroller of the City, represented by Michael Stern;

Muriel Goode-Trufant, Corporation Counsel of the City, represented by Michael Moore; and

Adrienne Adams, Speaker of the City Council, represented by Hector German;

constituting a quorum of the Committee. Daniel Rabbani 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, who joined in-person and remotely.

The meeting was called to order by Mr. Moore, Chairperson of the Committee.

<u>Approval of Minutes</u>

The first item on the agenda was the approval of the minutes of the meeting of the Committee held on May 8, 2025. The minutes were circulated for the Committee's review. There being no further discussion, upon unanimous vote, the following resolution to adopt such minutes was duly approved:

WHEREAS, the Governance Committee of TSASC, Inc. has reviewed the minutes of the previous meeting of the Governance Committee held on May 8, 2025; it is therefore

RESOLVED, that the minutes of the Governance Committee meeting of May 8, 2025, are hereby approved.

Resolution: Self-evaluation and discussion of presentation to Board of Directors

The second item on the agenda was the self-evaluation of the Committee and a resolution which would authorize the presentation of the self-evaluation to the Board of Directors. Section III(g) of the Governance Committee Charter requires the Committee to conduct a self-evaluation of its functions annually. Mr. Moore explained that a report of the Committee's actions taken in the past fiscal year was provided to the Committee. Mr. Moore noted that the proposed resolution expresses the Committee's opinion that it is functioning in a satisfactory manner consistent with its Charter, and authorizes the Chair of the Committee to present the result of this self-evaluation to the Board. Mr. Moore asked if there were there any questions or comments and there was no further discussion. There being no discussion and, upon unanimous vote, the following resolution was adopted:

WHEREAS, Section III(g) of the Governance Committee Charter requires the Governance Committee to conduct an annual self-evaluation of its functions; and

WHEREAS, the Governance Committee finds its functioning and performance to be satisfactory, effective, and in compliance with the Governance Committee Charter; it is therefore

RESOLVED, that the Governance Committee finds its functioning to be satisfactory and the Chair of the Governance Committee shall present the Committee's findings to the Board of Directors of TSASC, Inc.

Review of compensation and benefits

The third and final item on the agenda was a review of the Corporation's compensation and benefits expenses. Mr. Moore stated that Section III(i) of the Governance Committee Charter requires that the Committee to annually review this information. The information provided states that the Corporation has no employees, and describes the total compensation that the Corporation reimburses to other entities for personal services provided to the Corporation. Mr. Moore noted that this was a review item only, and no vote was taken.

Adjournment

There being no further business to come before the Committee, upon unanimous vote, the meeting was duly adjourned.

____

SECRETARY

TSASC, Inc.

Governance Committee Meeting

May 19, 2026

Review & Approval of Policy on the Procurement of Goods and Services

WHEREAS, pursuant to Section 2824(e) of the Public Authorities Law of the State of New York, TSASC, Inc. (the "Corporation") is required to establish a policy on the procurement of goods and services and to periodically review the policy;

WHEREAS, the Corporation adopted a Policy on the Procurement of Goods and Services (the "Policy") on July 31, 2006 and amended it on April 24, 2009, September 22, 2010, September 11, 2013 and April 27, 2018; and

WHEREAS, the Governance Committee has reviewed the Policy as attached hereto and finds it to be reasonable and prudent; it is therefore

RESOLVED, that the Governance Committee hereby approves the Policy, without further changes, as attached hereto.

TSASC, INC.
POLICY ON THE PROCUREMENT OF GOODS AND SERVICES

Adopted July 31, 2006
Amended April 24, 2009, September 22, 2010, September 11, 2013 and April 27, 2018

I. INTRODUCTION

In accordance with the requirements of Section 2824(1)(e) of the Public Authorities Law, the following comprehensive guidelines ("Guidelines") set forth TSASC, Inc.'s (the "Corporation's") operative policy and instructions regarding the procurement of goods and services. It is the policy of the Corporation to encourage participation by minority and women-owned business enterprises in providing goods and services to the Corporation.

II. SELECTION CRITERIA FOR CONTRACTS FOR GOODS AND SERVICES

1. Goods and Services Costing Less Than $20,000

   For procurements of goods and services the value of which is less than $20,000 in any single fiscal year, no competition is required except that in making purchases below this limit, the Corporation staff shall ensure that the price is reasonable. Documentation of such purchases shall identify the contractor the item was purchased from, the item purchased, and the amount paid. Contracts for goods and services the value of which is less than $20,000 in any single fiscal year shall not require approval of the Board of Directors of the Corporation.

