

DUTCHESS TOBACCO ASSET SECURITIZATION CORPORATION
Minutes of the Audit Committee Meeting
Held On March 25, 2025

A meeting of the Audit Committee of the Board of Directors of Dutchess Tobacco Asset Securitization Corporation (the “Corporation”), a local development corporation organized pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York, was duly called to order at 10:09 a.m. at 22 Market Street, Poughkeepsie, New York:

Attending:

Caroline E. Blackburn, President of the Corporation

James M. Fedorchak, Director

Michael Betros, Director

Charles E. Traver, Director

Heidi Seelbach, Treasurer of the Corporation

Carl Widmer & Amy Hansley (*via Teams*)

Drescher & Malecki

Thomas Myers, Legal Counsel (*via Teams*)

Orrick, Herington & Sutcliff, LLP

Ms. Blackburn, as President, opened the meeting.

Ms. Blackburn led a brief review of the committee charter. There were no questions with respect to the charter at the conclusion of the review.

Ms. Blackburn and Ms. Seelbach indicated that there were no matters known to them (other than the annual audit of the Corporation’s financial affairs) relating to internal controls, compliance, risk assessment practices, special investigations, whistleblower policies, discretionary funds or any other issues related to the financial practices of the Corporation that the Audit Committee should review.

Mr. Widmer led a brief review of the basic financial statements of the Corporation for the period ended December 31, 2024, the report with respect thereto to Drescher & Malecki LLP., the Corporation's independent auditors, and the accompanying management discussion and analysis (collectively, the "Financial Statements"), all of which were presented to those in attendance. No issues of note were identified. Ms. Seelbach indicated that the report was relatively straight forward and then proceeded to review the budget. The Auditors briefly reviewed with the committee the Corporation's financial statements. The Auditors also reviewed the Auditors Communications Letter and its importance in relation to their opinion. They noted no major changes. They noted there are two significant estimates: the receivables under MSA, due from NYS, are estimated at \$3.45 Million. During the fiscal year 2024, actual receivables were \$3.2 Million. The second estimate is interest accrediting on the bonds of \$613,000, aligning with expectations.

The Auditors addressed objectively and bias, ensuring an independent audit. The audit reveals a deficit of \$54 Million but the deficit decreased by \$741,000 from the fiscal year 2023, as the bonds are paid off. This is consistent with other County Tobacco Corporations State-wide.

Ms. Blackburn asked if there were any matters that should be brought to the attention of the audit committee, including any matters relating to internal controls or compliance with legal or contract requirements. No such matters were noted by the Auditors.

Mr. Widmer asked if there were any questions for the Auditors from members of the audit committee to the 2024 audit.

On motion made by Ms. Blackburn and seconded by Mr. Betros, the 2024 Financial Statements as reviewed and read were unanimously approved by the members of the Audit Committee.

On motion duly made by Mr. Traver and seconded by Mr. Betros, the committee members authorized the President and Treasurer to post on the Corporation's website, as contemplated by the ABO guidance document relating to internal controls assessment, a statement in substantially the following form:

This statement certifies that management has reviewed and assessed the internal control structure and procedures of the Dutchess Tobacco Asset Securitization Corporation for the year ending December 31, 2024. This assessment found the Corporation's internal controls to be adequate without the identification of any deficiencies requiring corrective action plans.

Ms. Blackburn then noted that the Audit Committee is obligated to appoint, compensate and oversee the activities of the Corporation's independent auditors. Ms. Blackburn asked the Treasurer to briefly report on the status of the engagement of Drescher & Malecki ("DM").

Ms. Seelbach reported that *DM* had been engaged for audits for fiscal years 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2022, 2023 under arrangements negotiated for both the County and the Corporation. Ms. Seelbach reported that she was very satisfied with the work that *DM* had done for the Corporation and the County and recommended that, if the County extended *DM*'s engagement for another year, the engagement with the Corporation should also be extended another year. We went out to RFP, initiated by the Comptroller. We received three or four responses and selected *DM* again for another term.

After discussion, it was moved by Mr. Betros and seconded by Mr. Fedorchak that the engagement of *DM* be extended for the 2025 audit provided that the County also determined to extend *DM*'s engagement for the County Audit.

There being no further business, upon motion duly made by Ms. Blackburn, seconded by Mr. Fedorchak and unanimously adopted the meeting was adjourned at 10:30 a.m.

DATED: March 25, 2025



Caroline E. Blackburn, President, DTASC