

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

**June 7, 2006**

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 9<sup>th</sup> Street, Watkins Glen, New York at 10:40 a.m. / p.m., on June 7, 2006. Present were Justin Millr of Harris Beach PLLC, and the following directors:

Thomas M. Gifford  
Daryl Slussler  
Timothy O'Hearn

Directors Margaret Starbuck and John Merril were not in attendance.

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

**RESOLVED**, that the Minutes relating to the 2005 Annual Meeting and any subsequent minutes of the Board of Directors adopted in 2005, attached hereto, are hereby approved.

**RESOLVED**, that Sections 1, 2, 7 and 10 of Article IV of the By-Laws of the Corporation are hereby amended to read as follows:

**ARTICLE IV - OFFICERS**

**SECTION 1. NUMBER AND SALARY.**

The officers of the Corporation shall be a President/CEO, a Vice President, a Secretary and a Treasurer/CFO. Any two or more offices may be held by the same person, except the offices of President and Secretary. The officers shall serve without salary at the pleasure of the Board, but may be reimbursed for reasonable expenses incurred in the performance of corporate duties.

**SECTION 2. TERMS OF OFFICERS.**

The officers shall be elected by the affirmative vote of a majority of the entire Board of Directors of the Corporation ~~at the annual meeting of the Board. Officers shall serve at the pleasure of the Board.~~ Unless a shorter term is provided in the resolution of the Board electing such officer, the term of office of each officer shall be one year or until the next annual meeting of the Board of

**Deleted:** from among its members initially at a meeting of the Board, at its pleasure, and thereafter

Directors, if such meeting occurs one year or more after the commencement of the officer's then current term. The term of office of each officer, in any event, shall extend until a successor is elected or appointed and qualified. Officers shall be eligible to serve an unlimited number of consecutive terms.

SECTION 7. PRESIDENT/CEO.

The President shall be the chief executive officer of the Corporation and shall generally supervise all its affairs. ~~The President shall not be a member of the Corporation's Board of Directors.~~ The President shall perform such duties as may be assigned to him or her from time to time by the Board.

**Deleted:** The President shall preside at all meetings of the Board of Directors at which he or she is present.

**Deleted:** also

**Deleted:** other

SECTION 10. TREASURER/CFO.

~~The Treasurer shall be the chief financial officer of the Corporation. The Treasurer shall not be a member of the Corporation's Board of Directors.~~ It shall be the duty of the Treasurer to oversee the financial affairs of the Corporation, report at each regular meeting of the Board of Directors, and participate in preparing the annual report of the Corporation and the filing of all required tax returns and other regulatory reports. The Treasurer shall perform such other duties as may be assigned to him or her by the Board of Directors or the President.

**FURTHER RESOLVED**, that a new Article IX titled "Committees" shall be added to the By-Laws of the Corporation as follows:

ARTICLE IX - COMMITTEES

SECTION 1. AUDIT COMMITTEE.

~~Pursuant to subdivision 4 of Section 2824 of PAL, an Audit Committee is hereby formed, being comprised of one or more members who qualify under PAL as an independent member for the purpose of recommending to the Board the hiring of a certified independent accounting firm, establishing the compensation to be paid to the accounting firm and providing direct oversight of the performance of the independent audit to be performed on or after fiscal year ending on December 31, 2007 by the accounting firm hired for such purposes.~~

**Deleted:** ¶

SECTION 2. GOVERNANCE COMMITTEE.

~~Pursuant to subdivision 7 of Section 2824 of PAL, a Governance Committee is hereby formed, being comprised of one~~

or more members who qualify under PAL as an independent member for the purpose of keeping the Board informed of current best governance practices, to review corporate governance trends; and to update the Corporation's corporate governance principles.

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

**RESOLVED**, that pursuant to subdivision 3 of Section 2824 of the Public Authorities Law (the "PAL"), no Board member, including the Chairperson, shall serve as the Corporation's chief executive officer, executive director, chief financial officer, comptroller, or hold any other equivalent position while also serving as a member of the Board.

**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:

| <u>NAME:</u>      | <u>TITLE:</u>          |
|-------------------|------------------------|
| Dennis A. Fagan   | President <sup>1</sup> |
| Delmar F. Bleiler | Treasurer <sup>2</sup> |
| Heather Lodge     | Secretary              |

**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 draft audit report dated June 2, 2006 prepared by Ciaschi, Dietershagen, Little, Mickelson & Company, LLP in the form presented at the meeting, is hereby approved and that no objections to the Administrative Agent Report are noted.