2. All Other Goods and Services

   Contracts for goods and services the value of which is $20,000 or more in any single fiscal year are to be awarded on a competitive basis to the maximum extent possible, in accordance with the general procedures set forth below.

3. Proposals or Bids may be solicited as follows:

   i. **Requests for Proposals**: Where practicable, written requests for proposals ("RFPs") shall be issued by the Corporation. RFPs shall set forth the nature of the goods or services the Corporation is seeking to procure, including specifications where applicable or available, and shall solicit proposed prices, fees, charges or billing rates, where appropriate. RFPs shall contain such other information and shall request from proposers such other information as the Corporation may deem necessary or desirable. RFPs shall be advertised in at least one appropriate periodical.

ii. **Telephone or letter solicitation**: Proposals may be solicited from contractors by letter or telephone, where the Contracting Officer determines that the issuance of an RFP is impracticable or unnecessary. Where practicable, proposals should be solicited from at least three contractors.

4. Evaluation:

For personal services contracts, the technical merits of the proposals, the experience and capabilities of the proposing person or firm and any prior experience that Corporation staff may have had with the proposing person or firm will be significant factors in selecting the contractor, provided that the price, fees, charges, or billing rates for performing the services are reasonable and competitive in light of such experience and capabilities. The Corporation may determine not to select a person or firm where information is obtained which indicates that the person or firm is not qualified as responsive or responsible based upon such criteria as the Corporation may deem appropriate for the procurement.

5. Waiver of Selection Criteria

Notwithstanding any requirement of these Guidelines, contracts may be awarded to persons or firms on a non-competitive basis, without regard to the procedures set forth above, when the Contracting Officer of the Corporation determines that circumstances such as any of the following exist:

i. In the event an emergency or other extraordinary circumstances exist which make competition impracticable or inappropriate;

ii. Only one source for the goods or services is reasonably available;

iii. Legal services or other specialized services are required for which a certain person or firm's expertise is unique;

iv. Continuation of existing services or purchasing goods from a previous supplier firm is desirable for purposes of continuity or compatibility;

v. A person or firm has superior qualifications to perform the service or provide the goods at a cost that is determined to be fair and reasonable; or

vi. Information is obtained which indicates that persons or firms which were invited to submit proposals are not qualified, responsive or responsible based upon the appropriate criteria for the project.

vii. In the event that the City of New York (the "City") or another governmental unit can provide or cause to be provided needed services pursuant to contracts entered into by the City or another governmental unit and the Corporation determines that it is in the best interest of the Corporation to avail itself of such opportunity.

If a contract is awarded pursuant to a waiver, the Board of Directors of the Corporation shall be notified.

TSASC, Inc.

Board of Directors Meeting

May 19, 2026

Agenda

1. Resolution: Approval of Minutes of Meeting of September 22, 2025

2. Resolution: Approval of Budget

3. Discussion of EMMA Filing

4. Resolution: Approval of Directors & Officers Insurance

5. Resolution: Approval of Mission Statement and Measurement Report

6. Presentation by Audit Committee Chair regarding Audit Committee's Report and Self-Evaluation

TSASC, Inc.

Board of Directors Meeting

May 19, 2026

Approval of Minutes

WHEREAS, the Board of Directors of TSASC, Inc. has reviewed the minutes of its meeting held on September 22, 2025; it is therefore

RESOLVED, that the minutes of the meeting of the Board of Directors held on September 22, 2025 be, and they hereby are, adopted.

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

September 22, 2025

A meeting of the Board of Directors (the "Board") of TSASC, Inc. (the "Corporation") was held on September 22, 2025 at approximately 1:17 p.m., conducted at 255 Greenwich Street, Room 6M4, New York, New York.

The following Board members attended, represented by their designees:

Jacques Jiha, Director of Management and Budget of The City of New York (the "City"), represented by David Womack;

Brad Lander, Comptroller of the City, represented by Michael Stern;

Muriel Goode-Trufant, Acting Corporation Counsel of the City, represented by Michael Moore; and

Adrienne Adams, Speaker of City Council, represented by Hector German;

constituting a quorum of the Board. Daniel Rabbani 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, who joined in-person and remotely.

The meeting was called to order by Mr. Womack, Chairperson of the Board.

