

**2026 ANNUAL MEETING  
OF THE  
BOARD OF DIRECTORS  
OF  
ERIE TOBACCO ASSET SECURITIZATION  
CORPORATION**

**March 18, 2026**

**2026 ANNUAL MEETING  
OF THE  
BOARD OF DIRECTORS  
OF  
ERIE TOBACCO ASSET SECURITIZATION CORPORATION**

**March 18, 2026**

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**1.**

**Agenda  
of the  
March 18, 2026  
Annual Meeting  
of the  
Board of Directors**

**AGENDA  
OF THE  
ANNUAL MEETING  
OF THE  
BOARD OF DIRECTORS (THE “BOARD”)  
OF  
ERIE TOBACCO ASSET SECURITIZATION CORPORATION  
 (“CORPORATION”)**

**March 18, 2026**

**1. Call Meeting to Order.**

- Chair and President Mark Cornell, to call the Annual Meeting of the Board to order.

**2. Adopt Minutes of Corporation (Pg. 48).**

- The Board to adopt for filing the minutes of the meeting of the Board on:
  - March 19, 2025
  - October 28, 2025
  - March 11, 2026attached hereto at Page 48.

**3. Acknowledge Receipt of Minutes of Audit and Governance Committees (Pg. 61).**

- The Board to acknowledge receipt of copies of the minutes and Reports of the Board’s Audit and Governance Committees’ 2026 meetings and 2026 activities, respectively, located at page, attached hereto at Page 61.

**4. Action Item 1 – Resolution to Authorize an Amendment to the By-laws of the Corporation and Re-Adopt Policies of the Corporation (Pg. 6).**

- The Board to adopt attached Resolution Number 1 (i) authorizing an amendment to the By-laws of the Corporation annexed thereto, and (ii) re-adopting and approving certain policies of the Corporation annexed thereto, attached hereto at Page 6.

**5. Action Item 2 – Resolution to Accept and Approve Audited Financial Statements and Authorize Filing of Same (Pg. 41).**

- The Board to adopt attached Resolution Number 2, accepting and approving the Corporation’s Basic Financial Statements and Required Supplementary Information for the Year Ended December 31, 2025, including the Report of the Corporation’s Independent Auditors for the Year Ended December 31, 2025 (the “2025 Financial Statements”), to be accepted by the Sole Member of the Corporation, and copies of which have been distributed to all Board members in accordance with Article II, Section 13 of the Corporation’s By-laws, attached hereto at Page 41; and
- The Board to direct and authorize the Corporation’s Treasurer or their designee to file the 2025 Financial Statements with the New York State Authorities Budget Office, the Chief

Executive Officer and the Chief Fiscal Officer of the Corporation and the Chairman of the Erie County Legislature, within ninety (90) days of the end of the Corporation's fiscal year.

**6. Action Item 3 – Resolution to Authorize Mission Statement, Annual Assessment of Internal Controls, and Annual Report (Pg. 42).**

- The Board of Directors to adopt attached Resolution Number 3 accepting, approving, and authorizing the filing by the Corporation's Treasurer or their designee of the Corporation's Mission Statement, Annual Assessment of Internal Controls, and Annual Report with the New York State Authorities Budget Office, attached hereto at Page 42.

**7. Action Item 4 – Resolution to Accept Board Performance Evaluations (Pg. 43).**

- The Board of Directors to adopt attached Resolution Number 4 accepting the Aggregate Results of its Confidential Evaluation of the Board's Performance during 2025 and directing its Treasurer or their designee to file same with the New York State Authorities Budget Office, attached hereto at Page 43.

**8. Action Item 5 – Resolution to Elect Officers and Appoint Committee Members (Pg. 44).**

- The Board to adopt attached Resolution Number 5 electing officers and appointing committee members of the Corporation to continue to serve until the next Annual Meeting of the Corporation and until their respective successors are elected and qualified, and further delegating to the Chairman the Board's power to appoint and remove the Assistant Treasurer and Assistant Secretary of the Corporation from time to time, attached hereto at Page 44.

**9. Action Item 6 – Resolution to Authorize Annual Stipends for Independent Directors and Designated Director (Pg. 45).**

- The Board to adopt attached Resolution Number 6 accepting, approving and authorizing an annual stipend for Independent Directors and Designated Director in the amount of \$2,500.00, attached hereto at Page 45.

**10. Acknowledgment of Fiduciary Duty.**

- The Board, on an individual basis, shall execute attached Acknowledgment of Fiduciary Duty, upon recitation of the Mission Statement in accordance with the Public Authorities Law.

**11. Other Business.**

- The Board to consider and discuss any other business which may come before it.

**12. Meeting Adjourned.**

**ACTION ITEM 1**  
**ANNUAL MEETING  
OF THE  
BOARD OF DIRECTORS  
OF  
ERIE TOBACCO ASSET SECURITIZATION CORPORATION  
("CORPORATION")**

**March 18, 2026**

***Resolution Number 1  
Approval of Amendments to By-laws and Re-adoption Policies***

**BE IT RESOLVED**, that the By-laws are hereby amended, as presented at this meeting, in the form attached hereto as **Exhibit A**; and

**BE IT FURTHER RESOLVED**, that the following policies, as presented at this meeting, are hereby re-adopted and approved:

- (a) The Amended and Restated Procurement Policy attached hereto as **Exhibit B**;
- (b) The Disposition of Property Guidelines attached hereto as **Exhibit C**; and
- (c) The Investment Policy attached hereto as **Exhibit D**.

