

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

February 17, 2011  
10:00 A.M.

NIAGARA COUNTY COURTHOUSE  
175 HAWLEY STREET  
LOCKPORT, NY 14094

Present: Clyde L. Burmaster  
William Ross  
William McLaughlin  
Karen Castle  
Sam Ferraro  
Guests: John Ottaviano, Esq.  
Tom Malecki  
Luke Malecki

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The Niagara Tobacco Asset Securitization Corporation was called to order at 10:10 a.m. by President Burmaster.

**NEW BUSINESS:**

1. President Burmaster read a letter from F. Warren Kahn, Esq. resigning for NTASC as attorney. Mr. Burmaster noted, F. Warren Kahn's or any attorney's appointment for NTASC was contingent on presentation of terms of engagement and acceptance of the same by the Board of Directors. It was noted Mr. Kahn did not present terms of engagement or other article for consideration of reappointment as attorney for NTASC.

Mr. Ottaviano of Harris Beach was introduced by Mr. Burmaster. A Motion was made by Sam Ferraro to appoint John Ottaviano of Harris Beach as Attorney for NTASC for the year 2011. Seconded by William Ross.

Approved 5-0

2. President Burmaster relayed Toski and Schaeffer & Co. have been retained for accounting purposes on behalf of NTASC for completion of tax requirements for the year 2010. Again, we did not receive terms of engagement from DiMarco & DiMarco who have been utilized in the past as the accountant for NTASC. An engagement letter has been received and is on file with the Secretary from Toski and Schaeffer & Co.

3. Discussion with Tom and Luke Malecki from Drescher & Malecki regarding the financial position Of NTASC with regard to the preparation of the annual financial statement. It was reiterated the risk of the corporation and the continuing need to provide full disclosure to all interested parties. Drescher & Malecki have marked required changes in language requested from the 2009 audit. These include, but are not limited to, the number of members, the corporation contact information, etc. It is the consensus of the Board and Drescher & Malecki, the addition of footnotes clarify and provide transparency.

4. Brief discuss was had regarding Moody's Report dated December 21, 2010. This report states the decline in smoking is due to consumer awareness of the health risks related to tobacco products and the wide availability of smoking cessation products. Mr. Burmaster indicated he had contacted Moody's Investors

Services relaying the information they present fails to take into consideration the increase of smokers purchasing cigarettes from Indian Reservations rather than independent stores. This allows the consumer to purchase tobacco products without paying taxes imposed and also diverts other income for gasoline, clothing, groceries etc. to Indian Reservations.

5. The topic was diverted to ABO (Authority Budget Office) and the constant changes being imposed. Handouts were provided to the Board Members, Counsel and Auditors with regard to Compliance Review Process and Enforcement Powers of the Authorities Budget Officer. A Handout was also provided showing the Public Authorities that have failed to file reports As of January 2011. After discussion among the Board and other individual present, Mr. Ottaviano indicated although ABO has constant changes if we are in compliance he sees no reason for the Board to feel threatened by these changes. The only non-compliant issue at this time is the lack of PAAA training for Karen Castle. Arrangements have been made for her to attend a conference sponsored by City University of New York School of Professional Studies on May 13, 2011 in Buffalo. There is no cost for this seminar. (William Ross was excused at 10:50 a.m.)

After several additional questions to Drescher & Malecki with responses thereto, a motion was made by William McLaughlin to appoint Drescher & Malecki for completion of the annual audit for the year 2010. Seconded by Sam Ferraro.

Approved 4 - 0

#### SECRETARY'S REPORT

A motion was made by Sam Ferraro to approve the minutes of the December 8<sup>th</sup>, 2010 meeting. Seconded by William McLaughlin.

Approved 4 - 0

#### TREASURER'S REPORT:

The Treasurer's Report was provided to Board Members providing financial information through December 31, 2010, current financial information through February 16, 2011 and the projected estimated 2011 budget. Discussion was had regarding the buy back and cancelling of Bonds. An outline was discussed as to the timeline which will be followed. Karen Castle will remain in contact with Fiscal Advisors (Christine Crawley) who will assist in this action. Starting March 2011, Karen will coordinate with Christine Crawley to effectuate the buy back and cancellation of bonds with the actual buy back date being June 1, 2011. The monies will be transferred to NICAP 5 Collection Account for this purchase on or around May 1, 2011 giving ample time for the required 15 day notification to bondholders and the purchase thereof. There are unknown costs which will be incurred for this transaction. The Board will be kept abreast of this pending transaction and the fees associated therewith as information becomes available.

Mr. McLaughlin inquired about using additional reserve monies (\$50,000) to increase the \$250,000 previously authorized for the buyback and cancellation of bonds. Questions arose regarding the corporations ability to pay expenses if additional monies are depleted.

Discussion was had regarding the Bank of America Settlement received by NTASC in the amount of \$344,991.30 and who should be the benefactor of these funds. Mr. Ottaviano presented a preliminary opinion wherein he requested additional information to solidify rightful ownership of these funds. Documents will be provided to him within the next few days. Karen Castle relayed information to the Board from her conversation with Tom Myers of Orrick and Harrington who were original Bond Counsel for the 2000 event. Mr. Ottaviano will review all documents and will possibly entertain a multiple conference call for further clarification with David Rothman and Tom Myers.

A motion was made by William McLaughlin to approve the Treasurer's report. Seconded by Sam Ferraro.

Approved 4 – 0

ADDITIONAL NEW BUSINESS:

1. Mr. Burmaster read a letter sent to Russell Whitley of M&T Bank regarding the outstanding payment to Hodgson & Russ (\$667.00) for legal services provided to Russell Whitley for review and approval of the 2.7 million dollar payment from the Trapping Account to the Turbo Redemption Account as directed by Bond Logistix. Payment was made to Hodgson & Russ for these services on January 18, 2011.

2. Elections of Officers will take place at the next board meeting.

3. Mr. Burmaster questioned the need to increased the number of board members to include Niagara County Treasurer as the audit report lists NTASC as a "Blended Component" on the Niagara County audit. It is assumed the By-Laws would have to be amended to increase the number of board members from five (5) to seven (7). This will be further discussed at another time.

OLD BUSINESS:

1. A proposed Mission statement was present to the Board for their review and input. Mr. Ottaviano stated this only had to be a simple statement. He will review/prepare the same for consideration. Action will be taken at the next board meeting.

2. Board evaluation have been completed by all Board Members. Karen Castle will compile a summary of these evaluations to be presented to the Board at the next board meeting.

Next meeting will be scheduled on or before March 31st. Motion to adjourn at 11:35 a.m. by Sam Ferraro. Seconded by William McLaughlin.

Approved 4 - 0

Respectfully Submitted,

Karen Castle  
Secretary/Treasurer