Approval of Minutes

The first item on the agenda was the approval of the minutes of the meeting of the Board held on May 8, 2025. The minutes were circulated for the Board's review. There being no further discussion, upon unanimous vote, the following resolution to adopt such minutes was duly approved.

WHEREAS, the Board of Directors of TSASC, Inc. has reviewed the minutes of its meeting held on May 8, 2025; it is therefore

RESOLVED, that the minutes of the meeting of the Board of Directors held on May 8, 2025 be, and they hereby are, adopted.

Acceptance of the independent auditors' report on the audited financial statements for the fiscal years ended June 30, 2025 and June 30, 2024 and authorization to release such financial statements

The second item on the agenda was the approval of the independent auditors' report on the audited financial statements for the fiscal years ended June 30, 2025 and June 30, 2024 and authorization to release such financial statements. The approval of this report and financial statements was recommended by the Audit Committee, after their meeting with independent auditors and management. The draft audited financial statements were provided to the Board for review. No further discussion was held and upon unanimous vote, the following resolution was adopted:

WHEREAS, the Audit Committee has met with the independent auditors of TSASC, Inc. (the "Corporation") and has reviewed the independent auditors' report on the audited financial statements of the Corporation for the fiscal years ended June 30, 2025 and June 30, 2024 and such financial statements; and

WHEREAS, the Audit Committee believes the independent auditors' report and the financial statements are reasonable and appropriate and has recommended that the Board accept the independent auditors' report and authorize the release of the financial statements; it is therefore

RESOLVED, that the Board hereby accepts the independent auditors' report on the audited financial statements of the Corporation for the fiscal years ended June 30, 2025 and June 30, 2024 and authorizes the release of such audited financial statements; provided that both the independent auditors' report and the audited financial statements may be amended to reflect non-material changes acceptable to the Comptroller or Deputy Comptroller of the Corporation.

Ratification of Amendment to Bond Counsel Agreement

The third item on the agenda was the approval of the resolution to ratify an amendment with the Corporation's current Bond Counsel. The Board previously authorized an agreement with Orrick, Herrington & Sutcliffe, LLP to serve as bond counsel through August 31, 2025. Mr.

Womack explained that earlier in the year, the Corporation participated in a competitive procurement process for bond counsel services. Following that procurement process, Corporation management recommended the Corporation amend its previous agreement with Orrick to extend the term of the agreement through August 31, 2026, for the same hourly fees as previously authorized by the Board. There being no further discussion, upon unanimous vote, the below resolution was adopted.

WHEREAS, the Board of Directors (the "Board") of TSASC, Inc. (the "Corporation") previously approved the Corporation entering into an agreement with Orrick, Herrington & Sutcliffe, LLP ("Orrick") to serve as bond counsel;

WHEREAS, such agreement with Orrick expired on August 31, 2025;

WHEREAS, the Corporation, in conjunction with the City of New York and other related credit issuers, issued a competitive request for proposals for bond counsel services; and

WHEREAS, following that request for proposals process, Corporation management recommends that the Corporation amend its bond counsel agreement with Orrick to extend the term of the agreement through August 31, 2026, for the same hourly fees as previously authorized by the Board, with such fees listed in Schedule I below, with fees for future bond issuances to be negotiated and subsequently approved by the Board at a later date; it is therefore

RESOLVED, that the Board of Directors hereby approves the ratification of the amendment of the Corporation's agreement with Orrick to extend the term of the agreement through August 31, 2026, for the same hourly fees as previously authorized by the Board, with such fees listed in Schedule I, with fees for future bond issuances to be negotiated and subsequently approved by the Board at a later date, provided such agreement shall contain such other terms and conditions not inconsistent with the foregoing which the President, Secretary, Assistant Secretary, or other Authorized Officer of the Corporation shall deem necessary, desirable or appropriate and hereby authorizes and directs the President, Secretary, Assistant Secretary, or other Authorized Officer of the Corporation to enter into such agreement.

Schedule I

Bond Counsel– Orrick

(a) Hourly rates, for all positions, for services provided during the term of the Agreement, provided that such fees shall not exceed $350,000 for the term of the Agreement:

Title	Hourly Rate
Partner	$985
Counsel	$900
Associate	$750
Paralegal	$325

Verification of Annual Report Pursuant to Section 519 of the Not-for-Profit Corporation Law and Authorization of Presentation to the Members

The fourth item on the agenda was the review and authorization for presentation to the members of the Corporation's annual report. Mr. Womack noted that the report contains the Corporation's financial information as required pursuant to §519 of the Not-for-Profit Corporation Law, and the report directs members to the page numbers of the fiscal year 2025 audited financial statements where they can find specific information related to the Corporation. Mr. Womack explained that the proposed resolution would authorize the submittal of the report to the Members of the Corporation. There being no further discussion, upon unanimous vote, the below resolution was adopted.