**EXHIBIT A**

Amended and Restated By-laws

[Attached]

Last Amended: March 18, 2026

**AMENDED AND RESTATED BY-LAWS**  
**OF**  
**ERIE TOBACCO ASSET SECURITIZATION CORPORATION**

Initially Adopted: September 11, 2000

As amended and restated March 18, 2026, (amending Art. I, Sec. 2, Sec. 4; Art. II, Sec 2, Sec. 5, Sec. 6, Sec. 13, Sec. 14; Art. III Sec. 1, Sec. 6, further repealing Art. II Sec. 6(b), 6(c) in their entirety), and as previously amended November 28, 2014 (amending Art. II, Sec. 8 and Art. III, Sec. 7); amended February 19, 2014 (amending Art. II, Sec. 3); February 22, 2012 (amending Art. I, Secs. 2 and 3, Art. II, Sec. 8 and Art. III, Sec. 7); July 28, 2006 (amending Art. II, Sec. 2(b) and adding Art. II, Sec. 14); and November 14, 2003 (adding Art. III, Sec. 10.1)

**AMENDED AND RESTATED BY-LAWS  
OF  
ERIE TOBACCO ASSET SECURITIZATION CORPORATION**

**ARTICLE I  
MEMBER**

**Section 1. Member Authorized.**

The sole member of the corporation shall be the County Executive of Erie County, New York, *ex officio*.

**Section 2. Meetings.**

The annual meeting of the sole member shall be held at such convenient time and place designated by the sole member. At the annual meeting, the sole member shall receive the annual report and transact any other business as necessary. All meetings of the sole member shall be presided over by the sole member.

**Section 3. Notice of Meetings.**

(a) Written notice of each meeting of the sole member shall be given to the sole member by the sole member, personally or by first class mail not less than ten (10) nor more than fifty (50) days before the date of the meeting, or by another class of mail not less than thirty (30) nor more than sixty (60) days before such date.

(b) Notice of a meeting of the sole member need not be given to if the sole member submits a signed waiver of notice whether before or after the meeting, or to the extent the sole member attends the meeting without protesting, prior thereto or at its commencement, the lack of notice.

**Section 4. No Action by Sole Member Without a Meeting.** Whenever the sole member is required or permitted to take action by vote, no such action may be taken without a meeting where the sole member entitled to vote thereon is present. Except as otherwise provided in the Certificate of Incorporation, whenever any corporate action is to be taken by the sole member, it shall be authorized by a unanimous vote of the sole member.

**ARTICLE II  
BOARD OF DIRECTORS**

**Section 1. Power of Board and Qualification of Directors.**

The Corporation shall be managed by its Board of Directors. Each director shall be at least eighteen years of age and qualified as set forth herein.

**Section 2. Number and Term of Office:**

(a) The Board of Directors shall be comprised of five directors to be appointed for a maximum term of five (5) years and until their successors are appointed and qualified. Members of the Board of Directors shall be appointed as follows:

- (i) One director appointed by the Erie County Executive;
- (ii) One director appointed by the Erie County Comptroller;
- (iii) One director jointly appointed by the Chairperson of the Erie County Legislature and the Minority Leader of the Erie County Legislature who shall be “independent” as such term is described in Section 2825 of the New York Public Authorities Law (the “Designated Director”); and
- (iv) Two directors, jointly designated by a majority of the other three directors, in accordance with Section SEVENTH of the Certificate of Incorporation, and who shall be “independent” as such term is described in Section 2825 of the New York Public Authorities Law (the “Independent Directors”).

(b) In the event two of the three directors that are not Independent Directors are unable to agree on the designation of an Independent Director, any director or an indenture trustee for holders of Obligations may petition any court of competent jurisdiction to make such designation.

(c) Each director shall have one vote.

**Section 3. Organization.**

At each meeting of the Board of Directors, the County Executive, or, in his absence the Chairman, or any Vice President of the Corporation, shall preside. The Secretary or an Assistant Secretary shall act as secretary of the Board of Directors. In the event the Secretary and each Assistant Secretary shall be absent from any meeting of the Board of Directors, the directors attending said meeting shall select its secretary.

#### **Section 4. Resignations and Removal of Directors.**

(a) Any director of the Corporation may resign at any time by giving written notice to the President or to the Secretary. Such resignation shall take effect when their successors shall have been designated and qualified.

(b) Any or all of the directors may be removed with or without cause by vote of the other directors.

**Section 5. Newly Created Directorships and Vacancies.** Vacancies occurring for any reason with respect to the members of the Board of Directors that are not Independent Directors shall be filled in accordance with Section 2(b) of this Article II. Vacancies occurring for any reason with respect to the Independent Directors shall be filled by the Board of Directors and otherwise in accordance with the Certificate of Incorporation and Section 2(b) of this Article II. Directors designated to fill vacancies shall hold office until the end of the term which the director was elected or appointed to fill and until their successors are appointed and qualified.