**RESOLVED**, that pursuant to subdivision 3 of Section 2825 of PAL, on or before May 15 of each year, all Board directors, officers and employees of the Corporation shall file annual financial disclosure statements with the Board of Ethics of the County pursuant to Article 18 of General Municipal Law.

**RESOLVED**, that pursuant to subdivision 4 of Section 2824 of PAL, an Audit Committee is hereby formed, being comprised of the Independent Director for the purpose of recommending to the Board the hiring of a certified independent accounting firm, establishing the compensation to be paid to the accounting firm and providing direct oversight of the performance of the independent audit to be performed on or after fiscal

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<sup>1</sup> The President being deemed to be the chief executive officer of the Corporation.

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

year ending on December 31, 2007 by the accounting firm hired for such purposes.

**RESOLVED**, that pursuant to subdivision 7 of Section 2824 of PAL, a Governance Committee is hereby formed, being comprised of the Independent Director for the purpose of keeping the Board informed of current best governance practices, to review corporate governance trends; and to update the Corporation's corporate governance principles.

**RESOLVED**, that pursuant to subdivision 2(a) of Section 2800 of PAL, the Board shall submit to the chief executive officer and the chief financial officer of the County, the chairperson of the legislative body of the County, and the State's new Authority Budget Office within ninety (90) days after the end of the Corporation's fiscal year (with the first report due by March 31, 2007 for fiscal year ending December 31, 2006), a complete and detailed report (the "Annual Report") setting forth: (1) its operations and accomplishments; (2) its receipts and disbursements, or revenues and expenses, during such fiscal year in accordance with the categories or classifications established by such authority for its own operating and capital outlay purposes; (3) its assets and liabilities at the end of its fiscal year including the status of reserve, depreciation, special or other funds and including the receipts and payments of these funds; (4) a schedule of its bonds and notes outstanding at the end of its fiscal year, together with a statement of the amounts redeemed and incurred during such fiscal year as part of a schedule of debt issuance that includes the date of issuance, term, amount, interest rate and means of repayment. Additionally, the debt schedule shall also include all refinancings, calls, refundings, defeasements and interest rate exchange or other such agreements, and for any debt issued during the reporting year, the schedule shall also include a detailed list of costs of issuance for such debt; (5) a compensation schedule that shall include, by position, title and name of the person holding such position or title, the salary, compensation, allowance and/or benefits provided to any officer, director or employee in a decision making or managerial position of such authority whose salary is in excess of one hundreds thousand dollars; (6) the projects undertaken by such authority during the past year; (7) a listing of (i) all real property of such authority having an estimated fair market value in excess of fifteen thousand dollars that the authority intends to dispose of; (ii) all such property held by the authority at the end of the period covered by the report; and (iii) all such property disposed of during such period. The report shall contain an estimate of fair market value for all such property held by the authority at the end of the period and the price received by the authority and the name of the purchaser for all such property sold by the authority during such period; (8) such authority's code of ethics; and (9) an assessment of the effectiveness of its internal control structure and procedures; and

**FURTHER RESOLVED**, that pursuant to subdivision 3 of Section 2800 of PAL, the chief executive officer and the chief financial officer shall execute the attached Certificate of the Chief Executive Officer and Chief Financial Officer certifying that the financial information contained in the Annual Report is accurate, correct and does not contain any untrue statements.

**RESOLVED**, that the 2006 budget and proposed 2007 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 2007, so long as the expenditure is consistent with previous years budget amounts; and

**FURTHER RESOLVED**, that pursuant to subdivision 2 of Section 2801 of PAL, on or before November 1, 2006, the Corporation will submit to the chief executive officer, the chief financial officer and the chairperson of the County, and the New York State Authority Budget Office, the Corporation's budget for fiscal year ending December 31, 2007.