WHEREAS, Section 519 of the New York Not-For-Profit Corporation Law (the "N-PCL") requires that the Board of Directors of not-for-profit corporations present an annual report relating to the financial conditions of such corporations to the members of such corporations at their annual meeting;

WHEREAS, in compliance with Section 519 of the N-PCL the Board of Directors of the Corporation has caused an annual report relating to the Corporation's most recent fiscal year (the "Annual Report") to be prepared; and

WHEREAS, the Board of Directors has reviewed such Annual Report, attached heretofore as Schedule I; it is therefore

RESOLVED, that the Board of Directors hereby approves and verifies the Annual Report as presented heretofore as Schedule I, and authorizes presentation to the Members of the Corporation; and it is

FURTHER RESOLVED, that Board of Directors hereby directs that the Annual Report be entered in the minutes of this meeting of the Board of Directors.

SCHEDULE I

ANNUAL REPORT OF THE BOARD OF DIRECTORS OF TSASC, INC.

For the Fiscal Year Ended June 30, 2025 Under Section 519 of
the New York State Not-For-Profit Corporation Law

To: The Members of TSASC, Inc.
From: The Board of Directors of TSASC, Inc.

The Board of Directors respectfully submits for your information the following report relating to TSASC, Inc. for the twelve-month fiscal period ending June 30, 2025:

1. The assets and liabilities, including trust funds (listed separately), of the Corporation as of the end of said fiscal period may be found on page 13 of the attached audited financial statements.

2. The principal changes in the assets and liabilities, including trust funds, of the Corporation during said fiscal period may be found on page 6 of the attached audited financial statements.

3. The revenues of the Corporation, both unrestricted and restricted to particular purposes, during said fiscal period may be found on page 14 of the attached audited financial statements.

4. The expenses of the Corporation, for both general and restricted purposes, during said fiscal period may be found on page 14 of the attached audited financial statements.

5. Concerning the membership of the Corporation:

(a) The number of members as of June 30, 2025 is 5
(b) The number of members remained the same during said fiscal period ended June 30, 2025
(c) The names and places of residence of the current members may be found in the books of the Corporation, which are kept at 255 Greenwich Street, 7th Floor, New York, NY 10007.

This report has been prepared pursuant to Section 519 of the New York State Not-for-Profit Corporation Law

Dated: September 22, 2025

New York, New York

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

The fifth item on the agenda was the approval of the Corporation's Mission Statement and completed Measurement Report. Mr. Womack 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. Mr. Womack stated that changes were proposed, and the Measurement report had been completed. He further noted that the proposed resolution would approve the Mission Statement and Performance Measures and authorize the Corporation to publish the completed Measurement Report. 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;

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 Board has reviewed the 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 and authorizes the completed Measurement Report to be published on the Corporation's website and submitted to the Authorities Budget Office.

Resolution: Approval of Investment Guidelines

The sixth item on the agenda was the approval of the Corporation's Investment Guidelines. The Corporation is required to annually review its Investment Guidelines. No changes were proposed at this time. There being no further discussion, upon unanimous vote, the below resolution was adopted:

WHEREAS, TSASC, Inc. (the "Corporation"), adopted Investment Guidelines on October 4, 2007 to establish policies for the investment of its funds and subsequently amended the Guidelines;

WHEREAS, the Corporation is required annually to review its Investment Guidelines and Corporation staff has recommended no changes to the Guidelines at this time; and

WHEREAS, the Board of Directors has reviewed the attached Investment Guidelines and has deemed them to be reasonable and appropriate; it is therefore

RESOLVED, that the Investment Guidelines, a copy of which will be filed with the Minutes of the Meeting, are hereby approved.