#### **Section 6. Action by the Board of Directors.**

(a) Except as otherwise provided by law, the Certificate of Incorporation or these By-laws, the act of the Board of Directors means action at a meeting of the Board of Directors by a majority vote of the whole number of the members of the Board of Directors, provided a quorum is present; which whole number shall mean the total number of members the Board of Directors would have if there were no vacancies.

(b) Reserved.

(c) Reserved.

(d) For so long as any "Obligations" (as defined in Article THIRD of the Certificate of Incorporation) are outstanding, the Board of Directors shall not vote on any matter requiring the vote of an Independent Director unless and until two Independent Directors are then serving on the Board of Directors, notwithstanding any less stringent requirement contained in the Certificate of Incorporation.

### **Section 7. Place of Meeting.**

The Board of Directors shall hold its meetings at the principal office of the Corporation, or at such place or places within the County of Erie as the Board of Directors may from time to time by resolution determine.

### **Section 8. Annual or Regular Meetings.**

The Annual Meeting of the Board of Directors shall be held on the third (3rd) Wednesday of March or any alternative day and/or month agreed upon, in writing, by the majority of the Board of Directors. To the extent permitted by law, other regular meetings of the Board of Directors may be held without notice at such times as may be fixed from time to time by resolution of the Board of Directors.

### **Section 9. Special Meetings.**

Special meetings of the Board of Directors shall be held whenever called by the President, the sole member or by a director. Notice shall be given orally, by telefax, or by mail and shall state the purposes, time and place of the meeting. If notice is given orally, in person or by telephone, it shall be given not less than one (1) day before the meeting; if it is given by telefax or by mail, it shall be given not less than three (3) days before the meeting.

### **Section 10. Waivers of Notice.**

Notice of a meeting need not be given to any director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice.

### **Section 11. Quorum.**

(a) A majority of the entire Board of Directors shall constitute a quorum for the transaction of business.

(b) A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place without notice to any director.

### **Section 12. Compensation.**

Directors may receive such compensation for their services as may be approved by a majority of the Board of Directors and may be reimbursed for the expenses reasonably incurred by them in the performance of their duties.

### **Section 13. Annual Report.**

The Board of Directors, upon approval of the annual report as described in this paragraph (the Annual Report”), shall present the Annual Report at the Annual Meeting of the sole member. The Annual Report shall be certified by a firm of independent public accountants selected by the Board, and show in appropriate detail the following:

- (a) The assets and liabilities, including the trust funds, of the Corporation as of the end of the twelve-month fiscal period terminating not more than six months prior to said meeting.
- (b) The principal changes in assets and liabilities, including trust funds, during said fiscal period.
- (c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes during said fiscal period.
- (d) The expenses or disbursements of the Corporation for both general and restricted purposes, during said fiscal period.
- (e) All other requirements pursuant to Public Authorities Law Section 2800.

This report shall be filed with the records of the Corporation and a copy thereof entered in the minutes of the proceedings of the Annual Meeting of the sole member.

### **Section 14. Finance & Audit Committee and Governance Committee.**

(a) The Board of Directors shall establish a Finance & Audit Committee comprised of at least three (3) members, which shall at a minimum be the Independent Directors and the Designated Director. Committee members shall serve for terms of one year. The Finance and Audit Committee, by majority vote, shall annually designate one committee member to serve as chair of the Finance & Audit Committee. The committee shall recommend to the Board of Directors the hiring of a certified independent accounting firm for the Corporation, establish the compensation to be paid to the accounting firm and provide direct oversight of the performance of the independent audit performed by the accounting firm. to the extent practicable, members of the audit committee should be familiar with corporate financial and accounting practices.

(b) The Board of Directors shall establish a governance committee comprised of at least three (3) members, which shall at a minimum be the Independent Directors and the Designated Director. Committee members shall serve for terms of one year. The Governance Committee, by majority vote, shall annually designate one committee member to serve as chair of the Governance Committee. It shall be the responsibility of the members of the governance committee to keep the Board of Directors informed of current best governance practices, to review corporate governance trends, to update the Corporation’s governance principles and to advise the appointing authorities on the skills and background required of potential board members.

## **ARTICLE III OFFICERS**

### **Section 1. Number.**

The officers of the Corporation shall be a Chairman, a President, one or more Vice Presidents, a Treasurer, a Secretary and such other officers as the Board of Directors may in its discretion determine in accordance with Section SEVENTH of the Corporation's Certificate of Incorporation. Any two or more offices may be held by the same person, except the offices of President and Secretary.

### **Section 2. Term of Office and Qualifications.**

Those officers whose titles are specifically mentioned in Section 1 of this Article III shall be elected by the Board of Directors at its annual meeting. Unless a shorter term is provided in the resolution of the Board of Directors electing such officer, the term of office of each officer shall extend to the first meeting of directors following the next Annual Meeting and until the officer's successor is elected and qualified. The Treasurer shall at all times be the individual from time to time exercising the powers and duties of the Director of the Division of Budget, Management and Finance of Erie County.

