

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

May 20, 2010

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 10:00 a.m., on May 20, 2010. Present were Munesh Patel, Esq. of Harris Beach PLLC, and the following directors:

Thomas M. Gifford
Timothy O'Hearn
Margaret Starbuck
John Merrill

Director Dennis Fagan was not in attendance.

There being a quorum of directors present, upon motion duly made and seconded, the following resolutions were approved.

RESOLVED, that the Minutes relating to the 2009 Annual Meeting and any subsequent minutes of the Board of Directors adopted in 2009, attached hereto, are hereby approved.

RESOLVED, that Sections 7 and 10 of Article IV of the By-Laws of the Corporation are hereby amended to read as follows:

SECTION 7. PRESIDENT/CEO.

1. The second sentence in Section 7 ("*The President shall not be a member of the Corporation's Board of Directors.*") shall be deleted from Section 7 of the By-Laws.

SECTION 10. TREASURER/CFO.

1. The second sentence in Section 10 ("*The Treasurer shall not be a member of the Corporation's Board of Directors.*") shall be deleted from Section 10 of the By-Laws.

FURTHER RESOLVED, that the Public Authorities Reform Act of 2009 ("PARA") requires the creation of a Finance Committee with the responsibility to review proposals for the issuance of debt by the Corporation and therefore Section 1 of Article IX (titled "Committees") of the By-Laws of the Corporation shall be hereby amended as follows:

SECTION 1. AUDIT COMMITTEE.

1. The Audit Committee shall be renamed the "*Audit and Finance Committee*" and all references to the "*Audit Committee*" shall mean the "*Audit and Finance Committee*".

2. The following new sentence shall be added at the end of Section 1 of Article IX: "*In addition, pursuant to the Public Authorities Reform Act of 2009 ("PARA"), the Audit and Finance Committee shall review proposals for the issuance of debt by the Corporation and make recommendations regarding such.*"

FURTHER RESOLVED, that the Public Authorities Reform Act of 2009 ("PARA") requires additional responsibilities for the Governance Committee and therefore Section 2 of Article IX (titled "Committees") of the By-Laws of the Corporation shall be hereby amended as follows:

SECTION 2. GOVERNANCE COMMITTEE.

1. The following new sentence shall be added at the end of Section 2 of Article IX: "*In addition, pursuant to the Public Authorities Reform Act of 2009 ("PARA"), the Governance Committee shall examine ethical and conflicts of interest, perform board self-evaluations, and recommend by-laws which include rules and procedures for the conduct of board business as required by PARA.*"

FURTHER RESOLVED, that except as specifically amended by this resolution, the By-Laws of the Corporation shall remain in full force and effect.

RESOLVED, that the Public Authorities Reform Act of 2009 ("PARA") requires each of the Audit and Finance Committee and the Governance Committee to be comprised of at least three (3) independent members who shall constitute a majority on such committee and pursuant to the advice of the State's Authorities Budget Office, which has stated that such committee can be made up of ex-officio directors, therefore each of the Audit and Finance Committee and the Governance Committee shall be comprised of the Independent Director and the two (2) Ex-Officio Directors of the Corporation, as follows:

Audit & Finance Committee:

Timothy O'Hearn
Margaret Starbuck
John Merrill

Governance Committee:

Timothy O'Hearn
Margaret Starbuck
John Merrill

RESOLVED, that the Public Authorities Reform Act of 2009 ("PARA") revised the property disposal requirements contained within the Public Authorities Accountability Act of 2005, Chapter 766 of the Laws of 2005, and therefore the Corporation hereby amends and restates its Disposition of Property Guidelines as follows:

1. The last sentence of subsection C of Section 3 of the Disposition of Property Guidelines is replaced in its entirety with the following sentence: *"Provided, however, no disposition of real property, any interest in real property, shall be made unless an appraisal of the value of such property has been made by an independent appraiser and included in the record of the transaction and provided further, that no disposition of any other property, which because of its unique nature or the unique circumstances of the proposed transaction is not readily valued by reference to an active market for similar property, shall be made without a similar appraisal."*

2. Subsection F(iii)(A) of Section 3 of the Disposition of Property Guidelines is replaced in its entirety with the following: *"(A) the personal property involved qualities separate from the utilitarian purpose of such property, such as artistic quality, antiquity, historical significance, rarity, or other quality of similar effect, that would tend to increase its value, or if the personal property is to be sold in such quantity that, if it were disposed of under subsections (i) and (ii) of this Section F, would adversely affect the state or local market for such property, and the estimated fair market value of such property and other satisfactory terms of disposal can be obtained by negotiation;"*

