

Erie Tobacco Asset Securitization Corporation
Audit Committee

Minutes of Meeting
Wednesday, March 19, 2014

Erie County Division of Budget and Management Conference Room

Corporation Committee Members present: Bryan Bingel, Gerard Mazurkiewicz and Peter Zaleski.

Also present: Robert Keating, Timothy Callan, Martin Polowy, Frederick Wolf, Thomas Malecki and Luke Malecki.

I. CALL TO ORDER

Bryan Bingel called the Meeting of the Audit Committee to order at 9:34 A.M. Quorum present.

II. MINUTES FROM PRIOR MEETING

None.

III. ACTION ITEMS

A) Luke Malecki reviewed Dresher & Malecki, LLP's Audit Summary Agenda, a copy of which is annexed hereto, during and after which the following comments were made regarding Dresher & Malecki, LLP's 2013 Independent Audit Report and accompanying Independent Auditor's Communications.

- Luke Malecki provided an overview of the Auditor Communications. Audit performed in accordance with Generally Accepted Auditing Standards (i.e. look, assess and review internal controls).
- Luke Malecki advised of no change in significant accounting policies from the prior year.
- Luke Malecki discussed the management's judgments and financial estimates and indicated that they are subject to the actual April holdbacks resulting from various trapping events that may have occurred in 2013. It was agreed that the term "projection" should be removed from information contained on page 25 of the draft Report given the bond payment dates set forth therein are contractual in nature.

- The Committee discussed placing on a future meeting agenda the possible engagement of a third party to review bond valuations and whether to regularly reevaluate the Corporation's bonds and possible sources for bond payments and maturity dates.
- There were no alternative accounting treatments; there were no difficulties or disagreements. There was nothing to impair independence in the auditor's relationship with the Corporation.
- Luke Malecki indicated Dresher & Malecki offers an unmodified opinion (the cleanest available) for FY 2013.
- A discussion was held on trends and risks attributable to payments available to the Corporation under the existing Master Settlement Agreement.
- A discussion was held on the timeline for reviews and approvals of the audit documents.
- Thomas Malecki indicated that various trapping events could continue to impair the payment of excess funds to the County under the Master Settlement Agreement.


B) Resolution #1, authorizing the submission of the Corporation's Independent Audit Report and accompanying Independent Auditor's Communications for the calendar year ended December 31, 2013 (as presented in draft form, subject to nonmaterial modifications as discussed and agreed upon by the Committee) to the Corporation Board of Directors for review and acceptance. Moved by Gerard Mazurkiewicz and seconded by Peter Zaleski. Motion unanimously approved. Copy of Resolution #1 is attached.

IV. ITEMS DISCUSSED

- A) Thomas Malecki and Luke Malecki were dismissed from the meeting following the approval of Resolution #1.
- B) Frederick Wolf discussed the Unanimous Written Consent Resolution(s) he would circulate to the Board of Directors to approve the Independent Audit Report and accompanying Independent Auditor's Communications for the calendar year ended December 31, 2013 and the filing of same with the NYS Authorities Budget Office.
- C) Timothy Callan gave an overview of recent NYS Authorities Budget Office filings made on behalf of the Corporation and confirmed that the Corporation with the filing of its 2013 Independent Audit Report and accompanying Auditor's Communication was or will be substantially in compliance with the Corporation's 2013 ABO filing requirements.
- D) A discussion was held on the Federal Arbitration Award from a 2003 case.

V. ADJOURNMENT

Moved by Gerard Mazurkiewicz and seconded by Peter Zaleski to adjourn the Meeting of the Audit Committee at 10:38 A.M. Motion unanimously approved.



Martin A. Polewy
Corporation Assistant Secretary

Erie Tobacco Asset Securitization Corporation
Audit Summary
Agenda
March 19, 2014

- Auditor Communications
 - Generally Accepted Auditing Standards
 - Significant accounting policies
 - Judgments and estimates
 - Tobacco settlement receivable
 - Swap agreement valuation
 - Subordinate Turbo CABs
 - Difficulties/disagreements
 - Independence
- Our opinion—clarity standards
- Risk and trends

MARCH 19, 2014
MEETING OF THE AUDIT COMMITTEE
OF
ERIE TOBACCO ASSET SECURITIZATION CORPORATION (“ETASC”)

Resolution No. 1

BE IT RESOLVED, that the Committee authorizes the submission of the Corporation’s Independent Audit Report and accompanying Independent Auditor’s Communications for the calendar year ended December 31, 2013 (as presented in draft form, subject to nonmaterial modifications as discussed and agreed upon by the Committee) to the Corporation Board of Directors for review and acceptance.

Erie Tobacco Asset Securitization Corporation
Governance Committee

Minutes of Meeting
Wednesday, March 19, 2014

Erie County Division of Budget and Management Conference Room

Corporation Committee Members present: Peter Zaleski, Gerard Mazurkiewicz and Bryan Bingel

Also present: Robert Keating, Timothy Callan, Martin Polowy and Frederick Wolf.

I. CALL TO ORDER

Peter Zaleski called the Meeting of the Governance Committee to order at 10:40 A.M. Quorum present.

II. MINUTES FROM PRIOR MEETING

None.

III. ITEMS DISCUSSED

Timothy Callan reported on the following three documents required to be filed with the NYS Authorities Budget Office: 1) the Corporation's Annual Report; 2) the Corporation's Mission Statement and Performance Measurements; and 3) the Corporation's Annual Assessment of Effectiveness of Internal Controls

The Committee discussed individual director's evaluations of the Board's performance during 2013 and a process for aggregating the scores given to the full Board by each individual director.

The Committee discussed and requested that Robert Keating provide a final payment report of the initial 2014 Annual Tobacco Payments by the New York State Attorney General.

The Committee was reminded of the upcoming County ethics disclosure reporting date of May 15, 2014.

The Committee discussed independent director compensation.

IV. ACTION ITEMS

Resolution #1 that the Committee approves the following documents: 1) the Corporation's Annual Report; 2) the Corporation's Mission Statement and Performance Measurements; and 3) the Corporation's Annual Assessment of Effectiveness of Internal Controls, all as prepared by the County Budget Office, and authorizes Timothy Callan as Treasurer of the Corporation or his designee to file said documents in a timely manner with the NYS Authorities Budget Office. Moved by Gerard Mazurkiewicz and seconded by Bryan Bingel. Motion unanimously approved.

V. ADJOURNMENT

Moved by Gerard Mazurkiewicz and seconded by Bryan Bingel to adjourn the Meeting of the Governance Committee at 11:23 A.M. Motion unanimously approved.



Martin A. Polowy
Corporation Assistant Secretary

MARCH 19, 2014
MEETING OF THE GOVERNANCE COMMITTEE
OF
ERIE TOBACCO ASSET SECURITIZATION CORPORATION (“ETASC”)

Resolution No. 1

BE IT RESOLVED, that the Committee approves the following documents: 1) the Corporation’s Annual Report; 2) the Corporation’s Mission Statement and Performance Measurements; and 3) the Corporation’s Annual Assessment of Effectiveness of Internal Controls, all as prepared by the County Budget Office, and authorizes Timothy Callan as Treasurer of the Corporation or his designee to file said documents in a timely manner with the NYS Authorities Budget Office.