

# DUTCHESS TOBACCO ASSET SECURITIZATION CORPORATION

## Minutes of Governance Committee

March 26, 2012

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 10:15 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  
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 Jerome A. Simonetty had been appointed jointly by the Dutchess County Executive Marcus J. Molinaro and Legislative Chairman Robert Rolison as the independent director of the Corporation in accordance with the Corporation's Certificate of Incorporation. Mr. Fedorchak asked that a copy of the Resolution of the County Legislature confirming the appointment be included with the minutes of this meeting. Mr. Fedorchak also noted that Mr. Simonetty replaces Paul C. Montgomery, who had resigned, as the Corporation's independent director after the 2011 annual meeting.

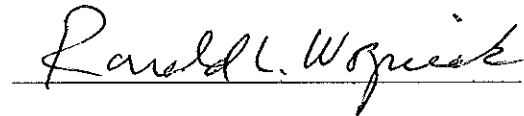
Mr. Fedorchak and Ms. Barrack stated they that were aware of no other issues to bring before the committee.

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.

Mr. DeGraff noted that the Board had not previously adopted a records retention policy, as recommended by the New York State Authority Budget Office. After discussion, the Committee agreed to recommend to the Board that it consider adoption of such a policy.

There being no further business, upon motion duly made, seconded and unanimously adopted, the meeting was adjourned at 10:35 a. m.

Dated: March 26, 2012

A handwritten signature in cursive script, reading "Ronald L. Wozniak", is written over a horizontal line.

Ronald L. Wozniak, Meeting Secretary

**DUTCHESS TOBACCO ASSET SECURITIZATION CORPORATION**

**Minutes of Audit Committee**

**March 26, 2012**

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 10:45 a.m., March 26, 2012 at 22 Market Street, Poughkeepsie, New York.

Committee members Michael Betros 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  
Jerome A. Simonetty, Director of the Corporation  
Corinna Wu  
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.

Mr. Fedorchak and Ms. Barrack stated that they were aware of no such issues.

Mr. Betros, with Treasurer Barrack, then lead a brief review of the basic financial statements of the Corporation for the period ended December 31, 2011, the report with respect thereto of PricewaterhouseCoopers LLP ("PWC"), 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 PWC auditors Steve Soske and Katie Richardson, who had overseen the audit of the Corporation's financial statements. Mr. Soske and Ms. Richardson briefly reviewed with the committee the PWC Report to the Audit Committee, which included, among other items, a description of the audit process. Mr. Betros

asked Mr. Soske and Ms. Richardson 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 identified.

Mr. Soske and Ms. Richardson were asked to comment upon the internal control risks associated with the operations of the Corporation, what internal control systems were in place to deal with the risks, and to what extent such controls were effective. Mr. Soske and Ms. Richardson noted that most funds of the Corporation were handled by the bond trustee under the bond documents, which provided an effective control mechanism. As to funds released to the Corporation for payment of operating expenses, Mr. Soske noted that the Corporation had so few operating expenses, and so few transactions related to payment of operating expenses, that PWC was able to audit all such transactions, which provided a very effective control mechanism.

Mr. Betros asked if there were any questions for Mr. Soske or Ms. Richardson from members of the audit committee relating to the 2011 audit. There were no additional questions.

On motion duly made and seconded, the 2011 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, 2011. 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.

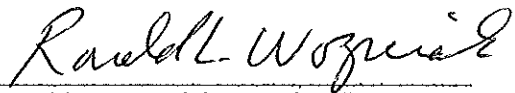
Ms. Barrack reported that in the past, through and including the 2011 audit, the Corporation had concluded that it was most practical and cost-effective for the Corporation for it to appoint and separately engage the County's auditor as the Corporation's auditor. In doing so, Ms. Barrack noted that the Corporation had the benefit of the County's procurement processes.

After discussion, upon motion duly made and seconded, the members of the Audit Committee unanimously resolved to undertake a request for proposal process for audit services for the fiscal years after 2012.

Mr. Fedorchak and Ms. Barrack agreed to undertake developing an RFP and manage the solicitation of proposals.

There being no further business, upon motion duly made, seconded and unanimously adopted, the meeting was adjourned at 11:15 a. m.

Dated: March 26, 2012

  
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Ronald L. Wozniak, Meeting Secretary