

**MINUTES OF
THE BOARD OF DIRECTORS
OF
SCHUYLER TOBACCO ASSET SECURITIZATION CORPORATION**

JUNE 22, 2005

After due notice, a meeting of the Board of Directors of the Schuyler Tobacco Asset Securitization Corporation, (the "Corporation") was called to order at 105 Ninth Street, Watkins Glen, New York at 11:00 a.m. on June 22, 2005. Present were Munesh Patel, Esq. of Harris Beach PLLC, and the following directors:

Thomas M. Gifford
Tim O'Hearn
Margaret Starbuck

Messrs. Slusser and Merrill were not in attendance.

Upon motion duly made and seconded, the following resolutions were approved.

RESOLVED, that the Minutes relating to the 2004 Annual Meeting of the Board of Directors are hereby approved with Mr. O'Hearn abstaining; and be it

RESOLVED, that the audit report dated April 26, 2005 prepared by Ciaschi, Dietershagen, Little, Mickelson & Company, LLP in the form presented at the meeting, is hereby approved; and be it

RESOLVED, that the 2005 budget attached hereto is hereby approved and the Board ratifies the actions of the officers and directors consistent with such budget and any payments made thereunder prior to the date of this meeting; and the Board hereby further approves any expenditures made in 2006, until the 2006 budget is approved at the next annual meeting, so long as the expenditure is consistent with 2005 budget amounts; and be it

RESOLVED, that the following persons are elected to serve in the offices set forth next to their names until their respective successors are elected and shall qualify or until their earlier resignations:

NAME:

TITLE:

Thomas M. Gifford
Margaret Starbuck
Delmar Bleiler
Tim O'Hearn

President
Vice President
Treasurer
Secretary

RESOLVED, that the officers shall enter upon the discharge of their duties as provided in the By-laws of the Corporation; and be it

RESOLVED, that all acts and transactions (if any) of any director or the persons named herein as officers of the Corporation that were taken or made from the date of creation of the Corporation to the date of this resolution are ratified and approved; and be it

RESOLVED, that the audit and Administrative Agent Report be forwarded to the Trustee and other interested parties and that the proper officers of the Corporation are hereby authorized, empowered and directed to do all things, and acts and to execute all documents as may be necessary, or advisable and proper, to carry on the business of the Corporation, for and on behalf of the Corporation; and be it

RESOLVED, that the Corporation hereby approves the transfer of up to \$25,000 from its operating account to the County.

The undersigned, being the Secretary of the Corporation, hereby acknowledges and certifies that these are the true, correct and complete minutes of the board meeting held on June 22, 2005.

Secretary

TASC Meeting
September 8th, 2005
9:00 a.m.

Legislative Chambers

Present: Tim O'Hearn, Del Belier, Daryl Slusser, Thomas Gifford

Absent: Margaret Starbuck and John Merrill

It was discussed that other counties should be contacted in regards to Directors and Officers Liability Insurance and who they are contracting with. All were in agreement. O'Hearn stated that he will be attending a meeting Monday September 12th, 2005 in Albany pertaining to restructuring Tobacco Bonds.

A motion was made by Slusser and seconded by Gifford to Authorize the Treasurer to purchase Directors and Officers liability insurance at the best available rate. Motion carried unanimously.

A motion was made by Slusser and seconded by Bleiler to adjourn. Motion carried unanimously.

Meeting adjourned 9:30 a.m.

TASC Meeting

September 21st, 2005

11:00 a.m.

Legislative Chambers

Present: Tim O'Hearn, Del Belier, Daryl Slusser, Thomas Gifford, Margaret Starbuck

Absent: John Merrill

Motion made by Bleiler and Seconded by Slusser to approve the September 8th minutes. Motion carried unanimously.

Bleiler stated that he has made no gain current agent that carries the Director's and Officer's insurance in regards to a lower premium. Lodge states that she is checking with an agency in Chemung County that currently insures Chemung County. Gifford questioned as to if there was opportunity to combine the D&O insurance for the entire TASC and not Schuyler having an individual policy.

In regards to the refinancing of the bonds O'Hearn stated he did receive numbers if we were to restructure. (Figures Attached) O'Hearn went on to say that historically the accrual bond sale has generated more revenue than projected and that these numbers were comfortable. O'Hearn also explained that the stipulations associated are 10% of the monies must be spent within 6 months and the remainder expended within 3 years. O'Hearn added that is has also been said that as long as money is earmarked for projects that meet the criteria they are not policing this policy very strongly. O'Hearn stated that concerns relating to building project may be eased by this option and Highway could potentially gain from the refinancing also. O'Hearn stated the numbers trade off would be the residual payments would cease. O'Hearn said that on average the County receives \$60,000-\$70,000 per year residually and this year 15000 was budgeted. Bleiler interjected that the \$15,000 that was budgeted was what the corporation would give back to the county. Starbuck stated that she has not seen residual revenue for years other than 2004. Bleiler states that this concerns him as we should have a record for all receipts. Slusser questions if the residual is part of the \$35,000 that is received by the TASC. Bleiler replies that is not part of the \$35,000. Starbuck states that she will check into this matter and report back. (Reported Figures Appear in Table Below). Slusser was in agreement that this needs to be looked into. Bleiler questioned how much money we are going to be giving up if we lose the residual payments. Gifford replies that the amount is undeterminable because it is directly related cigarette sales in the US. O'Hearn adds that NYSAC feels sales are stable and the impacts of major litigation are being treated favorably by the bond market. It is NYSAC's opinion if you are going to do this do it now. O'Hearn did add that there is a risk associated and strings attached. Slusser asked if the money was up does that eliminate the residual. O'Hearn added that he is still learning a lot in regards to the TASC and will continue to update as he gains more information. Slusser questioned who dictates how the money is spent. Bleiler replied that State law dictates use of funds. O'Hearn added that the funds may be used for other than indicated under special circumstances.