**RESOLVED**, for fiscal year ending December 31, 2007 and each year thereafter, the Corporation will abide by the following rules: (1) the certified independent public accounting firm performing the Corporation's audit will be prohibited from providing audit services if the lead (or coordinating) audit partner responsible for reviewing the audit, has performed audit services for the Corporation in each of the five previous fiscal years; (2) the certified independent public accounting firm performing the audit shall be prohibited from performing any non-audit services to the Corporation contemporaneously with the audit, unless receiving previous written approval by the audit committee including: (a) bookkeeping or other services related to the accounting records or financial statement of the Corporation, (b) financial information systems design and implementation, (c) appraisal or valuation services, fairness opinions, or contribution-in-kind reports, (d) actuarial services, (e) internal audit outsourcing services, (f) management functions or human services, (g) broker or dealer, investment advisor, or investment banking services and (h) legal services and expert services unrelated to the audit; and (3) it shall be prohibited for any certified independent public accounting firm to perform for such Corporation any audit service if the chief executive officer, comptroller, chief financial officer, chief accounting officer, or any other person serving in an equivalent position for the Corporation, was employed by that certified independent public accounting firm and participated in any capacity in the audit of the Corporation during the one (1) year period preceding the date of the initiation of the audit.

**RESOLVED**, that the Compensation, Reimbursement and Attendance Policy presented at this meeting is hereby adopted and approved.

**RESOLVED**, that the Code of Ethics presented at this meeting is hereby adopted and approved.

**RESOLVED**, that the Whistleblower Policy presented at this meeting is hereby adopted and approved.

**RESOLVED**, that the Travel Policy presented at this meeting is hereby adopted and approved.

**RESOLVED**, that the Disposition of Property Guidelines presented at this meeting are hereby adopted and approved; and

**FURTHER RESOLVED**, that the Secretary of Corporation is hereby appointed as the "Contracting Officer" and shall be responsible for maintaining compliance with and enforcing the Corporation's Disposition of Property Guidelines.

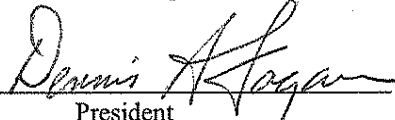
**RESOLVED**, that the Procurement Policy presented at this meeting is hereby adopted and approved.

**RESOLVED**, that the Defense and Indemnification Policy presented at this meeting is hereby approved and adopted.

**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.

The undersigned, being the President of the Corporation, hereby acknowledges and certifies that these are the true, correct and complete minutes of the board meeting held on June 7, 2006.

  
President

Schuyler County Tobacco Asset Securitization Corporation Budget

|                                |  | 2005-2006     |             | 2006-2007       |             |
|--------------------------------|--|---------------|-------------|-----------------|-------------|
|                                |  | Actual Budget | Revenue     | Proposed Budget | Revenue     |
|                                |  | Expense       | Revenue     | Expense         | Revenue     |
| Annual Audit and Meeting       | Harris Beach LLP                                       | \$2,500.00    |             | \$2,500.00      |             |
| Local Audit                    | Ciaschi, Dietershagen, Little, Mickelson & Company LLP | \$2,000.00    |             | \$2,000.00      |             |
| Rent                           | Schuyler County  | \$2,500.00    |             | \$2,500.00      |             |
| Audit                          | Rent a CFO   | \$5,100.00    |             | \$4,100.00      |             |
| Trust Fee                      | Wilmington Trust                                       | \$2,785.00    |             | \$2,785.00      |             |
| Multi Peril Insurance          | Dryden Mutual  | \$226.19      |             | \$227.00        |             |
| Directors & Officers Liability | Sidle Insurance  | \$5,441.90    |             | \$6,000.00      |             |
| Miscellaneous                  |  | \$586.08      |             | \$1,000.00      |             |
| Transferred to County          |  | \$0.00        |             | \$12,000.00     |             |
| <b>Total Expenses</b>          |  | \$21,139.17   |             | \$33,112.00     |             |
| Federal Tobacco Settlement     |  |               | \$36,512.25 |                 | \$35,500.00 |
| <b>Total Revenue</b>           |  |               | \$36,512.25 |                 | \$35,500.00 |
| * M&T Bank Refiling fee        |  |               |             |                 |             |
| *Bond Closing Expenses         |  |               |             |                 |             |



## **COMPENSATION, REIMBURSEMENT AND ATTENDANCE POLICY**

The officers of the Corporation, to include the chief executive officer and other senior management, shall serve without salary at the pleasure of the Board but may be reimbursed for reasonable expenses incurred in the performance of corporate duties at the approval of the Board.

The officers of the Corporation shall be available as required to perform the operations of the Corporation. As such, said officers of the Corporation shall put forth their best efforts to perform their respective duties as outlined in the By-Laws of the Corporation.