### **Section 3. Additional Officers.**

Additional officers may be elected for such period, have such authority and perform such duties, either in an administrative or subordinate capacity, as the Board of Directors may from time to time determine.

### **Section 4. Removal of Officers.**

Any officer may be removed by the Board of Directors with or without cause at any time.

### **Section 5. Resignation.**

Any officer may resign at any time by giving written notice to the Board of Directors, or to the President or to the Secretary. Any such resignation shall take effect at the time specified therein, or, if no time be specified, then upon delivery.

### **Section 6. Vacancies.**

A vacancy in any office shall be filled by the Board of Directors, and otherwise in accordance with Section SEVENTH of the Corporation's Certificate of Incorporation.

### **Section 7. Chairman.**

The Chairman, if present, shall preside at all meetings of the Board of Directors at which the County Executive is absent.

## **Section 8. President.**

The President shall act as the chief executive officer of the Corporation and shall supervise generally the management of the affairs of the Corporation subject only to the supervision of the Board of Directors. The President shall also perform such other duties as may be assigned from time to time by the Board of Directors.

## **Section 9. Vice Presidents.**

In the absence or incapacity to act of the President, or if the office of President be vacant, a Vice President designated by a majority of the then serving Vice Presidents shall perform the duties and exercise the powers of the President, subject to the right of the Board of Directors from time to time to extend or confine such powers and duties or to assign them to others. The Vice Presidents shall have such powers and shall perform such other duties as may be assigned by the Board of Directors or the President.

## **Section 10. Treasurer.**

The Treasurer shall, if required by the Board of Directors, obtain a bond for the faithful discharge of his or her duties, in such sum and with such sureties as the Board of Directors shall require. The Treasurer shall keep and maintain the books of account and shall have charge and custody of, and be responsible for, all funds and securities of the Corporation, and deposit all such funds in the name of and to the credit of the Corporation in such banks, trust companies, or other depositories as shall be selected by the Board of Directors. The Treasurer shall also perform all other duties customarily incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board of Directors.

**Section 10.1. Assistant Treasurer.** In the absence or incapacity to act of the Treasurer, or if the office of Treasurer be vacant, the Assistant Treasurer shall perform the duties and exercise the powers of the Treasurer, subject to the right of the Board of Directors from time to time to extend or confine such powers and duties or assign them to others. The Assistant Treasurer shall, if required by the Board of Directors, obtain a bond for the faithful discharge of his or her duties, in such sum and with such sureties as the Board of Directors shall require.

## **Section 11. Secretary.**

It shall be the duty of the Secretary to act as secretary of all meetings of the Board of Directors, and to keep the minutes of all such meetings in a proper book or books to be provided for that purpose; the Secretary shall see that all notices required to be given by the Corporation are duly given and served; the Secretary shall keep a current list of the Corporation's directors and officers and their residence addresses; the Secretary shall be custodian of the seal of the Corporation and shall affix the seal, or cause it to be affixed, to all agreements, documents and other papers requiring the same. The Secretary shall have custody of the minute book containing the minutes of all meetings of the sole member, directors, and any special committee which may keep minutes, and of all other contracts and documents which are not in the custody of the Treasurer of the Corporation, or in the custody of some other person authorized by the Board of Directors to have such custody. Some or all of the foregoing duties may be discharged by an

Assistant Secretary appointed by the Board of Directors.

**Section 12. Appointed Officers.**

The Board of Directors may delegate to any officer or committee the power to appoint and to remove any subordinate officer, agent or employee.

**Section 13. Assignment and Transfer of Stocks, Bonds and Securities.**

The Chairman, President, Treasurer, and each of them, shall have the power to assign, or to endorse for transfer, and to deliver, any stock, bonds, subscription rights, or other securities, or any beneficial interest therein, held or owned by the Corporation.

**ARTICLE IV  
CONTRACTS, CHECKS, DRAFTS, BANK ACCOUNTS AND INDEBTEDNESS**

**Section 1. Execution of Contracts.**

The Board of Directors, except as in these By-laws otherwise provided, may authorize any officer or officers, agent or agents, in the name of and on behalf of the Corporation to enter into any contract or execute and deliver any instrument, and such authority may be general or confined to specific instances; but, unless so authorized by the Board of Directors, or expressly authorized by these By-laws, no officers, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable pecuniary in any amount for any purpose.

**Section 2. Loans.**

No loans shall be contracted on behalf of the Corporation unless specifically authorized by the Board of Directors.

**Section 3. Checks, Drafts, etc.**

All checks, drafts and other orders for the payment of money out of the funds of the Corporation, and all notes or other evidences of indebtedness of the Corporation, shall be signed on behalf of the Corporation in such manner as shall from time to time be determined by resolution of the Board of Directors.

**Section 4. Deposits.**

All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

**Section 5. Indebtedness.**

For so long as any “Obligations” (as defined in Article THIRD of the Certificate of Incorporation) remain outstanding, the Corporation shall not incur or assume any indebtedness for borrowed money other than as set forth in Article THIRD of the Certificate of Incorporation.

