

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

September 15, 2011  
10:30 a.m.

Niagara County Legislature Chambers  
175 Hawley Street  
Lockport, NY 14094

Present: Clyde L. Burmaster  
William Ross  
Karen Castle  
Sam Ferraro  
Jeff Glatz  
John Ottaviano, Esq.

Absent: William McLaughlin  
Kyle Andrews

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The Niagara Tobacco Asset Securitization Corporation Annual Meeting was called to order at 10:40 a.m. by President Burmaster.

APPROVAL OF MINUTES:

The minutes of the March 31, 2011 were provided to all Board Members. A motion was made by Sam Ferraro to accept the minutes as presented. Seconded by Jeff Glatz.

Approved: 5 - 0

TREASURER'S REPORT:

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

Approved: 5 - 0

NEW BUSINESS:

1. Committee Reports: No committee meetings were held during this period. Questions were raised regarding compliance with lack of or few committee meetings. The Board was again informed regarding the number of tobacco corporations which are non-compliant in all aspects and this Board's determination to meet compliance.
2. GASB #39: Attorney John Ottaviano presented the Board with information regarding GASB #39 (Component Units) and explained how this affects Niagara Tobacco Asset Securitization Corp. in conjunction with Niagara County. This was established for accounting purposes only. Niagara Tobacco Asset Securitization Corp. remains a separate entity from Niagara County. Mr. Ottaviano stated this protects Niagara County from financial responsibility in the event Niagara Tobacco Asset Securitization Corp. fails and is unable to pay back the bonds. Mr. Ottaviano will provide a letter for NTASC records reflecting the same.
3. Subpoena: The Board was told a new subpoena was received requesting information regarding the 2000 Series Bonds. Harris Beach, Terry Flynn, accepted services on behalf of NTASC and has been in correspondence with Karen Castle and Clyde Burmaster to provide the necessary information. A carrier picked up a box of documents, including volumes 1 & 2 of the 2000 Bond Series, for Mr. Flynn's review. It is believed this subpoena is not against NTASC but rather a financial institute involved with the initial bond action. Questions arose regarding the potential settlement, if any, and the benefactor of said settlement. Is this the same as the recent Bank of America Settlement? And, if so, the funds generated would be the property of Niagara County

and not NTASC therefore, the cost associated with the legal work incurred for answering the subpoena should fall to the County and not NTASC. Further discussion will be had as facts materialize and information becomes available.

4. Bond Logistix Reports: Continuing disclosure report of May 31, 2011 and Bond Logistix administrative agent report were provided to all Board Members for their review. It was noted several Bonds (ratings) were upgraded and three Bonds (ratings) were confirmed with the possibility of downgrading.
5. Director's and Officer's Liability Insurance: Documents was received and executed for First Niagara Risk Management to renew the Director's and Officer's Liability Insurance. It appears the cost may be lower with the projected premium estimated at \$9,273.00 which is \$2,758.00 lower than last year's premium.
6. Submission of Reports through PARIS: A motion was made by William Ross to approve the Budget Report for 2012 and for the submission of the same through PARIS. Seconded by Sam Ferraro.

Approved 5 – 0

OLD BUSINESS:

1. Bank of America Settlement: NTASC received notification on December 7, 2010 from the Attorney General, Antitrust Bureau regarding a global settlement between Bank of America and a number of state and federal enforcement agencies. On December 16, 2010 additional information was received from the Attorney General and King & Spalding, LLP (attorneys for Bank of America) requesting specific information for the wire transfer of funds due NTASC. This information was provided to King and Spaulding as directed prior to December 22, 2010. On January 4, 2011, \$344,991.30 was deposited into the Money Market Account maintained by NTASC. Thereafter, questions arose as to who the legal benefactor of these funds is. Harris Beach was consulted wherein Charles Schachter, Esq. presented an opinion based upon the review of the 2000 bonding documents, volume 1 and 2, declaring the legal benefactor is Niagara County. Tax issues were also confirmed with the IRS insuring the initial Bonds remain tax free and no additional tax liability is due on behalf of NTASC. Legal fees which were incurred are to be billed to Niagara County for payment directly to Harris Beach from the proceeds turned over to them, \$344,991.30 plus interest.

A motion was made by William Ross to pay Niagara County the Bank of America Settlement received, \$344, 911.30 plus accrued interest. Seconded by Sam Ferraro.

Next meeting will be scheduled for a date to be announced. Motion to adjourn at 11:20a.m.. by Sam Ferraro. Seconded by Jeff Glatz.

Approved 5 - 0

Respectfully Submitted,

Karen Castle  
Secretary/Treasurer