

**RESOLUTION  
OF  
THE BOARD OF DIRECTORS  
OF  
NIAGARA TOBACCO ASSET SECURITIZATION CORPORATION**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE NIAGARA TOBACCO ASSET SECURITIZATION CORPORATION (THE “CORPORATION”) AUTHORIZING AND ADOPTING POST ISSUANCE COMPLIANCE POLICIES AND PROCEDURES RELATED TO THE CORPORATION’S TAX-EXEMPT OBLIGATIONS, SUCH POLICIES AND PROCEDURES INTENDED TO ENSURE THAT THE REQUIREMENTS IMPOSED UPON THE CORPORATION PURSUANT TO THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, WILL BE SATISFIED**

**WHEREAS**, the Niagara Tobacco Asset Securitization Corporation (the “Corporation”) has previously has issued bonds (the “Tax-Exempt Obligations”), the interest on which is excluded from gross income of the owners thereof pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”); and

**WHEREAS**, the Corporation intends to issue an additional series of Tax-Exempt Obligations; and

**WHEREAS**, in order to ensure that that interest on Corporation’s Tax-Exempt Obligations will continue to be excluded from gross income of the owners thereof for purposes of federal income taxation, and that the Corporation complies with its tax certifications relating to the Tax-Exempt Obligations, the Board of Directors has determined, based on the advice of the Corporation’s Bond Counsel, to adopt certain written Post-Issuance Compliance Policies and Procedures in the form attached hereto as Exhibit A and made a part hereof (the “Post-Issuance Compliance Procedures”).

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Niagara Tobacco Asset Securitization Corporation (the “Board”), as follows:

**Section 1.** The Board hereby approves and adopts the Post-Issuance Compliance Procedures.

**Section 2.** The Board hereby appoints the President of the Corporation to serve as the “Designated Tax Compliance Official” under the Post-Issuance Compliance Procedures and hereby authorizes and directs the President, acting in such capacity, to take such actions, after appropriate consultation with Bond Counsel to the Corporation or the arbitrage rebate analyst retained by the Corporation, as the President deems necessary, appropriate or desirable to effect the implementation of the Post Issuance Compliance Procedures and hereby further authorizes

the President, as such Designated Tax Compliance Official, to delegate to such other Corporation officials, staff or employees as the President shall determine is necessary or appropriate, the responsibility to take certain specific actions called for by the Post-Issuance Compliance Procedures.

**Section 3.** This Resolution shall take effect immediately.

	Yea	Nea	Absent Abstain
K. Andrews	[ ]	[ ]	[X ]
C. Burmaster	[ X ]	[ ]	[ ]
K. Castle	[ X ]	[ ]	[ ]
S. Ferraro	[ X ]	[ ]	[ ]
J. Glatz	[ X ]	[ ]	[ ]
J. Hagenbach	[ X ]	[ ]	[ ]
W. Ross	[ X ]	[ ]	[ ]

The Resolution was thereupon duly adopted.



## EXHIBIT A

### NIAGARA TOBACCO ASSET SECURITIZATION CORPORATION

#### POST-ISSUANCE COMPLIANCE POLICIES AND PROCEDURES Related to Tax-Exempt Obligations

Adopted: September 12, 2014

These Post-Issuance Compliance Policies and Procedures (the “Procedures”) are adopted by **NIAGARA TOBACCO ASSET SECURITIZATION CORPORATION** (the “Corporation”) to ensure that interest on tax-exempt obligations of the Corporation (the “Bonds”) remains excludable from gross income under Section 103 of the Internal Revenue Code of 1986 (the “Code”).

In order to ensure continued compliance with requirements of the Code and the applicable regulations (the “Applicable Federal Tax Law”) associated with the issuance of Bonds, the Corporation will consult with the Corporation’s bond counsel (“Bonds Counsel”), in advance, regarding deviations from the facts and expectations set forth in the closing certifications relating to any issue of Bonds.

If as a result of changes to the Applicable Federal Tax Law these Procedures are in conflict with such laws, the Corporation will consult with Bond Counsel regarding the proper course of action, including amending these Guidelines.

#### **I. Procedures**

The President of the Corporation (the “Designated Tax Compliance Official”) shall be the primary person to consult with the Corporation’s bond counsel (“Bond Counsel”), arbitrage rebate analyst (the “Rebate Analyst”), financial advisor and other advisors on a continual basis for the entire term of the Bonds. The Corporation may delegate to other officials or staff of the Corporation or contract with independent contractors (such as the Rebate Analyst) responsibility for different aspects of post-issuance tax compliance. However, the Designated Tax Compliance Official will be ultimately responsible for implementing the procedures described herein.

#### **II. Securing Closing Documents**

Following each issuance of Bonds, the Designated Tax Compliance Official or his or her designee will:

- a. Confirm the filing of the Form 8038 or Form 8038-G (or applicable successor form) with Internal Revenue Service (“IRS”). Filing of the applicable Form 8038 is usually undertaken or overseen by Bond Counsel at or soon after the closing of a bond issue.
- b. Obtain and store the Transcript of Proceedings prepared by Bond Counsel (which typically includes the applicable Form 8038 and the Arbitrage and Tax Certificate containing the Town’s expectations as of the date of issuance of the bond issue).