**ARTICLE V  
INDEMNIFICATION AND INSURANCE**

**Section 1. Authorized Indemnification.**

Unless clearly prohibited by law or Section 2 of this Article V, the Corporation shall indemnify any person (“Indemnified Person”) made, or threatened to be made, a party in any action or proceeding, whether civil, criminal, administrative, investigative or otherwise, including any action by or in the right of the Corporation, by reason of the fact that he or she (or his or her testator or intestate), whether before or after adoption of this Section, (a) is or was a member, director or officer of the Corporation, or (b) in addition is serving or served, in any capacity, at the request of the Corporation, as a member, director or officer of any other corporation, or any partnership, joint venture, trust, employee benefit plan or other enterprise. The indemnification shall be against all judgments, fines, penalties, amounts paid in settlement (provided the Corporation shall have consented to such settlement) and reasonable expenses, including attorneys’ fees and costs of investigation, incurred by an Indemnified Person with respect to any such threatened or actual action or proceeding, and any appeal thereof, provided that, for so long as any “Obligations” (as defined in Article THIRD of the Certificate of Incorporation) remain outstanding, the Corporation’s indemnification obligation pursuant to this Article V, Section 1, and Article FOURTEENTH of the Certificate of Incorporation, shall be subject to the terms of any agreements between the Corporation and the holders of any Obligations.

**Section 2. Prohibited Indemnification.**

The Corporation shall not indemnify any person if a judgment or other final adjudication adverse to the Indemnified Person (or to the person whose actions are the basis for the action or proceeding) establishes, or the Board of Directors in good faith determines, that such person’s acts were committed in bad faith or were the result of active and deliberate dishonesty and were material to the cause of action so adjudicated or that he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled.

**Section 3. Advancement of Expenses.**

The Corporation shall, on request of any Indemnified Person who is or may be entitled to be indemnified by the Corporation, pay or promptly reimburse the Indemnified Person’s reasonably incurred expenses in connection with a threatened or actual action or proceeding prior to its final disposition. However, no such advancement of expenses shall be made unless the Indemnified Person makes a binding, written commitment to repay the Corporation, with interest, for any amount advanced for which it is ultimately determined that he or she is not entitled to be indemnified under the law or Section 2 of this Article V. An Indemnified Person shall cooperate

in good faith with any request by the Corporation that common legal counsel be used by the parties to such action or proceeding who are similarly situated unless it would be inappropriate to do so because of actual or potential conflicts between the interests of the parties.

#### **Section 4. Indemnification of Others.**

Unless clearly prohibited by law or Section 2 of this Article V, the Board of Directors may approve Corporation indemnification as set forth in Section 1 of this Article V or advancement of expenses as set forth in Section 3 of this Article V, to a person (or the testator or intestate of a person) who is or was employed by the Corporation or who is or was a volunteer for the Corporation, and who is made, or threatened to be made, a party in any action or proceeding, by reason of the fact of such employment or volunteer activity, including actions undertaken in connection with service at the request of the Corporation in any capacity for any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

#### **Section 5. Determination of Indemnification.**

Indemnification mandated by a final order of a court of competent jurisdiction will be paid. After termination or disposition of any actual or threatened action or proceeding against an Indemnified Person, if indemnification has not been ordered by a court the Board of Directors shall, upon written request by the Indemnified Person, determine whether and to what extent indemnification is permitted pursuant to these by-laws. Before indemnification can occur the Board of Directors must explicitly find that such indemnification will not violate the provisions of Section 2 of this Article V. No director with a personal interest in the outcome, or who is a party to such actual or threatened action or proceeding concerning which indemnification is sought, shall participate in this determination. If a quorum of disinterested directors is not obtainable, the Board of Directors shall act only after receiving the opinion in writing of independent legal counsel that indemnification is proper in the circumstances under then applicable law and these By-laws.

#### **Section 6. Binding Effect.**

Any person entitled to indemnification under these By-laws has a legally enforceable right to indemnification which cannot be abridged by amendment of these By-laws with respect to any event, action or omission occurring prior to the date of such amendment.

#### **Section 7. Insurance.**

The Corporation is not required to purchase directors' and officers' liability insurance, but the Corporation may purchase such insurance if authorized and approved by the Board of Directors. To the extent permitted by law, such insurance may insure the Corporation for any obligation it incurs as a result of this Article V or operation of law and it may insure directly the Directors, officers, employees or volunteers of the Corporation for liabilities against which they are not entitled to indemnification under this Article V as well as for liabilities against which they are entitled or permitted to be indemnified by the Corporation.

**Section 8. Nonexclusive Rights.**

The provisions of this Article V shall not limit or exclude any other rights to which any person may be entitled under law or contract. The Board of Directors is authorized to enter into agreements on behalf of the Corporation with any director, officer, employee or volunteer providing them rights to indemnification or advancement of expenses in connection with potential indemnification in addition to the provisions therefore in this Article V, subject in all cases to the limitations of Sections 1 and 2 of this Article V.

**ARTICLE VI  
GENERAL**

**Section 1. Office.**

The office of the Corporation shall be at such place in the County of Erie, State of New York, as the Board of Directors may determine.