**CODE OF ETHICS**  
**OF**  
**SCHUYLER TOBACCO ASSET SECURITIZATION CORPORATION**

No director, officer, or employee of the Corporation shall (1) accept other employment which will impair his or her independence of judgment in the exercise of his or her official duties; (2) accept employment or engage in any business or professional activity which will require him or her to disclose confidential information which he or she has gained by reason of his or her official position of authority; (3) disclose confidential information acquired by him or her in the course of his or her official duties nor use such information to further his or her personal interests; (4) use or attempt to use his or her official position to secure unwarranted privileges or exemptions for himself, herself or others; (5) engage in any transaction as a representative or agent of Corporation with any business entity in which he or she has a direct or indirect financial interest that might reasonably tend to conflict with proper discharge of his or her official duties; (6) not, by his or her conduct, give reasonable basis for the impression that any person can improperly influence him or her or unduly enjoy his or her favor in the performance of his or her official duties, or that he or she is affected by the kinship, rank, position or influence of any party or person; (7) abstain from making personal investments in enterprises which he or she has reason to believe may be directly involved in decisions to be made by him or her or which will otherwise create substantial conflict between his or her duty in the public interest and his or her private interest; and (8) endeavor to pursue a course of conduct which will not raise suspicion among the public that he or she is likely to be engaged in acts that are in violation of his or her trust.

## **WHISTLEBLOWER POLICY**

Every director, officer or employee of the Corporation, in the performance of their duties shall conduct themselves with honesty and integrity and observe the highest standards of business and personal ethics as set forth in the Code of Ethics of Schuyler Tobacco Asset Securitization Corporation (the "Code").

Each director, officer or employee is responsible to report any violation of the Code (whether suspected or known) to the Corporation's Independent Director. Reports of violations will be kept confidential to the extent possible. No individual, regardless of their position with the Corporation, will be subject to any retaliation for making a good faith claim and, any employee who chooses to retaliate against someone who has reported a violation, shall be subject to disciplinary action which may include termination of employment. Regardless, any claim of retaliation will be taken and treated seriously and irrespective of the outcome of the initial complaint, will be treated as a separate offense.

The Independent Director is responsible for immediately forwarding any claim to the Corporation's counsel who shall investigate and handle the claim in a timely manner.

## TRAVEL POLICY

This policy applies to all directors, officers and employees of the Schuyler Tobacco Asset Securitization Corporation (the "Corporation").

All official travel for which a reimbursement will be sought must be approved by the President of the Corporation prior to such travel. Provided, however, in the instance where the President will seek reimbursement for official travel, such travel must be pre-authorized by the Board of the Corporation.

The Corporation will reimburse all reasonable expenses related to meals, travel and lodging that were incurred by any director, officer or employee as a result of the performance of their official duties. All official travel shall be properly authorized, reported and reimbursed. Under no circumstances shall expenses for personal travel be charged to, or temporarily funded by the Corporation. It is the traveler's responsibility to report his or her travel expenses in a responsible and ethical manner, in accordance with this policy.

Travelers may use their private vehicle for business purposes and will be reimbursed at a standard mileage reimbursement rate.

Meals will be reimbursed at actual expense or a per diem rate, whichever is less.

Lodging will be reimbursed at actual expense up to certain daily rate caps established for various locations. The applicability of such caps shall be determined on a case by case basis taking into consideration availability of lodging and other extenuating circumstances.

Reimbursement for miscellaneous expenses shall be determined on a case by case basis.

Mileage rates, per diem allowances and lodging caps will be established and from time to time, as amended by the Treasurer of the Corporation. All determinations made pursuant to this policy shall be made by the Treasurer. In the instance where such determinations regard the travel of the Treasurer, the President shall make such determinations.

**SCHUYLER TOBACCO ASSET SECURITIZATION CORPORATION**

**DISPOSITION OF PROPERTY GUIDELINES**

**ADOPTED PURSUANT TO SECTION 2896 OF THE PUBLIC AUTHORITIES LAW**

Please Note: This is a special purpose local development corporation whereby its activities are strictly limited to: (i) acquiring the tobacco assets from the host County, (ii) issuing bonds, the net proceeds of which are paid to the host County for the tobacco assets, and (iii) remaining in existence during the term of the bonds and providing the annual reports to bondholders. Therefore, to the extent disposition of property is applicable, if any, the following guidelines will control such disposition.