### **III. Recordkeeping**

The Designated Tax Compliance Official or his or her designee will:

- a. Establish a plan for keeping relevant books and records as to the investment and the expenditure of bond proceeds.
- b. Keep accurate records including:
  - (i) Basic records relating to the bond transactions (including the bond resolutions, closing documents, and Bond Counsel opinions (see Securing Closing Documents, above);
  - (ii) Documentation evidencing the expenditure of bond proceeds or, in the case of bond proceeds provided to the NTASC Residual Trust for distribution to Niagara County (the “County”) to finance capital projects of the County, arrange with appropriate officials of the County for the maintenance of such documentation evidencing expenditure of such bond proceeds;
  - (iii) Arrange with appropriate officials of the County for the maintenance of documentation evidencing use of bond-financed property by public and private sources (*i.e.*, copies of leases, management contracts);
  - (iv) Documentation evidencing all sources of payment or security for the bonds; and
  - (v) Documentation pertaining to any investment of bond proceeds (including the purchase and sale of securities, subscriptions for United States Treasury Securities-State and Local Government Series (“SLGs”), yield calculations for each class of investments, actual investment income received from the investment of proceeds, guaranteed investment contracts and rebate calculations).
- c. Keep all records in a manner that ensures their complete access to the IRS so long as they are material.
- d. Keep the relevant records for each issue of bonds for as long as such issue of bonds is outstanding (including any bonds issued to refund such issue of bonds) plus three years after the final redemption date of the bonds.

### **IV. Arbitrage Rebate and Arbitrage Yield Restriction**

The Corporation has retained or will retain BLX Group, LLC to serve as the Rebate Analyst for the Corporation’s Bonds, pursuant to which the BLX Group, LLC will, among other things, provide rebate compliance services, distribution date reporting services and Tobacco Settlement Revenue Allocation and Monitoring Services. A copy of such Agreement shall be attached hereto as Exhibit 1. In the event that the services of BLX Group, LLC are terminated for any reason, the Corporation will promptly retain another Rebate Analyst to provide such services and the agreement with such Rebate Analyst shall be attached to or incorporated into these Procedures.

The Designated Tax Compliance Official or his or her designee will:

- a. Engage the services of the Rebate Analyst to assure compliance with arbitrage related issues.

- b. Engage the Rebate Analyst to monitor compliance with “temporary period exceptions” for expenditure of bond proceeds, typically three years for new money bonds and provide for yield restriction of investments or “yield reduction payments” if exceptions are not satisfied.
- c. Consult with the Corporation’s Bond Counsel or financial advisor to ensure investments acquired with bond proceeds are purchased at fair market value. This may include use of bidding procedures under the regulatory safe harbor (Section 1.148-5(d) of the Regulations).
- d. Consult with the Corporation’s Bond Counsel and financial advisor before engaging in post issuance credit enhancement transactions (*e.g.*, bond insurance, letter of credit) or hedging transactions (*e.g.*, interest rate swap, cap).
- e. Consult with the Corporation’s Bond Counsel, financial advisor, and/or Rebate Analyst to identify situations in which compliance with applicable yield restrictions depends upon subsequent investments (*e.g.*, purchase of 0% SLGS from U.S. Treasury) and monitor implementation.
- f. Engage the Rebate Analyst to arrange for timely computation of rebate/yield reduction payment liability and, if an amount is payable, for timely filing of Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate (or applicable successor form), and payment of such liability. Rebate/Yield Reduction payments are ordinarily due at 5-year intervals.

**V. Private Use of Bond-Financed Facilities**

The Designated Tax Compliance Official will arrange to obtain from appropriate officials of the County a copy of the written post-issuance compliance procedures adopted by the County with respect to the private use of facilities financed or refinanced with tax-exempt bonds, including the Corporation’s Bonds. Such written procedures will provide that the a designated official of the County will:

- a. Create and maintain records identifying which proceeds of Corporation’s bond issues were used to finance or refinance particular County facilities. These records shall incorporate the refunding or partial refunding of any bond issues.
- b. Record the allocation of proceeds of the Corporation’s bonds to expenditures, including reimbursements. These records will be consistent with the expenditures used for arbitrage purposes.
- c. Record the allocation of proceeds of the Corporation’s Bonds and funds from other sources in connection with any bond funded project and review expenditure of proceeds of the Corporation’s bonds with the Corporation’s Bond Counsel to ensure such proceeds are used for qualifying costs.
- d. Review with the Corporation’s Bond Counsel prior to the sale or lease of a facility financed or refinanced with the Corporation’s Bonds, or the granting of a license, management contract, or any other arrangement allowing private use of a facility financed or refinanced with the Corporation’s Bonds, the terms of such arrangement.

- e. Keep records of private use, if any, of facilities financed or refinanced with the Corporation's Bonds to monitor the amount of private use of such bond financed facilities. Private use of bond-financed facilities shall be reviewed no less frequently than once a year. If a change in private use occurs, the Corporation's Bond Counsel will be consulted to determine if remedial action is necessary.

**EXHIBIT 1 TO  
POST-ISSUANCE COMPLIANCE POLICIES AND PROCEDURES  
[COPY OF AGREEMENT WITH REBATE ANALYST]**