Resolution: Approval of Investment Report

The seventh item on the agenda was the approval of the Corporation's Investment Report for Fiscal Year 2025. Mr. Womack noted that pursuant to Section 2925(6) of the Public Authorities Law, the Corporation is required to annually prepare and approve an Investment Report which contains the Investment Guidelines, the independent audit of the investments, an investment income record of the Corporation, and a list of fees, commissions, or other charges paid by the Corporation for investment services. Further, he explained that the proposed resolution would approve the Investment Report. There being no further discussion, upon unanimous vote, the below resolution was adopted:

WHEREAS, TSASC, Inc. (the "Corporation"), pursuant to the Corporation's Investment Guidelines, is required to annually prepare and approve an Investment Report; and

WHEREAS, the Board has reviewed the attached Investment Report and has deemed it to be reasonable and appropriate, it is therefore

RESOLVED, that the Investment Report is hereby approved.

Presentation by Governance Committee Chair

The eighth and final item on the agenda was presentation by the Governance Committee Chair, Michael Moore. Section III(g) of the Governance Committee Charter requires the Governance Committee to conduct a self-evaluation of its functions annually. This was a review item only, and no vote was taken. Mr. Moore, Chairperson of the Governance Committee, summarized the Committee’s self-evaluation report for fiscal year 2025, which report lists the Committee’s actions in the prior year and found that the Committee is functioning in satisfactory manner pursuant to 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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SECRETARY

TSASC, Inc.

Board of Directors Meeting

May 19, 2026

Approval of Budget

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;

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; and

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.

Fiscal Year 2027 Budget and Five-Year Plan (Cash Basis)
July 01, 2025 - June 30, 2030

($ in thousands)	Actual Unaudited FY 2025	Adopted FY 2026	Modified [2] FY 2026	Proposed FY 2027	Proposed FY 2028	Proposed FY 2029	Proposed FY 2030
Receipts:							
Operating Receipts:							
Pledged:							
Tobacco Settlement Revenue (TSR) [1]	$ 58,128	$ 51,487	$ 53,540	$ 50,488	$ 49,866	$ 49,325	$ 48,772
Investment earnings	3,997	2,500	2,710	2,000	500	500	500
Sub-total	**62,125**	**53,987**	**56,250**	**52,488**	**50,366**	**49,825**	**49,272**
Additional Pledged TSR [3]	**11,782**	**15,672**	**12,480**	**17,517**	**18,402**	**-**	**-**
Unpledged:							
Tobacco Settlement Revenue (TSR) [1]	85,512	70,507	77,136	66,990	65,063	82,560	81,635
Investment earnings	-	-	-	-	-	-	-
Sub-total	**85,512**	**70,507**	**77,136**	**66,990**	**65,063**	**82,560**	**81,635**
Total Receipts	**159,419**	**140,166**	**145,866**	**136,995**	**133,831**	**132,385**	**130,907**
Disbursements:							
Transfers to Trust - Unpledged TSR	85,512	70,507	77,136	66,990	65,063	82,560	81,635
Debt Service:							
Principal payments	30,385	25,135	25,135	26,585	26,830	27,275	28,460
Interest payments	45,453	43,934	43,934	42,677	41,348	40,006	38,642
Sub-total	**75,838**	**69,069**	**69,069**	**69,262**	**68,178**	**67,281**	**67,102**
Administrative	673	590	555	743	590	591	591
Total Disbursements	**162,023**	**140,166**	**146,760**	**136,995**	**133,832**	**150,432**	**149,328**
Excess (Deficiency) of Receipts over Disbursements [3]	**$ (2,604)**	**$ (0)**	**$ (894)**	**$ (0)**	**$ (0)**	**$ (18,047) [4]**	**$ (18,421) [4]**
Cash Equivalent and Investment Holdings: [6]							
Beginning Balance	$ 73,278	N/A	$ 70,674	$ 69,780	$ 69,780	$ 69,780	$ 58,530
Ending Balance	$ 70,674	N/A	$ 69,780	$ 69,780	$ 69,780	$ 58,530 [5]	$ 58,530 [5]
Senior Reserve Balance			48,000	48,000	48,000	48,000	48,000
Subordinate Reserve Balance [7]			0	0	0	0	0

[1] Projections of TSRs in each of FY 2027 through FY 2030 assume a rate of decline based on the Menthol Ban Alternative 2 Forecast as defined in the Golden State Tobacco Securitization Corporation Official Statement dated December 8, 2022, with certain modifications. Additionally, the projections reflect a credit adjustment based on 165.9 million Tribal NPM Packs sold. The credit adjustment of 165.9 million Tribal Packs is based on an independent investigator's determination of the 2019 Tribal Packs sold and stipulated by the New York State Attorney General to underpin the TSRs received in FY 2021 and FY 2022. The New York State Attorney General has since stipulated the same credit adjustment to underpin the TSRs received in FY 2023 and FY 2024 and again to underpin the TSRs received in FY 2025 and FY 2026. Actual TSRs are expected to differ from these projections and may be higher or lower based on various factors, including actual consumption and the results of future independent investigator determinations with respect to Tribal NPM Packs sold.

