

Erie Tobacco Asset Securitization Corporation
Audit Committee

Minutes of Meeting
Wednesday, March 13, 2019

Erie County Budget Conference Room

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

Also present: Robert Keating, Greg Gach, Scott Bylewski, Frederick Wolf, Matthew Montalbo, Erica Hanley and Danette Drennen.

I. CALL TO ORDER

Bryan Bingel called the Meeting of the Audit Committee to order at 2:02 p.m.
Quorum present.

II. PRESENTATION & DISCUSSION

A) Matthew Montalbo reviewed Drescher & Malecki, LLP's Audit Summary, during and after which the following comments were made regarding Drescher & Malecki, LLP's 2018 Independent Audit Report and accompanying Independent Auditor's Communications.

- Matthew Montalbo, engagement Partner assigned to Corporation audit, provided an overview of the Auditor Communications Audit performed in accordance with Generally Accepted Auditing Standards.
- Matthew Montalbo advised of no change in significant accounting policies from the prior year. Significant accounting estimates are similar to years past. There was discussion concerning the difficulty pinpointing an exact number with respect to the outstanding receivable for the April payment of tobacco settlement revenues. The payment usually comes in from the State around this time of year, but most of the TASCs in New York State are still awaiting this number. For purposes of this audit, Drescher & Malecki used a fairly conservative estimate of the amount which is based on historical trends. This estimated receivable will be adjusted going forward when notification of the final payment amount is received.
- Matthew Montalbo advised it was mostly a standard year, with no changes from the prior year in significant accounting policies.
- Matthew Montalbo advised that 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.

B) Matthew Montalbo indicated Drescher & Malecki offers an opinion that the financial statements are presented fairly as of and for the year ended December 31, 2018.

C) Additional Discussion-

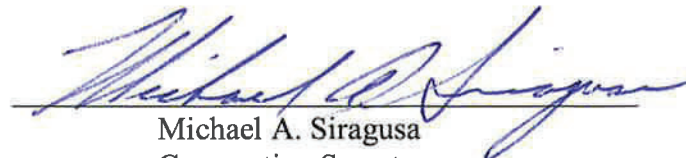
- A discussion was held regarding the trends of the net positions and deficits.
- A discussion was held concerning cigarette consumption, shipment trends, taxes, cigarette sales volume for tobacco sellers and the various manufacturers participating in the MSA.
- A discussion was held regarding a Management Letter. Drescher & Malecki did not issue a Management Letter this year. It was not necessary because there were no significant deficiencies, weaknesses in internal control or compliance findings.
- A discussion was held regarding the outstanding receivable forthcoming from the State and when it may be received.
- A discussion was held on the timeline for reviews and approvals of the audit documents.

III. ACTION ITEMS

A) Resolution #1 authorizing the submission of the Corporations' Independent Audit Report and accompanying Independent Auditor's Communications for the calendar year ended December 31, 2018 (as presented in draft form, subject to the outstanding receivable information forthcoming from the State and subject to nonmaterial modifications as discussed and agreed upon by the Committee and receipt by the Committee of the revised Report and Communications) to the Corporation Board of Directors for review and acceptance. Moved by Patricia Johnson and seconded by Peter Zaleski. Motion unanimously approved.

IV. ADJOURNMENT

Moved by Peter Zaleski and seconded by Patricia Johnson to adjourn the meeting of the Audit Committee at 2:20 p.m. Motion unanimously approved.


Michael A. Siragusa
Corporation Secretary