

DUTCHESS TOBACCO ASSET SECURITIZATION CORPORATION

Minutes of Governance Committee

March 21, 2013

A meeting of the Governance 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 10:10 a.m. at 22 Market Street, Poughkeepsie, New York.

Committee Chair Michael Betros and Committee member Ronald L. Wozniak were present.

Mr. Betros opened the meeting. Mr. Wozniak agreed to serve as secretary of the meeting.

Also present were:

James M. Fedorchak, President of the Corporation
Pamela Barrack, Treasurer of the Corporation
Jerome A. Simonetty, Director of the Corporation
Heidi Seelbach-Budd, First Deputy Commissioner of Finance
Garrett E. DeGraff, Esq.

Mr. Betros asked Mr. DeGraff to lead a brief review of the committee charter. There were no questions with respect to the charter at the conclusion of the review.

Mr. Betros enquired of Mr. Fedorchak and Ms. Barrack whether there were any matters known to them within the scope of the purpose and powers of the Governance Committee to bring before the committee.

Mr. Fedorchak reported that he had nothing to bring before the committee.

Ms. Barrack reported that the New York State Authorities Budget Office had recommended the adoption by authorities and local development corporations of a discretionary funds policy, and that she had asked Mr. DeGraff to prepare a policy for consideration by the committee.

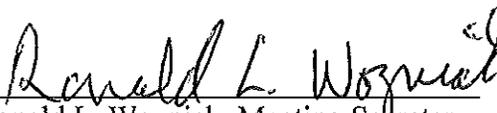
Upon review of the proposed policy presented by Mr. DeGraff, a copy of which is attached hereto as Schedule A, on motion duly made and seconded, the proposed Discretionary Funds Policy was approved for submission to the Board of Directors with a recommendation for its adoption.

Mr. Fedorchak and Ms. Barrack stated they that were aware of no other issues to bring before the committee.

Mr. Betros then asked Mr. DeGraff to lead a brief review of the Corporation's Code of Ethics and the Board policies with respect to investments and deposits, whistleblowers, compensation, reimbursement, attendance, travel, procurement and defense and indemnification. No issues were identified that the committee felt required modification.

There being no further business, upon motion duly made, seconded and unanimously adopted, the meeting was adjourned at 10:20 a.m.

Dated: March 21, 2013


Ronald L. Wozniak, Meeting Secretary

Schedule A

DUTCHESS TOBACCO ASSET SECURITIZATION CORPORATION DISCRETIONARY FUNDS POLICY

The Dutchess Tobacco Asset Securitization Corporation ("Corporation") does hereby adopt the following Discretionary Funds Policy (the "Policy") governing the use of the Corporation's Discretionary Funds:

I. BROAD STATEMENT

The Corporation will not use its funds to further interests beyond those which are the enumerated power, duty and purpose of the Corporation. The use of its funds shall, in all cases, directly relate to the mission and public purpose of the Corporation.

II. ACCEPTABLE EXPENDITURE EXAMPLES

1. Travel expenses directly related to the Mission of the Corporation. These reimbursements should follow, wherever possible, guidelines established by the U.S. General Services Administration (GSA) as considered reasonable and responsible. This would include meals of staff operating in pursuit of the Corporation's mission. All of these expenses must be reasonable in nature and documented.

2. Meals and refreshments for Board members offered during official meetings of the Corporation and those other meetings that are directly related to Corporation business.

II. UNACCEPTABLE EXPENDITURE EXAMPLES

1. Gifts for staff, directors and/or family members.

2. Subsidized or free use of the Corporation services for the personal use of current or former board members, staff, or family members.

3. Celebrations for special occasions that do not directly relate to the purpose of the Corporation, such as catering or decorations for summer picnics, office parties and holiday or retirement parties.

4. Charitable contributions or sponsorships of events not associated with Corporation's mission.

5. Purchases of alcohol or tobacco products.

6. Personal use of authority vehicles, unless properly documented for tax purpose.

7. Costs to purchase or mail holiday cards, invitations or expressions of sympathy to staff or families of Corporation staff.

