

# **DUTCHESS TOBACCO ASSET SECURITIZATION CORPORATION**

## **Minutes of Governance Committee**

**March 27, 2015**

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 12:03 p.m. at 22 Market Street, Poughkeepsie, New York.

Committee Chair Michael Betros and Committee members 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  
Heidi Seelbach, Treasurer of the Corporation  
Garrett E. DeGraff, Esq.  
Beth Ferguson  
James Nytko

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. Seelbach 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 the State Authorities Budget Office had released in January a roughly 20-page booklet entitled “Board Meetings: Best Practices Guide for Public Authorities” and that he would cause a copy to be distributed to each Board member as a reference.

Mr. Fedorchak also reported that the transition of the duties of Treasurer from Pam Barrach to Heidi Seelbach had gone smoothly.

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

There being no further business, upon motion duly made, seconded and unanimously adopted, the meeting was adjourned at 12:08 p.m.

Dated: March 27, 2015

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Ronald L. Wozniak, Meeting Secretary

# **DUTCHESS TOBACCO ASSET SECURITIZATION CORPORATION**

## **Minutes of Audit Committee**

**March 27, 2015**

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 12:09 p.m., at 22 Market Street, Poughkeepsie, New York.

Committee Chair Michael Betros and Committee members 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  
Heidi Seelbach, Treasurer of the Corporation  
Garrett E. DeGraff, Esq.  
Beth Ferguson  
James Nytko

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. Seelbach 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, discretionary funds or any other issues related to the financial practices of the Corporation that the Audit Committee should review.

Mr. Betros asked Mr. DeGraff to report on the status of negotiations with Morgan Stanley Capital Services, LLC ("MSCS") relating to the provision of collateral to secure performance by MSCS of certain of its obligations under the "Reserve Fund Agreement" dated as of December 18, 2003 among the Corporation, Manufacturers and Traders Trust Company, as Trustee, MSCS and Morgan Stanley & Co. Incorporated.

Mr. DeGraff reported that the Pledge and Custody Agreement between the Corporation, Morgan Stanley and the Corporation's bond trustee had been completed and executed in October 2014, and that, as of March 24, 2015, pursuant to the terms of that Agreement, MSCS had on deposit with the Trustee, acting as custodian, securities and/or cash in the amount of \$1,299,210.04 to secure MSCS's performance under the Reserve Fund Agreement.

Mr. Betros, with Treasurer Seelbach, then lead a brief review of the basic financial statements of the Corporation for the period ended December 31, 2014, the report with respect

thereto of Drescher & Malecki LLP (“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 Jordan Malecki (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.

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. No such matters were noted by the Auditors.

Mr. Betros asked if there were any questions for the Auditors from members of the audit committee relating to the 2014 audit. There were no questions.

On motion duly made and seconded, the 2014 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, 2014. This assessment found 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 status of the engagement of DM.

Ms. Seelbach reported that DM had been engaged for audits for fiscal years 2012, 2013 and 2014 under arrangements negotiated for both the County and the Corporation that provided for up to two one-year extensions of the engagement. 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.

After discussion, it was moved and seconded that the engagement of DM be extended for the 2015 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, seconded and unanimously adopted, the meeting was adjourned at 12:29 p.m.

Dated: March 27, 2015

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Ronald L. Wozniak, Meeting Secretary