**Section 2. Books and Records.**

There shall be kept at the office of the Corporation:

- (a) correct and complete books and records of account;
- (b) minutes of the proceedings of the sole member and the Board of Directors;
- (c) a current list of the Directors and officers of the Corporation and their residence addresses;
- (d) a list or record containing the names and addresses of the sole member;
- (e) a copy of these By-laws.

**Section 3. Seal.**

The corporate seal shall be in the form of a circle and shall have inscribed thereon the following: "Erie Tobacco Asset Securitization Corporation 2000 New York Not-for-Profit Corporation."

**Section 4. Interested Directors and Officers.**

No contract or other transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, firm, association or other entity in which one or more of its directors or officers are directors or officers, or have a substantial financial interest, shall be either void or voidable for this reason alone or by reason alone that such director or directors or officer or officers are present at the meeting of the Board of Directors which authorizes such contract or transaction, or that his or their votes are counted for such purpose if

the material facts as to such director's or officer's interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the Board of Directors and the Board of Directors authorizes such contract or transaction by a vote sufficient for such purpose without counting the vote or votes of such interested director or officers.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors which authorizes such contract or transaction.

#### **Section 5. Loans to Directors and Officers.**

No loans other than through the purchase of bonds, debentures, or similar obligations of the type customarily sold in public offerings, or through ordinary deposit of funds in a bank, shall be made by the Corporation to its directors or officers, or to any other corporation, firm, association or other proprietary entity in which one or more of its directors or officers are directors or officers or hold a substantial financial interest except as allowed by law.

#### **Section 6. Fiscal Year.**

The fiscal year of the Corporation shall commence January 1 in each calendar year and end on the next succeeding December 31, provided that the fiscal year may be changed by the Board of Directors.

### **ARTICLE VII AMENDMENTS**

#### **Section 1. Amendments.**

The By-laws of the Corporation may be amended, modified, supplemented or repealed as set forth in the Certificate of Incorporation or otherwise as permitted by law, provided, however, that for so long as any "Obligations" (as defined in Article THIRD of the Certificate of Incorporation) remain outstanding, the provisions of Section 6(d) of Article II, Section 5 of Article IV, and Section 1 of Article V may not be amended unless the Corporation shall have received from each securities rating agency then publishing a public rating of the Obligations a letter to the effect that the proposed amendment will not adversely affect such agency's then applicable rating of the Obligations.

### **ARTICLE VIII ISSUANCE OF ADDITIONAL OBLIGATIONS**

#### **Section 1. Issuance of Additional Obligations.**

Following the initial issuance of the Obligations (as defined in the Certificate of Incorporation) contemplated in Article THIRD of the Certificate of Incorporation and the completion of all transactions ancillary thereto, the Corporation shall not issue any additional Obligations payable from the proceeds of the Tobacco Asset without the approval of a majority of

the Board of Directors, which majority shall include the affirmative vote of the Designated Director.

**EXHIBIT B**

Amended and Restated Procurement Policy

[Attached]

# ERIE TOBACCO ASSET SECURITIZATION CORPORATION

## **AMENDED AND RESTATED PROCUREMENT POLICY**

### **A. Introduction.**

1. Applicability – This Amended and Restated Procurement Policy (“Policy”) shall apply to the Erie Tobacco Asset Securitization Corporation (the ‘Corporation’) upon approval by the respective Board of Directors or Members of the Corporation.
2. Scope – In accordance with Section 104-b of the New York General Municipal Law (the “GML”) and the Public Authorities Accountability Act of 2005, the Corporation is required to adopt procurement policies which will apply to the procurement of goods and services paid for by the Corporation for its own use and account.
3. Purpose – Pursuant to Section 104-b of the GML, the primary objectives of this Policy are to assure the prudent and economical use of public monies in the best interests of the taxpayers of the County of Erie, to facilitate the acquisition of goods and services of maximum quality at the lowest possible cost under the circumstances and to guard against favoritism, improvidence, extravagance, fraud and corruption.

### **B. Procedures.**

1. Solicitation Procedures for the Purchase of Commodities, Equipment, Goods or Services.
  - a. Up to \$5,000 per instance – The discretion of the President of the Corporation or authorized designee.
  - b. Greater than \$5,000 to \$20,000 per instance – Documented verbal quotations or written/fax/email quotations from at least three vendors.
  - c. Greater than \$20,000 per instance – Written Request for Proposal.
2. Exceptions. Alternative proposals or quotations shall not be required for procurements made through or with respect to:
  - a. New York State or Erie County Contracts – when the Corporation is able to procure commodities, equipment, goods or services through New York State or Erie County contracts, it is unnecessary to obtain quotations or bids;
  - b. State Finance Law Section 175-b (from agencies for the blind or severely handicapped);

- c. Correction Law Section 186 (articles manufactured in correctional institutions);
  - d. Emergency Procurements – as also described in Section E(2), below, an emergency exists if the delay caused by soliciting quotes would endanger health, welfare, property or an economic development opportunity. Approval of the President is necessary, which shall be documented and shall also include a description of the facts giving rise to the emergency.
  - e. Sole Source Procurements – A “sole source” means a situation where (i) there is only one possible source from which to produce goods and/or services available in the marketplace, (ii) no other goods and/or services provide substantially equivalent or similar benefits, and (iii) considering the benefits, the cost to the Corporation is reasonable.
  - f. Utilities and Affiliate Transactions – The purchase of utilities and inter-affiliate transactions are excepted from alternative proposal/quotation requirements.
  - g. Unavailability of three (3) vendors who are able or willing to provide a quote.
3. Basis for the Award of Contracts.