**SECTION 1. DEFINITIONS**

A. "Contracting officer" shall mean the officer or employee of the Schuyler Tobacco Asset Securitization Corporation (hereinafter, the "Corporation") who shall be appointed by resolution to be responsible for the disposition of property.

B. "Dispose" or "disposal" shall mean transfer of title or any other beneficial interest in personal or real property in accordance with Section 2897 of the Public Authorities Law.

C. "Property" shall mean personal property in excess of five thousand dollars (\$5,000) in value, and real property, and any inchoate or other interest in such property, to the extent that such interest may be conveyed to another person for any purpose, excluding an interest securing a loan or other financial obligation of another party.

**SECTION 2. DUTIES**

A. The Corporation shall:

(i) maintain adequate inventory controls and accountability systems for all property owned by the Corporation and under its control;

(ii) periodically inventory such property to determine which property shall be disposed of;

(iii) produce a written report of such property in accordance with subsection B herewith; and

(iv) transfer or dispose of such property as promptly and practicably as possible in accordance with Section 3 below.

B. The Corporation shall

(i) publish, not less frequently than annually, a report listing all real property owned in fee by the Corporation. Such report shall consist of a list and full description of

all real and personal property disposed of during such period. The report shall contain the price received by the Corporation and the name of the purchaser for all such property sold by the Corporation during such period; and

(ii) shall deliver copies of such report to the Comptroller of the State of New York, the Director of the Budget of State of New York, the Commissioner of the New York State Office of General Services, and the New York State Legislature (via distribution to the majority leader of the senate and the speaker of the assembly).

### **SECTION 3. TRANSFER OR DISPOSITION OF PROPERTY**

A. Supervision and Direction. Except as otherwise provided herein, the duly appointed contracting officer (the "Contracting Officer") shall have supervision and direction over the disposition and sale of property of the Corporation. The Corporation shall have the right to dispose of its property for any valid corporate purpose.

B. Custody and Control. The custody and control of Corporation property, pending its disposition, and the disposal of such property, shall be performed by the Corporation or by the Commissioner of General Services when so authorized under this section.

C. Method of Disposition. Unless otherwise permitted, the Corporation shall dispose of property for not less than its fair market value by sale, exchange, or transfer, for cash, credit, or other property, with or without warranty, and upon such other terms and conditions as the Corporation and/or contracting officer deems proper. The Corporation may execute such documents for the transfer of title or other interest in property and take such other action as it deems necessary or proper to dispose of such property under the provisions of this section. Provided, however, except in compliance with all applicable law, no disposition of real property, any interest in real property, or any other property which because of its unique nature is not subject to fair market pricing 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.

D. Sales by the Commissioner of General Services (the "Commissioner"). When the Corporation shall have deemed that transfer of property by the Commissioner will be advantageous to the State of New York, the Corporation may enter into an agreement with the Commissioner pursuant to which Commissioner may dispose of property of the Corporation under terms and conditions agreed to by the Corporation and the Commissioner. In disposing of any such property, the Commissioner shall be bound by the terms hereof and references to the contracting officer shall be deemed to refer to such Commissioner.

E. Validity of Deed, Bill of Sale, Lease, or Other Instrument. A deed, bill of sale, lease, or other instrument executed by or on behalf of the Corporation, purporting to transfer title or any other interest in property of the Corporation in accordance herewith shall be conclusive evidence of compliance with the provisions of these guidelines and all applicable law insofar as concerns title or other interest of any bona fide grantee or transferee who has given valuable consideration for such title or other interest and has not received actual or constructive notice of lack of such compliance prior to the closing.

F. Bids for Disposal; Advertising; Procedure; Disposal by Negotiation; Explanatory Statement.

(i) Except as permitted by all applicable law, all disposals or contracts for disposal of property made or authorized by the Corporation shall be made after publicly advertising for bids except as provided in subsection (iii) of this Section F.

(ii) Whenever public advertising for bids is required under subsection (i) of this Section F:

(A) the advertisement for bids shall be made at such time prior to the disposal or contract, through such methods, and on such terms and conditions as shall permit full and free competition consistent with the value and nature of the property proposed for disposition;

(B) all bids shall be publicly disclosed at the time and place stated in the advertisement; and

(C) the award shall be made with reasonable promptness by notice to the responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the Corporation, price and other factors considered; provided, that all bids may be rejected at the Corporation's discretion.