[2] The modified FY 2026 budget includes actual amounts from July 1, 2025 through April 21, 2026, and projected amounts from April 22, 2026 through June 30, 2026.

[3] Pursuant to the Security Agreement, dated December 9, 2024, Unpledged TSRs, to the extent needed, may be used to cover projected operating and debt service expenses in excess of available funds. The Security Agreement may be terminated at any time, and otherwise expires on the earliest of June 1, 2028, or whenever the Fiscal 2017 Bonds are no longer outstanding. The 2017 Bonds are callable on June 1, 2027. TSASC continues to explore options including refinancings of its outstanding debt.

[4] The realization of assumptions discussed in Footnote 1 will result in TSASC's inability to fully meet its subordinate debt service funding in FY 2029 and FY 2030 unless additional revenues are received in excess of the assumed amounts above. Payment of unpaid subordinate debt service is deferred until subsequent years where there are excess funds available after those years' debt service requirements are met. TSASC continues to explore options including refinancings.

[5] The ending balances in FY 2029 and FY 2030 comprise the balance of the senior liquidity reserve and the balance of the senior debt service fund at the end of each fiscal year. Subordinate debt service payments that cannot be made because of insufficient funding do not impact the ending balance as those payments are deferred (as discussed in footnote 4).

[6] Cash equivalent and investments holdings are included at cost.

[7] In FY 2025, TSASC exhausted the remaining funds in the Subordinate Reserve.

TSASC, Inc.

Fiscal Year 2027 Administrative Budget (Cash Basis)

Description	Adopted FY 2025	Actual Disbursements FY 2025	Favorable vs (Unfavorable) %	Adopted FY 2026	Actual Disbursements 7/1/25 - 4/21/26	Projected Disbursements 4/22/26 - 6/30/26	Proposed Modified FY 2026	Proposed FY 2027
Management Fees (Salaries & Benefits)	$ 186,000	$ 155,406	16.45	$ 186,000	$ -	$ 155,000	$ 155,000	$ 195,000
Overhead (Rent, Telephone, etc.)	42,500	33,633	20.86	42,500	-	34,200	34,200	48,500
Audit Fees	16,000	14,000	12.50	20,775	20,775	2,000	22,775	21,195
Insurance Fees	307,319	307,319	0.00	308,000	293,319	14,000	307,319	308,000
Trustee Fees	2,000	2,000	0.00	2,000	2,000	-	2,000	2,000
Legal Fees	116,852	116,852	0.00	7,000	-	7,000	7,000	120,000
Arbitrage Rebate Services	1,250	1,250	0.00	1,250	-	1,250	1,250	1,250
Rating Agency Fees	20,000	20,000	0.00	20,000	20,000	-	20,000	20,000
Other Advisor Fees	22,788	22,788	0.00	-	-	-	-	25,000
Advisor - Swap & Financial	-	-	0.00	-	3,750	-	3,750	-
Other Administrative	2,000	-	100.00	2,000	-	2,006	2,006	2,055
Total	**$ 716,709**	**$ 673,247**	**6.06%**	**$ 589,525**	**$ 339,844**	**$ 215,456**	**$ 555,300**	**$ 743,000**

TSASC, INC.

May__, 2026

Terms used but not defined herein have the meanings assigned to them in the TSASC, Inc. ("TSASC") Offering Circular, dated January 11, 2017, in connection with its Tobacco Settlement Bonds, Fiscal 2017 Series A (Senior) and Fiscal 2017 Series B (Subordinate), as supplemented (the "Offering Circular").

Notice is hereby given that TSASC has received $53,540,326 of Pledged TSRs from the April 2026 Tobacco Settlement Revenue distribution. Based on the Pledged TSRs received, TSASC projects that it will draw $12.5 million from Unpledged TSRs pursuant to the Security Agreement, dated as of December 9, 2024, by and between TSASC and the Trustee, to make payments toward the Fiscal 2017 Series B (Subordinate) Bonds debt service payments due on June 1, 2026 and December 1, 2026.

