

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

May 23, 2012  
11:00 a.m.

IDA Conference Room  
6311 Inducon Corporate Dr.  
Sanborn, NY 14132

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

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The Niagara Tobacco Asset Securitization Corporation Annual Meeting was called to order at 11:09 a.m. by President Burmaster.

APPROVAL OF MINUTES:

The minutes of the March 22, 2012 meeting were provided to all Board Members. A motion was made by Jeff Glatz to accept the minutes as presented. Seconded by Sam Ferraro.

Approved: 7 – 0

\*Sam Ferraro excused.

TREASURER'S REPORT:

The Treasurer's report through May 23, 2012 was provided to all Board Members for their review.

All Board Members were presented with additional information Fitch Rating, including two invoices which are due for their services. President Burmaster asked what Fitch Rating does for NTASC? It was explained based upon conversation with Cheryl Griffith. John Ottaviano relayed Fitch Rating services to the Board from information he obtained from the internet. Five Board Members opted to have John Ottaviano review the contract of Fitch Rating as it relates to NTASC prior to authorization of payment for services relating to 2011 and 2012. Concern was expressed to pay the invoices as presented to avoid additional needless attorney costs. Attorney Ottaviano was asked to provide his opinion on charges and payment.

All Board Members were presented with documentation outlining the transfer of Funds – April 2012 showing the distribution of payment received under the Tobacco Master Settlement Agreement. The Board was also informed of the final calculation (\$3,693,058.06) of the payment due under this agreement for April 2012 and given the actual disbursement (\$3,277,350.84). The Board was informed the "shortage" is being held in the Disputed Payment Account maintained by the Comptroller's Office. Determination will be forthcoming from the Comptroller's Office as to the dispute of this payment. Currently, the Comptroller's Office is working on the 2004 disputed payments.

A motion was made by Jeff Glatz to accept the Treasurer's Report as presented. Seconded by William McLaughlin.

Approved: 6 – 0

NEW BUSINESS:

NONE

OLD BUSINESS:

1. Revocation of Resolution to Buy-Back Bonds: Continued discussion was had regarding the buy-back of NTASC bonds. Secretary/Treasurer informed the Board of her findings after conversations with Nicole Assa from BLX Group, Christine Crowley of Fiscal Advisors and Thomas Myers, Esq. of Orrick & Herrington.

As indicated by Nicole Assa (email attached herewith and made a part hereof) *“We actually need (most of) those excess reserves to cover the debt service for this year (in order to make the full planned principal payment on the 2000 bonds). But – even if that were not the case, we cannot release any money from the 2000 bonds in order to pay the 2005 bonds while a trapping event is occurring”*.

In a conference call with Christine Crowley and Tom Myers, it was strongly discouraged for NTASC to buy back any bonds. Mr. Myers indicated (email attached herewith and made a part hereof) *“the proper way in which to handle excess operating expenses is to defer requests in the future for such expenses until the need once again arises”*. The bi-annual direction letter prepared requested no funds (\$105,000) for operating expenses. As further directed by Russell Whitley, M&T Trustee, \$1,320,409.38 of the Master Tobacco Settlement payment for April 2012 was deposited to the Debt Service Account for interest payment due, \$885,000 to the Debt Service Account for payment of principal and \$134,006.08 to the Trapping Account which said amount includes the \$105,000 not taken for operating expenses. (A copy of the bi-annual letter is attached herewith and made apart hereof.)

Discussion followed as to the revocation of the aforementioned resolution as to whether NTASC may be able to buy Series 2000 Bonds when they periodically come up on the market. Secretary/Treasurer, and counsel, indicated the purpose of revoking this resolution was basically for housekeeping purposes. A new resolution can be brought forward at a later date if necessary. Concerns were that there may be a short window for the purchase of said bond if they came up and the time it would take to enact a new resolution may be too far off. Phone conversation was addressed with BLX Group, Fiscal Advisors and Tom Myers voicing concern over the legality of buying back any bonds. Recommendation was made to contact BLX Group, Fiscal Advisors and/or Tom Myers prior to another resolution being brought forward.

A motion was made by Kyle Andrews to revoke the resolution of July 15, 2010 and its amendment of January 18, 2012. Seconded by William Ross.

Approved 6 - 0

A motion to adjourn was made at Noon p.m. by Karen Castle. Seconded by Jeff Glatz.

Approved 6 - 0

Respectfully Submitted,

Karen Castle  
Secretary/Treasurer