

MINUTES TO THE 2016  
ANNUAL TASC MEETING  
HELD ON 3/29/16 AT 10AM

The meeting was called to order and the auditor, Tom Malecki, from Drescher & Malecki, was called to join the meeting. Tom started the meeting by going over the document entitled “Dutchess Tobacco Asset Securitization Corporation December 31, 2015 Audit”.

Tom asked the members to go to page 2 of the Report, these are the necessary communications. Accounting estimates were communicated to the TASC committee, there are two estimates: (1) revenue estimated, and (2) the valuing of the Turbo case. Revenue estimates, for 2015 note that they have government wide statement receivables are prepared with long term in view. This shows current liability and revenue. Receivables in the government wide – this is two times what was normally received as we should be receiving in April or bringing in approximately \$3,000,000. This is not in the general fund or the system fund as these are recorded as current and the definition of current is 60 days after year end.

The other item is financial statements and subordinate Turbo – as shown on page 22 of the Independent Auditors’ Reports. These are valued by a third party. We look at the credibility and assumption, no items that would make us or impair us at the TASC. No other matters that we need to communicate.

Tom mentioned that the Auditors’ opinions are on the next page of the Audit and their responsibility is to compile the information on behalf of the TASC. TASC takes full responsibility of the numbers that have been audited and relied on. On page 4 there is a statement of their opinion.

The first bar chart shows trends for the fund and statement of revenues which have been pretty level except for 2014. In 2014 received a special payment that dated back to 2003. There was a drop in tobacco in 2014 to \$34 million. Please note that there may be a double in the revenue. This will be used to pay down the principle.

The second chart we will expect to see downward trend in use, this deals with a long term responsibility. There is a liability that occurs, that does not get paid out until long term. The deficient improved a little because of the special

payment that would be received in April. There is no cash problem with the corporation now but the significant trends are decreasing. The TSR will be reducing each year in the future.

Tom asked if there were any questions? No questions. A motion was made to accept the report – all were in favor. After the motion was made and approved, Tom left the conference call.

Tom Myers from Orreck was asked if there was an agenda for this annual meeting. Tom indicated there are mandatory committees, and it was said that everyone in the room are on one the committees. This will be discussed further later in the meeting.

Tom asked how long has Drescher & Malecki been the auditors. Everyone in the room thought it has been about 2 to 3 years and TASC follows their procurement policy. They are on board for 2016. We pay them approximately \$12,000 to \$14,000 annually, this is a guess. It was mentioned that as long as the annual amount is under \$20,000 it is okay so there is no reason for an RFP. There should be an auditors committee that deals with and handles the agreements with D&M. There was a motion made to follow the government committee structure and that motion was approved by everyone. This government committee structure includes the auditors committee and a financial committee.

There should be a financial committee, and that committee is involved with the restructuring, nothing else really for this committee to address. There is no report for the financial committee to prepare. Those committees are the mandatory components.

Tom asked if TASC has a format for filing the financials. Heidi indicated that she files and handles the reviewed and accepted audit/financials. Everyone agrees to move forward with the filing of the financials by Heidi. All agreed.

It was indicated that there is a term for officers for TASC, however, there is not a term for the members. There was a motion made for all of the officers to continue in their offices until the next meeting. The motion was seconded, and all approved/were in favor of said motion.

It was indicated a motion be made to keep the committees in place as is, the motion was seconded and all were in favor of same.

The last thing is the budget and Heidi has already submitted it for 2016 and if necessary it can be and possibly should be ratified. It was confirmed that Heidi is authorized to prepare and file it. Heidi did indicate that she asked for an additional \$35,000 in the budget. The board authorized Heidi to file and prepare whatever is necessary for the budget. The motion was made, seconded and all were in favor of same.

Tom came to this meeting in place of Garrett due to Garrett's conflict with representing the consortium. We should formalize that Tom is representing TASC and make a formal motion. The motion was made, seconded and all were in favor. It was mentioned that a "thank you letter" should be sent to Garrett, and motion was made, seconded and all were in favor of the letter being sent to Garrett.

Beth mentioned that the bond restructuring has taken so far, one year and three months. She has touched base with Ted and he indicated to her that they are working on the report and working with Global. They are going to Standard & Poors soon and that will take approximately three weeks. They are hoping to have a preliminary statement in April, after the special payment is made and the closing should be sometime in May. Please note that Ted is with Jefferies and his name is Ted Flynn.

A meeting will be needed either before or after the bonds are sold. This will let us agree on this action. There is no guarantee about the closing until the check "comes across the table". The only thing we know is the expenses because of S&P. There was a county in NYS that did not get the deal they were looking for. The consumption decline is accepted and the State entered into an agreement and the State said we will give you a credit for the tribal accounts. The tribes are not forthcoming with the information. An arbitrator comes in and figures out their sales for the tribes. This is what causes the issues. The County bond rating has nothing to do with it.

The money from the restructuring goes to the county for the capital budget. There is a ratio for the county to use the money. It will be defined when a schedule is finalized. There are 20 years to use the assets that are received.

What are the price and interest of the bonds? The new bond scales, Tom and Beth do not know. Global is taking longer than anticipated to prepare the report. The bonds are investment grade, then if not, the deal will not go through. The bonds are usually triple B ratings for tobacco. This would be the goal and should be met.

Get an opinion from a firm with the State's ability to tax tribal cigarettes that are purchased by non-tribals. The State chose not to tax the non-tribals because the last time this was done, the tribes caused some issues.

Anything else? No.

Any other new or old business? No.

Motion to adjourn the meeting, seconded and all were in favor. The meeting was done around 10:45am.

/kvh