

Erie Tobacco Asset Securitization Corporation
Audit Committee

Minutes of Meeting
Tuesday, January 30, 2018

Budget Conference Room

Corporation Committee Members present: Peter Zaleski, Bryan Bingel and Patricia Johnson.

Also present: Robert Keating, Mark Cornell, Frederick Wolf, Matthew Montalbo and Carl Widmer.

I. CALL TO ORDER

Bryan Bingel called the Meeting of the Audit Committee to order at 1:05 p.m. Quorum present.

II. MINUTES FROM PRIOR MEETING

The Audit Committee meeting minutes from its March 8, 2017 meeting were reviewed and approved. Moved by Peter Zaleski and seconded by Bryan Bingel. Motion unanimously approved.

III. PRESENTATION & DISCUSSION

A) Matthew Montalbo, engagement Partner, Drescher & Malecki, LLP, provided a brief overview of the Corporation and how it came about under the Master Settlement Agreement as a means to receive a stream of income from tobacco settlement revenue.

B) Carl Widmer of Drescher & Malecki will serve as the Audit Manager. He has worked on other TASC audits, as well as the Erie County audit, and has knowledge of the financial statements of the County.

C) Matthew Montalbo briefly discussed CABs and tobacco settlement bonds. He explained CAB interest accretion and maturity. He advised that the CABs draw a lot of focus since that is where most of the risk lies from an audit standpoint.

D) A discussion of the audit plan was held. The engagement letter has been signed, and Drescher & Malecki has a schedule set up to begin field work the week of February 12, 2018.

E. A discussion was held regarding the annual receipt of the tobacco settlement revenues and the timing of the preliminary estimate. The final number does not come in until after the audit is issued.


F. A discussion was held on the timeline for review and approval of the audit documents. Drescher & Malecki will provide to the Audit Committee, in electronic form, all of the draft financial statements a few days in advance of the next Audit Committee meeting. That meeting is scheduled for March 14, 2018 at 2:00 p.m.

IV. ACTION ITEMS

A) 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, 2017 (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 Peter Zaleski and seconded by Bryan Bingel. Motion unanimously approved.

V. ADJOURNMENT

Moved by Peter Zaleski and seconded by Patricia Johnson to adjourn the Meeting of the Audit Committee at 1:29 p.m. Motion unanimously approved.


Michael A. Siragusa
Corporation Secretary