3. Subsection F(iii)(E) of Section 3 of the Disposition of Property Guidelines is replaced in its entirety with the following: *"(E) under those circumstances permitted by subsection (v) below; or"*

4. Subsection F(iv)(A)(3) of Section 3 of the Disposition of Property Guidelines is replaced in its entirety with the following: *"(3) any real property disposed of by lease, if the estimated annual rent over the term of the lease is in excess of \$15,000; or"*

5. Subsection F(iv)(A)(4) of Section 3 of the Disposition of Property Guidelines is deleted in its entirety and therefore subsection F(iv)(A)(5) is renumbered as F(iv)(A)(4).

6. The following new subsection F(v) is added to Section 3 of the Disposition of Property Guidelines:

"(v) Disposal of Property for less than Fair Market Value ("FMV")."

(A) No assets owned, leased or otherwise in the control of the Authority may be sold, leased, or otherwise alienated for less than its FMV except if:

- (1) Transferee is a government or public entity and terms of transfer require ownership and use to remain with the government or public entity; or*
- (2) Purpose of transfer is within purpose, mission or statute of the authority; or*
- (3) Written notification to Governor, Speaker, and Temporary President. Such notification is subject to denial. Denial by Governor is in the form of a certification. Denial by legislature is in the form of a resolution. Denial must be made within 60 days of receiving notification during January through June. Provided no denial then authority may effectuate transfer. If legislature receives the notification in July through December, then legislature may take 60 days from January 1 of the following year. However, a local may obtain local approval from the chief executive and legislature of the political subdivision in lieu of the notification to the Governor, Speaker and Temporary President provided the local authority's enabling legislation provides for such approval and the property was obtained by the authority from the political subdivision.*

(B) If below FMV transfer is proposed, the following information is required to be provided to the authority's board and the public:

- (1) Description of Asset;*
- (2) Appraisal of the FMV of the asset;*
- (3) Description of purpose of transfer, the kind and amount of the benefit to the public resulting from the transfer such as jobs and wages created or preserved;*
- (4) Value received compared to FMV;*
- (5) Names of private parties to the transaction and value received;*
- (6) Names of private parties that have made an offer, the value of offer, and purpose for which the asset would have been used.*

(C) Board must make a written determination that there is no reasonable alternative to the proposed below-market transfer that would achieve the same purpose of such transfer."

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:

Paul Marcellus
Stewart F. Field, Jr.
Peggy Tomassi

TITLE:

President¹
Treasurer²
Secretary

¹ The President being deemed to be the chief executive officer of the Corporation.

² The Treasurer being deemed to be the chief financial officer/comptroller of the Corporation.

FURTHER RESOLVED, that each of the officers shall enter upon the discharge of their duties as provided in the By-laws of the Corporation.

RESOLVED, that the Independent Auditor's Report dated March 10, 2010 prepared by Ciaschi, Dietershagen, Little, Mickelson & Company, LLP in the form presented at the meeting, is hereby approved; and

FURTHER RESOLVED, that the Administrative Agent Report has not been received by the Corporation and therefore was not reviewed at the meeting, are noted.

RESOLVED, that the 2009 Annual Report, which was filed with (i) the New York State Authority Budget Office via the Public Authorities Reporting Information System, and (ii) the appropriate local officials, is hereby ratified and approved as presented.

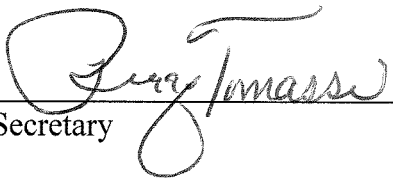
RESOLVED, that the 2010 budget and proposed 2011 budget, attached hereto, are hereby approved and the Board ratifies the actions of the officers and directors consistent with each such budget and any payments made thereunder prior to the date of this meeting; and the Board hereby further approves any expenditures made in 2010, so long as the expenditure is consistent with previous years budget amounts and the Board hereby further approves submission of the budget on or before November 1 pursuant to Section 2801 of PAL.

RESOLVED, 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.

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.

RESOLVED, that pursuant to Section 2824-a of PAL, the Corporation is required to develop and adopt a mission statement and related performance measures (collectively, the "Mission Statement") to assist the Corporation in determining how well it is carrying out its mission, such Mission Statement being required for filing with the New York State Authority Budget Office ("ABO") by March 31, 2011; and that the attached proposed Mission Statement has been reviewed and approved by the Board of the Corporation.

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 May 20, 2010.


Secretary