(iii) Disposals and contracts for disposal of property may be negotiated or made by public auction without regard to subsections (i) and (ii) of this Section F but subject to obtaining such competition as is feasible under the circumstances, if:

(A) the personal property involved is of a nature and quantity which, if 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;

(B) the fair market value of the property does not exceed fifteen thousand dollars;

(C) bid prices after advertising therefore are not reasonable, either as to all or some part of the property, or have not been independently arrived at in open competition;

(D) the disposal will be to the state or any political subdivision, and the estimated fair market value of the property and other satisfactory terms of disposal are obtained by negotiation;

(E) the disposal is for an amount less than the estimated fair market value of the property, the terms of such disposal are obtained by public auction or negotiation, the disposal of the property is intended to further the public health, safety or welfare or an economic development interest of the Corporation, the state or a political subdivision (to include but not limited to, the prevention or remediation of a substantial threat to public health or safety, the creation or retention of a substantial number of job opportunities, or the creation or retention of a substantial source of revenues, or where the authority's enabling legislation permits or other economic development initiatives), the purpose and the terms of such disposal are documented in writing and approved by resolution of the Board of the Corporation; or

(F) such action is otherwise authorized by law.

(iv) (A) An explanatory statement shall be prepared of the circumstances of each disposal by negotiation of:

(1) any personal property which has an estimated fair market value in excess of fifteen thousand dollars;

(2) any real property that has an estimated fair market value in excess of one hundred thousand dollars, except that any real property disposed of by lease or exchange shall only be subject to clauses (3) through (5) of this subparagraph;

(3) any real property disposed of by lease for a term of five years or less, if the estimated fair annual rent is in excess of one hundred thousand dollars for any of such years;

(4) any real property disposed of by lease for a term of more than five years, if the total estimated rent over the term of the lease is in excess of one hundred thousand dollars; or

(5) any real property or real and related personal property disposed of by exchange, regardless of value, or any property any part of the consideration for which is real property.

(B) Each such statement shall be transmitted to the persons entitled to receive copies of the report required under all applicable law not less than ninety (90) days in advance of such disposal (namely the New York Office of the Comptroller, the New York State Director of the Budget, the Commissioner of the New York State Department of General Services, and the New York State Legislature via distribution to the majority leader of the senate and the speaker of the assembly), and a copy thereof shall be preserved in the files of the Corporation making such disposal.



The Guidelines are subject to modification and amendment at the discretion of the Board of Directors of the Corporation and shall be filed annually with all local and state agencies as required under all applicable law.

The designated Contracting Officer for the Corporation is the Secretary of the Corporation.

## PROCUREMENT POLICY

Any purchase/contract for goods or services with an annualized expenditure in excess of \$15,000 must adhere to the following:

### Definitions:

*best value* - the basis for awarding all service purchases/contracts to the offerer which optimizes quality, cost and efficiency, among responsive and responsible offerers. Such basis shall be, whenever possible, quantifiable.

*responsible* - Such requirements may include, but are not limited to, the offerers' qualifications, financial stability and integrity.

*responsive* - Applies to the extent to which the offer has complied with the specifications or requirements of the solicitation for goods or services.

1) For the purchase of goods, proposals must be requested from a minimum of three offerers. The lowest responsible, responsive bidder shall be accepted unless it is otherwise in the best interest of the Corporation, as justified in writing by the Contracting Officer. Such justification must be maintained in the procurement record.

2) For purchases of services, proposals must be requested from a minimum of three offerers. The best value bidder shall be accepted unless it is otherwise in the best interest of the Corporation, as justified in writing by the Contracting Officer. Such justification must be maintained in the procurement record.

3) The requirement for competitive bidding may be waived upon prior written approval of the Contracting Officer provided that prior to the acceptance of such goods or services, a written statement is prepared describing the justification for waiving competitive bidding and the reasonableness of the proposed expenditure.

### **DEFENSE AND INDEMNIFICATION POLICY**

Pursuant to Section 3 of Article VI of the Bylaws of Schuyler Tobacco Asset Securitization Corporation (the "Corporation"), the Corporation shall indemnify each member, each Director, each officer, and, to the extent authorized by the Board of Directors, each other person authorized to act for the Corporation or on its behalf, to the full extent to which indemnification is permitted under the Not-For-Profit Corporation Law.