TSASC recently adopted its 2027 fiscal year budget, including future revenue and expenditure projections. The budget has been posted on TSASC's website (www.nyc.gov/tsasc).

TSASC, Inc.

Board of Directors Meeting

May 19, 2026

Approval of Directors' and Officers' Insurance

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;

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 of the Corporation 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 $50,000,000 of coverage beginning June 25, 2026 for a period up to June 24, 2027 provided that the annual premium payable by the Corporation to the Insurers will not exceed $400,000, and said policies shall contain such other terms and conditions not inconsistent with the foregoing which President, Vice President, Assistant Secretary or Deputy Treasurer deems desirable or appropriate and that the President, Vice President, Assistant Secretary or Deputy Treasurer shall be authorized to procure such insurance coverage.

TSASC, Inc.

Board of Directors Meeting

May 19, 2026

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

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;

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, each Board member has read and reviewed the Mission Statement and Performance Measures, as well as the Measurement Report, understands the mission of the Corporation and the responses to the questions in the Measurement Report, and finds them to be reasonable and accurate; it is therefore

RESOLVED that Board accepts the Corporation's Mission Statement and Performance Measures as attached hereto and authorizes the completed Measurement Report to be published on the Corporation's website and submitted to the Authorities Budget Office.

TSASC, Inc.

Mission Statement and Performance Measurements

TSASC, Inc. ("TSASC") is a local development corporation created pursuant to the not-for-profit corporation law of the State of New York. TSASC was created as a financing entity whose purpose is to issue and sell bonds and notes to fund a portion of the capital program of the City of New York (the "City"). TSASC issued debt secured by tobacco settlement revenues ("TSRs"), which are paid by cigarette companies as part of their settlement with 46 states, including the State of New York, and other U.S. Territories. The City sold its right to receive TSRs to TSASC. TSASC first issued bonds in 1999, and it has periodically issued refunding bonds. TSASC's stakeholders are its bondholders, who have purchased TSASC bonds, and the City, which benefited from the contribution of TSASC bond proceeds to its capital program and continues to benefit from the annual receipt of TSRs remaining after TSASC meets its annual debt service payment obligations relating to TSASC's outstanding bonds.

Date Adopted: October 4, 2007 and amended on March 2, 2011, April 2, 2013, April 15, 2015, April 27, 2018, May 15, 2019, April 29, 2024 and September 22, 2025.

List of Performance Goals:
- Make timely payments of debt service and meet other contractual obligations
- Utilize efficient and cost-effective borrowing methods, including lowering the cost of debt through refunding and other means
- Meet continuing disclosure obligations

Measurements:
- Has the Corporation paid debt service and fulfilled its other obligations related to its outstanding debt in a timely manner?
- Has the Corporation issued debt at fair and reasonable rates relative to market conditions at the time of issuance?
- Has the Corporation complied with its continuing disclosure undertakings?

Additional questions:

1. Have the board members acknowledged that they have read and understood the mission of the Corporation?

2. Who has the power to appoint the management of the Corporation?

3. If the Board appoints management, do you have a policy you follow when appointing the management of the Corporation?

4. Briefly describe the role of the Board and the role of management in the implementation of the mission.

5. Has the Board acknowledged that they have read and understood the responses to each of these questions?

TSASC, Inc.

Measurement Report
May 2026

Measurements:

- Has the Corporation paid debt service and fulfilled its other obligations related to its outstanding debt in a timely manner?

  Yes

- Has the Corporation issued debt at fair and reasonable rates relative to market conditions at the time of issuance?

  Yes
- Has the Corporation complied with its continuing disclosure undertakings?

  Yes

Additional questions:

1. Have the board members acknowledged that they have read and understood the mission of the Corporation?

   Yes.

2. Who has the power to appoint the management of the Corporation?

   The Board of Directors of the Corporation appoints the Officers of the Corporation.

3. If the Board appoints management, do you have a policy you follow when appointing the management of the Corporation?

   It is the practice of the Corporation that management presents proposed appointments to the Board of Directors for review and approval.

4. Briefly describe the role of the Board and the role of management in the implementation of the mission.

   Management handles the day-to-day operation of the Corporation and presents recommendations with respect to the issuance of debt, the setting of management policies, procurements of services, financial statements and the adoption of the

Corporation's budget to the Board of Directors. The Board of Directors reviews and approves these items.

5. Has the Board acknowledged that they have read and understood the responses to each of these questions?

   Yes.