

Erie Tobacco Asset Securitization Corporation
Audit Committee Report

Minutes of the Meeting
Tuesday, February 7, 2023

Erie County Budget Conference Room

Corporation Committee Members Present: Bryan Bingel, Peter Zaleski, Patricia Johnson

Also Present: Robert Keating, Tim Callan, David Zaleski, Matthew Montalbo, Corey Sveinsson, Richard Stanton, Kim Kajdasz, and Sara Dayton from Lumsden and McCormick.

I. CALL TO ORDER

Bryan Bingel called the Meeting of the Audit Committee to order at 2:01 p.m.
Quorum present.

II. MINUTES FROM PRIOR MEETING

None.

III. PRESENTATION & DISCUSSION

A) Matthew Montalbo provided an overview of Drescher & Malecki, LLP's Audit plan, including but not limited to:

- An introduction of the audit team;
- Reassurance of the firm's independence;
- Review of the anticipated reports and required auditor communications in accordance with Generally Accepted Auditing Standards to be issued;
- Review of the audit plan – accounting policies; statement of liabilities and assets; risk assessment; regulatory changes;
- Review of audit timeline;
- Review of fraud considerations.

B) Additional Discussion:

- A discussion was held regarding the trends of the net positions and deficits.
- A discussion was held regarding concerns of a possible the overpayment of five million dollars by BNY Mellon in June 2022. The apparent overpayment was ultimately remitted back in December 2022.

- A discussion was held surrounding BNY Mellon's role and involvement as a trustee and with the available cash in the trust account.
- A discussion was held reviewing the history of the Corporation, the succession of directors; the bond series; interest and principal ratios as they relate to payments.
- A discussion was held regarding potential updates to the current procurement policies.

IV. ACTION ITEMS

- Drescher & Malecki to provide sample RFP's for procurements used by similar clients.
- Drescher & Malecki to suggest names of 3-5 law firms that can assist with corporate governance going forward.

V. ADJOURNMENT

The meeting was adjourned by Bryan Bingel and seconded by Patricia Johnson at 2:33 p.m. Motion Unanimously approved.

A next meeting was scheduled for Tuesday, March 7th at 2:00 p.m., to review the Audit Report