Contracts will be awarded to the lowest responsible dollar offeror who meets the specifications therefor, except in circumstances that the Corporation determines justify an award to other than the lowest responsible dollar offeror. In making any such determination, the Corporation may consider relevant factors including, without limitation:

- a. Delivery requirements
- b. Quality requirements
- c. Quantity requirements
- d. Past vendor performance and/or experience
- e. The unavailability of three or more vendors who are able or willing to quote on a procurement.
- f. It may be in the best interests of the Corporation to consider only one vendor who has previous expertise with respect to a particular
- g. Any procurement excepted from the alternative proposal/quotation requirements as set forth in subdivision 2 of this Section B, and the procurement of professional services in Section F of this Policy.

4. Documentation.

- a. A record of all solicitations for alternative proposals or quotations, the response (if applicable), and any determinations pursuant thereto shall be maintained in the procurement file.
- b. For each procurement by the Corporation the President of the Corporation or authorized designee shall set forth in writing the category of procurement that is being made and what method of procurement is specified.
- c. Whenever an award is made to other than the lowest responsible dollar offeror the reasons for doing so shall be set forth in writing and maintained in the procurement file.
- d. Whenever the specified number of quotations cannot or will not be secured, the reasons for this shall be indicated in writing and maintained in the procurement file.

**C. Preferred Source Procurement.**

In accordance with Section 162(4) of State Finance Law, the Corporation seeks to purchase goods and services from veterans, not-for-profit organizations that serve and employ people who are blind and severely handicapped, and from correctional industry programs if they meet the Corporation's needs.

**D. Effect on Other Procurement Requirements.**

Where the procurement of a specific good or service is to be accomplished using funds other than the funds of the Corporation and such funding sources specify different or more restrictive procurement requirements than are provided for in this Policy, the procurement requirements of the funding source will supersede the requirements of this Policy. Toward this end, the Corporation will follow the procurement standards as set forth in 2 CFR Part 200 for any procurements utilizing federal funds unless otherwise superseded by the specific federal award agreement.

**E. Circumstances where Solicitations of Alternative Proposals and Quotations not in the Best Interest of the Corporation.**

Pursuant to Section 104-b(2)(g) of the New York General Municipal Law, this Policy may contain circumstances when, or types of procurements for which, in the sole discretion of the members of the Board of Directors of the Corporation, the solicitation of alternative proposals or quotations will not be in the best interest of the Corporation. In the following circumstances, it may not be in the best interests of the Corporation to solicit quotations or document the basis for not accepting the lowest bid:

- 1. **Professional Services.** Professional services are services requiring special or technical skill, licensing, training or expertise. The individual, company or firm must be chosen based on accountability, reliability, responsibility, skill, conflict of

interests, reputation, education and training, judgement, integrity, continuity of service and moral worth. Furthermore, certain professional services to be provided to the Corporation, e.g., legal and accounting services, impact liability issues of the Corporation and its members, including securities liability in circumstances where the Corporation is issuing bonds. These qualifications and the concerns of the Corporation regarding its liability and the liability of its members are not necessarily found or addressed in the individual, company or firm that offers the lowest price and the nature of these services are such that they do not readily lend themselves to competitive procurement procedures.

In determining whether a service fits into this category, the Corporation shall take into consideration the following guidelines: (a) whether the services are subject to state licensing or testing requirements; (b) whether substantial formal education or training is a necessary prerequisite to the performance of the services; and (c) whether the services require a personal relationship between the individual and the members of the Corporation. Professional or technical services shall include but not be limited to the following: services of an attorney (including bond counsel); technical services of an engineer or architect engaged to prepare plans, maps and estimates; securing insurance coverage and/or services of an insurance broker; services of a certified public accountant; investment management services; management of Corporation-owned property; and computer software or programming services for customized programs, or services involved in substantial modification and customizing of pre-packaged software.

**2. Emergency Purchases.** Emergency purchases pursuant to Section 103(4) of the General Municipal Law. Due to the nature of this exception, these goods or services must be purchased immediately and a delay in order to seek alternate proposals may threaten the life, health, safety or welfare of the public. This section does not preclude alternate proposals if time permits.

**F. Procurement of Insurance.**

Procurement of Insurance Brokerage services is subject to this Policy as a professional service. Notwithstanding the foregoing actual insurance policies procured are not subject to requirements of this Policy.

**G. Procurement Lobbying Law.**

In accordance with Chapter 1 of the Laws of 2005, generally referred to as the "Procurement Lobbying Law", the Corporation shall implement the provision of such Procurement Lobbying Law for any contract or other agreement for an article of procurement involving an estimated annualized expenditure in excess of \$15,000.

