

**MINUTES OF THE MEMBER
NIAGARA TOBACCO ASSET SECURITIZATION (NTASC)**

March 31, 2011
Noon

Shamus Restaurant
Park Avenue
Lockport, NY 14094

Present: Clyde L. Burmaster
William Ross (excused at 2:00 p.m.)
William McLaughlin
Karen Castle
Sam Ferraro
John Ottaviano, Esq.

Guests: Tom Malecki
Luke Malecki

The Niagara Tobacco Asset Securitization Corporation Annual Meeting was called to order at 12:10 p.m. by President Burmaster.

APPROVAL OF MINUTES:

The minutes of the February 17, 2011 were provided to all Board Members. A motion was made by William McLaughlin to accept the minutes as presented. Seconded by Sam Ferraro.

Approved: 5 - 0

PRESIDENT'S REPORT:

1. President Burmaster read the 2010 Annual Report of the President. (copy attached herewith and made a part hereof).
2. President Burmaster will send a letter of recognition to F. Warren Kahn for his dedication and service to NTASC.
3. Discussion regarding increasing the number of Board Members from 5 to 7.
4. Kyle Andrews (Niagara County Treasurer) was appointed as the sixth member of the Board Director for NTASC. The seventh member will be determined at a later date.

TREASURER'S REPORT:

The first quarter Treasurer's report was provided to all Board Members for their review. A motion was made by William McLaughlin to accept the Treasurer's Report as presented. Seconded by Sam Ferraro.

Approved: 5 - 0

NEW BUSINESS:

1. Election of Officers: Discussion was had with regard to the election of officers for the year 2011. A motion was made by Sam Ferraro to elect Clyde Burmaster, President and CEO; William Ross, Vice President; and Karen Castle, Secretary/Treasurer. Seconded by William McLaughlin

Approved: 5- 0

2. Committee Appointments: President Burmaster appointed the following members to the stated committees:
 - a. Audit/Finance Committee: Chair, Kyle Andrews; Vice Chair, William McLaughlin; and TBD.

b. Governance Committee: Chair, Samuel Ferraro; Vice Chair, William Ross and TBD.

Committees are required to meet at least two (2) times per calendar year. Meeting may be held prior to the scheduled Board of Director's meeting.

3. Annual Audit Report: Tom and Luke Malecki presented the annual report prepared by Drescher & Malecki. The report indicates NTASC is approximately \$700,000 worse off than last year. As the sales of cigarettes declines (or pushed to Indian Reservations), this deficit will likely to continue.

A conference call was had with Charles Schachter of Harris Beach (Rochester) to clarify the terminology of classification of NTASC as a "Bankruptcy Remote Corporation" or a "Blended Component" and the connection with Niagara County. *"Niagara County sold their right to receive future tobacco settlement payments to NTASC in exchange for proceeds of debt issued by NTASC. GASB made a determination due to the Tobacco Asset Securitization Corporation's (TASC) clear right to future tobacco settlement revenues, the counties entitlement to resources of the TASC's and the counties' appointment of the voting majority of the TASC governing board, a TASC should be considered a component unit of the county that securitizes tobacco settlement payments."* (October 2004, from Division of Local Government Services and Economic Development, regarding Reporting of Tobacco Asset Securitization Corporations, based upon release of GASB Technical Bulletin No. 2004-1 "Tobacco Settlement Recognitions and Financial Reporting Entity Issues")

Also discussed with Mr. Schachter was his opinion of the benefactor of the Bank of America Settlement (\$344,991.30) received and held by NTASC. These funds are the property of Niagara County and will be forwarded to them at a later date, after discussion by Harris Beach with the IRS and to insure the tax free status of the current bonds.

After discuss and questions answered by Tom and/or Luke Malecki a motion was made by William Ross to accept the annual report prepared by Drescher & Malecki with the changes requested. Seconded by Sam Ferraro.

Approved 5 - 0

4. Submission of Reports through PARIS: The Annual Report, Financial Statement, Investment Report and Procurement Report are due to be submitted on or before March 31, 2011. All reports with the exception of the Financial Statement are currently prepared and available for the review by the Board Members. The Financial Statement will be forwarded to the Secretary/Treasurer today with the noted changes and uploaded to PARIS for submission. Copies of the proposed reports were available for review by Board Members. A motion was made by Sam Ferraro to accept and submit the Annual Report, Investment Report, Procurement Report and Financial Statement (with the noted changes). Seconded by William Ross.

Approved 5 – 0

5. By-Laws: Discussion was had with regard to amendments to the By-Law of the NTASC. Attorney Ottaviano prepared and presented a draft of the proposed amended By-Law to the Board Members. After discuss and clarification of language, A motion was made by Sam Ferraro to amend the By-Laws as discussed with the changes noted. (copy attached herewith and made a part hereto). Seconded by William McLaughlin.

Approved 5 – 0

6. A motion was made by Sam Ferraro to authorize Karen Castle to sign the IRS 8405 Form so that a representative from Harris Beach may speak with the IRS regarding the taxability or lack thereof of the bonds. Seconded by William Ross.

Approved 5 - 0

OLD BUSINESS:

1. Mission Statement: The Board Members were presented with a copy of the Mission Statement for review prior to this meeting by e-mail. The Board Members were given another copy of the proposed Mission Statement. A motion was made by Sam Ferraro to accept the Mission Statement as presented. Seconded by William Ross.

Approved 5 -0

2. Board Evaluations: The Board Members were presented with a summary of the results of the recent board evaluations. The majority of the Board agrees to the criteria established by ABO. The Summary Results of Confidential Evaluation of Board Performance is attached herewith and made a part hereof these minutes.
3. Compensation of the Independent Director: Discuss was had regarding compensation for the Independent Director based upon the knowledge and expertise provided to this Board by William McLaughlin. A resolution was prepared and presented to the Board by Attorney Ottaviano. A motion was made by Sam Ferraro to allow compensation in the amount of \$200.00 per meeting to the Independent Director effective January 1, 2011. (A copy of the resolution is attached herewith and made a part hereto) Seconded by William Ross.

Approved 4 -0

4. Miscellaneous Items:
 - a. NTASC has a web site where all information will be posted as per requirements of ABO. The address for the web site is: <http://www.niagaracounty.com/ntasc.asp>
 - b. The preliminary calculations for the twelfth annual settlement payment due on April 15, 2011 is \$3,217,687.12.

Next meeting will be scheduled for a date to be announced. Motion to adjourn at 2:10 p.m. by Sam Ferraro. Seconded by William McLaughlin.

Approved 4 - 0

Respectfully Submitted,

Karen Castle
Secretary/Treasurer