

DUTCHESS TOBACCO ASSET SECURITIZATION CORPORATION

Minutes To The Audit Committee Meeting

Held On March 27, 2017

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 10am at 22 Market Street, Poughkeepsie, New York.

Attending: James M. Fedorchak, President of the Corporation
Ronald Wozniak, Director
Michael Betros, Director
Jerome Simonetty, Director
Heidi Seelbach, Treasurer of the Corporation
Thomas Myers, Legal Counsel,
Orrick, Herington & Sutcliff, LLP,
Thomas Malecki, Auditor, Drescher & Malecki, via telephone

Mr. Fedorchak opened the meeting.

Mr. Malecki jointed the meeting by telephone. Mr. Malecki began with the overview of the auditor's report and presentation package. He indicated that they did not encounter any difficulties, all journal entries were accepted.

Mr. Malecki continued the meeting with discussion of the responsibilities of the auditors, which are described on page 1 of the document entitled "Dutchess Tobacco Asset Securitization Corporation, year ended December 31, 2016, Board of Directors Meeting – March 27, 2017". The auditors' responsibilities are to express an opinion on these financial statements based on the audit. The report

shows the finances as of December 2016, and shows the activities for the 2016 year.

Two pages in the “Independent Auditors’ Reports” should be reviewed and they are on page 25 and page 27. These two pages contain additional opinions and reports.

Page 25 – shows internal controls and complies with the rules and regulations. Page 27 – this is a new report on TASC’s compliance with Section 2925(3)(f) of the State Public Authorities Law. This work was always done, though there are no investments here or no formal investments. The reason this is being added is because on the PARIS report, it asks if this opinion has been rendered.

Mr. Malecki asked if there are any questions at this point. There are no questions, and the meeting moves forward.

Page 4 of the aforementioned document sets forth trends. It would be expected that investments would decrease or become stagnate. However, the revenues almost doubled because of a release of funds from New York State. New York State was holding back payments because of the dispute with non-participating members, this dispute was settled last year. Payout was done in 2016. This payout is why the revenue doubled in 2016. This allowed TASC to pay more principal. It was double from 2015 and it paid down the principal. This was a one year item, 2017 will go back to the 3.4 mark. That is the expectation.

Page 5 of the aforementioned document sets forth the net position – deficit. The debt will be repaid, pretty balanced. There is an improvement because of the one-time revenue on TSR, non participating members on the dispute payment and because of the refunding of the bonds in 2016.

The original thought was that cigarettes would decrease by 4 percent per year. The decrease has been 4.5 percent per year since 2006, the consumption did not meet the expectation. The decline will continue. The thought is the improvement was because the decrease in the price of gas, there was more useable income, they had more money to buy cigarettes. Also the more problems with e-cigarettes, then people are going back to real cigarettes. California represents 10 percent of the sales in the United States, and there will be a \$2.00 tax on each pack of cigarettes. Mr. Simonetty indicated that this may increase the bootleg of cigarettes.

In conclusion, there are a couple of differences that will not reoccur specifically coming from the refund of the Series 2003 settlement bonds. Mr. Malecki asked if there are any questions at this time. No questions at this time. The meeting moved forward to discuss the refund.

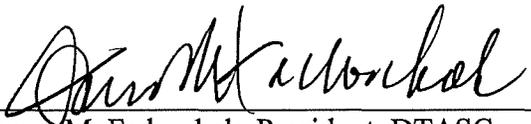
Page 22– there is only one series of bonds left, there were four series. Any questions regarding the opinion/thoughts, no questions were raised.

Mr. Malecki confirmed that the representation letter must be received prior to his office releasing the documents. Ms. Seelbach indicated that she will fax and email the executed representation letter to Mr. Malecki today. Ms. Seelbach did request that Mr. Malecki release the necessary documents tomorrow as she is out

of the office the remainder of the week, starting on Wednesday. Mr. Malecki confirmed that he will release the documents. He would send her a PDF tomorrow as well as two or three hard copies, per Ms. Seelbach's request.

There being no further business, upon motion duly made, seconded and unanimously adopted, the meeting was adjourned at 10:33am.

DATED: March 27, 2017



James M. Fedorchak, President, DTASC

DUTCHESS TOBACCO ASSET SECURITIZATION CORPORATION

Minutes To The Governance Committee Meeting

Held On March 27, 2017

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 10am at 22 Market Street, Poughkeepsie, New York.

Attending: James M. Fedorchak, President of the Corporation
Ronald Wozniak, Director
Michael Betros, Director
Jerome Simonetty, Director
Heidi Seelbach, Treasurer of the Corporation
Thomas Myers, Legal Counsel,
Orrick, Herington & Sutcliff, LLP,

Mr. Fedorchak opened the meeting.

Mr. Myers asked if there were any changes to be made to the committees and/or the policy. All were in favor of the committees and the members of the committees remain as.

The finances of the DTASC are in the audit report and that overview has been completed.

Ms. Seelbach hands out a copy of the 2018 proposed Budget.

Mr. Myers pointed out that the auditor is to change every five years. The company does not need to change every five years, there must be a new lead partner every five years. The thought was that Drescher & Malecki should know this and that they would have to switch partners every five years. Ms. Seelbach is to check to confirm how long the auditors have been working with TASC.

Ms. Seelbach discussed the components of the proposed 2018 budget. She indicated that there are not many changes. We are going back to the 3.4 revenue, and everything else remains the same. She further indicated that in 2017 it is 3.4 and in 2018 it is proposed 3.8. Mr. Simonetty asked how the payments are completed. Ms. Seelbach indicated that there is a one-time payment on or about April 1st and right way those funds are to pay the bond. The payment of April 1, goes to the trustee, the trustee then makes two payments, one in June and one in December. The big payment from New York State came in last year around May or June and went to the trustee. The County has no control of it.

Voting began on the proposed 2018 budget that has been distributed. There being no further questions, upon motion duly made, seconded and unanimously adopted, the budget is hereby adopted.

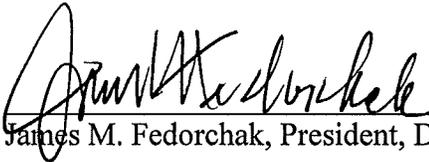
Mr. Myers would like to have the 2016 annual minutes accepted and approved. The minutes to the 2016 annual meeting, will be sent to everyone for their review. Upon the receipt of the 2016 annual minutes, all will accept the minutes, upon motion duly made, seconded and unanimously adopted, the 2016 minutes are hereby adopted and approved.

Mr. Fedorchak would like to confirm that the Orrick law firm to continue representing TASC. Upon motion duly made, seconded and unanimously adopted, the Orrick firm is to continue representing TASC.

It was confirmed that the PARIS report is being completed and submitted by Ms. Seelbach and is on the website.

There being no further business, upon motion duly made, seconded and unanimously adopted the meeting was adjourned at 10:45 am.

DATED: March 27, 2017


James M. Fedorchak, President, DTASC