8. Assignment of cell phones, tablets or vehicles to non-Corporation staff.
9. Personal use of Corporation resources including but not limited to office supplies.

The Corporation may not use any of its funds to purchase items considered personal expenses or that are intended to personally benefit an employee, officer or director. Expenses such as those listed above do not advance the purpose of the Corporation and should be considered personal in nature and violate the policy of the Corporation.

DUTCHESS TOBACCO ASSET SECURITIZATION CORPORATION

Minutes of Audit Committee

March 21, 2013

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 10:22 a.m., March 21, 2013 at 22 Market Street, Poughkeepsie, New York.

Committee members Michael Betros, Jerome A. Simonetty and Ronald L. Wozniak were present.

Mr. Betros opened the meeting. Mr. Wozniak agreed to serve as secretary of the meeting.

Also present were:

James M. Fedorchak, President of the Corporation
Pamela Barrack, Treasurer of the Corporation
Heidi Seelbach-Budd, First Deputy Commissioner of Finance
Garrett E. DeGraff, Esq.

Mr. Betros asked Mr. DeGraff to lead a brief review of the committee charter. There were no questions with respect to the charter at the conclusion of the review.

Mr. Betros enquired of Mr. Fedorchak and Ms. Barrack whether there were any 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 or any other issues related to the financial practices of the Corporation that the Audit Committee should review.

Ms. Barrack reported that the Board has not previously adopted a discretionary funds policy, as recommended by the New York State Authorities Budget Office, but that such a policy was under consideration by the Governance Committee for submission to the Board.

Mr. Fedorchak reported that the Corporation was in receipt of a set of documents from Morgan Stanley Capital Services, LLC relating to the "Reserve Fund Agreement" dated as of December 18, 2003 among the Corporation, Manufacturers and Traders Trust Company, as Trustee, and Morgan Stanley & Co. LLC. He asked Mr. DeGraff to review the documents and advise the Corporation as to what action should be taken with regard to them.

Mr. Betros, with Treasurer Barrack, then lead a brief review of the basic financial statements of the Corporation for the period ended December 31, 2012, the report with respect thereto of Drescher and Malecki ("DM"), 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.

A phone conference link was established with DM auditors Thomas Malecki and Matthew Montalbo (collectively, the "Auditors"), who had overseen the audit of the Corporation's financial statements. The Auditors briefly reviewed with the committee the Corporation's financial statements, including areas where the statements had been changed at the suggestion of the Auditors from prior statements prepared by the former auditors. Mr. Betros 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.

Mr. Betros asked if there were any questions for the Auditors from members of the audit committee relating to the 2012 audit. There were no questions.

On motion duly made and seconded, the 2012 Financial Statements were unanimously approved by the members of the Audit Committee.

On motion duly made and seconded, 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 Dutchess Tobacco Asset Securitization Corporation for the year ending December 31, 2012. This assessment found that the Corporation's internal controls to be adequate without the identification of any deficiencies requiring corrective action plans.

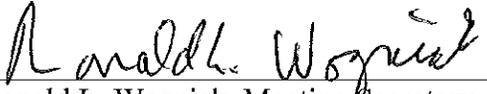
Mr. Betros then noted that the Audit Committee is obligated to appoint, compensate and oversee the activities of the Corporation's independent auditors. Mr. Betros asked the Treasurer to briefly report on the engagement process previously undertaken.

Ms. Barrack reported that the County had undertaken an RFP process for auditors in 2012 for the 2012 fiscal year, and that DM had been selected by the County. She said that she and Mr. Fedorchak had interviewed DM representatives, and, on the basis of DM's prior experience with other county tobacco asset securitization corporations in New York State and price (substantially below that of the prior auditors), they had determined to engaged DM for the Corporation.

After discussion, upon motion duly made and seconded, the members of the Audit Committee unanimously resolved to ratify the selection of DM as auditors for fiscal years 2012, 2013 and 2014.

There being no further business, upon motion duly made, seconded and unanimously adopted, the meeting was adjourned at 10:55 a.m.

Dated: March 21, 2013



Ronald L. Wozniak, Meeting Secretary