Motion made by Slusser Seconded by Bleiler to authorize participation in the refinancing of tobacco bonds. Motion carried unanimously.

O'Hearn feels a supporting resolution may be something we need to do this. Gifford responded that the Legislature's only role is how they want to spend the funds. Bleiler felt that a resolution would be a good idea. Slusser replied that the two (Legislature and TASC) are supposed to be divorced. No Motion

Slusser Made Motion to adjourn Second Bleiler
Meeting Adjourned 12:05

Heather L. Lodge
Confidential Secretary to the County Administrator

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|--------------------------------|---------------------------|--------------|--|
| April 17 th , 2000 | Citibank | \$165,494.44 | |
| April 18 th , 2000 | Citibank | \$ 2,179.40 | |
| April 28 th , 2000 | Supplemental Tobacco Wire | \$ 12.69 | |
| August 30 th , 2000 | Supplemental Tobacco Wire | \$ 11.99 | |
| June 12 th , 2001 | Wilmington Trust | \$ 17,843.57 | |
| June 21 st , 2001 | M&T | \$ 15,237.37 | |
| 2004 | | \$121,958.50 | |
| Total Received To Date | | \$322,737.96 | |

Approximately \$53,000 has been received per year in residual monies.

Tasc Meeting

11:00 November 14, 2005

John Merrill, Del Bleiler, Tim O'Hearn, Peggy Starbuck, Daryl Slusser, Jerry Michelson

Purpose of meeting was to discuss payments. TASC has been getting \$30,000 every year. Bleiler, payment made to TASC. Explained spreadsheets. O'Hearn explained sheets. Bleiler, can't understand sheets. *?? Bleiler, Jerry can teach. O'Hearn reconcile payment made to date to TASC. Merrill, percentage to Harris Beach. Bleiler, can someone explain sheets. Michelson, confusion is the gross distributions and what is actually recorded. The differences what was withheld for trapping. Total alloc – trapping. Slusser, what's the point to eliminate us carrying risk. Trapping are small amounts of money. \$3,384, 11378 differences for trapping. Example, 12/04 audit report page 4 Proceeds, 304859 proceeds 4/04 \$301,475 proceeds. \$3,384 difference. Trapping is different. Slusser, audit should reflect the 3384 difference. Michelson, debt service numbers. Bleiler, numbers on pymts made to TASC. (Trustee) Payments made to county not needed to pay off bonds (residual payments). Where are the numbers that correlate to Treasurer report. O'Hearn months do not match thru the years for disbursements. This year was coming in October. No receipt to date. \$300,00 we do not see at a County level. Michelson, monthly and quarterly reports for interest and such, That is related to the bonds. Slusser, the monies that come to the county where are they reflected. Michelson, apparently not. Bleiler, concerned about both what comes to the tasc and the County. What we have securitized does not change. What are we losing in residuals is the questions. Michelson, giving up residual? Has no answer. When we originally did y\this did they say there would be residual. The county would get a residual and the TASC would get a portion. Slusser, the left over part goes to the County. Bleiler, we got money for our operating expenses. Slusser, are we going to continue to get operating funds. Gifford, you will continue to get operating expenses we may give up residual.,

02 we got nothing because we failed to fill out a form so as a result our tasc money was supposed to the county. Trapping was 03. 03 form was filled out and we got our money so we got our money in 04 may of 05 same deal. O'Hearn, based on expenditures. Bleiler, the county should have picked up extra money in 02. But they did not. Gifford averaging 32000 residual. All contingent on Tobacco companies. Bond holders take the risk. Bleiler, 02 no money for TASC Gifford, there is a Reserve account. Michelson, difference \$11,478 all trapping in 03. 2001 \$2,642 difference supplemental payments. Analysis shows that 03 was trapping 04 suspected within .40. 02 was exact. Bleiler, reconciles payments made to TASC. What reconciles actual county receipts. Michelson, 2004 may include make up payments. Bleiler, fund balance would go to the county. Wants to make sure the County received the funds that did not go to the TASC. Slusser, we do not have enough information. Michelson, we want to reconcile the. Revenue to County and Reserve. Annual audit will not deal with proceeds. Michelson new debt will increase by 2.4 mil. The TASC deficit will increase. Bleiler, we have money in reserves waiting to pay the debts. Peggy, yes. Bleiler, maybe the money has gone to pay off debt.

Slusser, those should be 2 separate items. Bleiler, M&T still holds both accounts. If money does not exceed local bonds we are paying off. Gifford, sales of cigarettes. Bleiler, where is that money. Peggy, M&T holds money and they make the payment on the non callable bonds. The money is already there. Michelson, should have nothing to do with this. Merrill, paper trail that is easy to follow. Nothing is helping to get a clear picture. Bleiler, are we beyond the withdraw point. TASC, YES. Gifford, based only on the domestic tobacco sales. O'Hearn, litigation is not favorable. Interest rates and bond rates further waiting would have an impact. Merrill, other counties have not moved forward? O'Hearn, 21 Counties are participating. Gifford, Steuben has done this 3 times. O'Hearn Tioga 2nd time. Gifford, payments you rely on major corporations. Bleiler, we all felt lost at this time. Wants to understand why there was nothing from 01-04. Michelson, reiterate reconciliation. Bleiler, understands audit but would like to see it reconciled with County books.

Adjourned 12:15