

**Authority Mission Statement and Performance Measurements  
For the Fiscal Year 2016  
Erie Tobacco Asset Securitization Corporation**

**Mission Statement:** The mission of the Erie Tobacco Asset Securitization Corporation (ETASC) is to acquire, hold, sell, pledge and otherwise dispose of all or a portion of the rights of Erie County to receive payments from certain cigarette manufacturers under a 1998 Master Settlement Agreement (MSA) of a class action entitled State of New York, et al. v. Philip Morris Incorporated, et al. for the benefit of its bondholders and the County. The Corporation's mission is to satisfy its obligations under Trust Indentures associated with its outstanding bonds and from time to time, if appropriate, assess additional MSA revenue securitization opportunities. This public purpose and mission has been accomplished in part by ETASC through the issuance of bonded indebtedness in the years 2000, 2005 and 2006.

**List of Performance Goals:** ETASC's Performance goals include, but are not limited to:

- Conducting annual, committee, and/or special meetings of ETASC's Board of Directors and Sole Member, to review and affirm the Corporation's activities, policies and if appropriate audited financial statements.
- Review if appropriate, in conjunction with Erie County, opportunities to increase the value received of 1998 Master Settlement Agreement (MSA) payments, and thereby increase the benefit to Erie County by issuing additional bonded indebtedness or refunding existing ETASC bonded indebtedness payable from the payments under the MSA or by other means.
- Review opportunities to reduce the financial liability and indebtedness of ETASC.
- Engaging in such other activities required by New York State Law and/or ETASC's By-Laws and Certificate of Incorporation.

**Additional questions:**

**1. Have the board members acknowledged that they have read and understood the mission of the public authority?**

Yes. The ETASC mission statement was developed with the concurrence of the three independent directors and the two County directors, one of whom is the Sole Member.

**2. Who has the power to appoint the management of the public authority?**

ETASC has no staff. Services are provided as needed by the officers of the corporation as follows:

- President of the corporation, who is the County's Budget Director;
- Treasurer of the corporation, who is the County's Deputy Budget Director;
- Vice President of the corporation, who is the County's Deputy Comptroller;
- Secretary of the corporation, who is the County Attorney;
- Assistant Secretary of the corporation, who is an Assistant County Attorney; and
- Assistant Treasurer of the corporation, who is a management consultant for the County's Division of Budget and Management

The officers are determined by the ETASC by-laws; see

<http://www2.erie.gov/etasc/sites/www2.erie.gov.etasc/files/uploads/ETASC%20By-Laws.PDF>

**3. If the Board appoints management, do you have a policy you follow when appointing the management of the public authority?**

As explained above, the appointment of the officers follows the process in the adopted by-laws.

**4. Briefly describe the role of the Board and the role of management in the implementation of the mission.**

The board and Sole Member meet as necessary, at least annually, and as necessary for the annual audit committee review of the audited financial statements and to make decisions regarding ETASC's operations. In 2016, the board and its committees met multiple times to review ETASC operations, the annual financial audit and to conduct governance. Services are performed as needed by the officers (President, Treasurer, Assistant Treasurer, Secretary and Assistant Secretary) working in conjunction with the corporation's outside accountant, the independent auditor, and the outside legal counsel.

The independent directors also occasionally interact with the outside auditor and outside legal counsel separately from the officers, providing another layer of director independence and oversight.

**5. Has the Board acknowledged that they have read and understood the responses to each of these questions?**

Yes. The ETASC Treasurer has provided the 2016 Performance Measurement filing to the five board members for their review and concurrence before its submission to the Authorities Budget Office.