**H. Unintentional Failure to Comply.**

The unintentional failure to comply with the provisions of Section 104-b of the GML shall not be grounds to void action taken or give rise to a cause of action against the Corporation or any officer thereof.

Originally adopted the 22<sup>nd</sup> day of February, 2012  
Amended and Restated the 23<sup>rd</sup> day of March, 2023  
Readopted this 19<sup>th</sup> day of March, 2025  
Readopted this 18<sup>th</sup> day of March, 2026

**EXHIBIT C**

Disposition of Property Guidelines

[Attached]

**ERIE TOBACCO ASSET SECURITIZATION CORPORATION**

**DISPOSITION OF PROPERTY GUIDELINES  
ADOPTED PURSUANT TO SECTION 2896 OF THE PUBLIC AUTHORITIES LAW**

This Disposition of Property Policy (“Policy”) shall apply to the Erie Tobacco Asset Securitization Corporation (the ‘Corporation’). The Corporation, pursuant to Section 2896 of the Public Authorities Law of the State of New York, sets forth the following policies and internal controls for disposition of property.

**SECTION 1. DEFINITIONS**

A. "Contracting officer" shall mean the officer or employee of the Corporation who shall be appointed by resolution to be responsible for the disposition of property.

B. "Dispose" or "disposal" shall mean transfer of title or any other beneficial interest in personal or real property in accordance with section 2897 of the Public Authorities Law.

C. "Property" shall mean personal property in excess of five thousand dollars (\$5,000) in value, and real property, and any inchoate or other interest in such property, to the extent that such interest may be conveyed to another person for any purpose, excluding an interest securing a loan or other financial obligation of another party.

**SECTION 2. DUTIES**

A. The Corporation shall:

(i) maintain adequate inventory controls and accountability systems for all property owned by the Corporation and under its control;

(ii) periodically inventory such property to determine which property shall be disposed of;

(iii) produce a written report of such property in accordance with subsection B herewith; and

(iv) transfer or dispose of such property as promptly and practicably as possible in accordance with Section 3 below.

B. The Corporation shall

(i) publish, not less frequently than annually, a report listing all real property owned in fee by the Corporation. Such report shall consist of a list and full description of all real and personal property disposed of during such period. The report shall contain the price received by the Corporation and the name of the purchaser for all such property sold by the Corporation during such period; and

(ii) shall deliver copies of such report to the Comptroller of the State of New York, the Director of the Budget of State of New York, the Commissioner of the New York State Office of General Services, and the New York State Legislature (via distribution to the majority leader of the senate and the speaker of the assembly).

### **SECTION 3. TRANSFER OR DISPOSITION OF PROPERTY**

A. Supervision and Direction. Except as otherwise provided herein, the duly appointed contracting officer (the "Contracting Officer") shall have supervision and direction over the disposition and sale of property of the Corporation. The Corporation shall have the right to dispose of its property for any valid corporate purpose.

B. Custody and Control. The custody and control of Corporation property, pending its disposition, and the disposal of such property, shall be performed by the Corporation or by the Commissioner of General Services when so authorized under this section.

C. Method of Disposition. Unless otherwise permitted, the Corporation shall dispose of property for not less than its fair market value by sale, exchange, or transfer, for cash, credit, or other property, with or without warranty, and upon such other terms and conditions as the Corporation and/or contracting officer deems proper. The Corporation may execute such documents for the transfer of title or other interest in property and take such other action as it deems necessary or proper to dispose of such property under the provisions of this section. Provided, however, no disposition of real property, any interest in real property shall be made unless an appraisal of the value of such property has been made by an independent appraiser and included in the record of the transaction and provided further, that no disposition of any other property, which because of its unique nature or the unique circumstances of the proposed transaction is not readily valued by reference to an active market for similar property, shall be made without a similar appraisal.

D. Sales by the Commissioner of General Services (the "Commissioner"). When the Corporation shall have deemed that transfer of property by the Commissioner will be advantageous to the State of New York, the Corporation may enter into an agreement with the Commissioner of pursuant to which Commissioner may dispose of property of the Corporation under terms and conditions agreed to by the Corporation and the Commissioner. In disposing of any such property, the Commissioner shall be bound by the terms hereof and references to the contracting officer shall be deemed to refer to such Commissioner.

E. Validity of Deed, Bill of Sale, Lease, or Other Instrument. A deed, bill of sale, lease, or other instrument executed by or on behalf of the Corporation, purporting to transfer title or any other interest in property of the in accordance herewith shall be conclusive evidence of compliance with the provisions of these guidelines and all applicable law insofar as concerns title or other interest of any bona fide grantee or transferee who has given valuable consideration for such title or other interest and has not received actual or constructive notice of lack of such compliance prior to the closing.

F. Bids for Disposal; Advertising; Procedure; Disposal by Negotiation; Explanatory Statement.

(i) Except as permitted by all applicable law, all disposals or contracts for disposal of property made or authorized by the Corporation shall be made after publicly advertising for bids except as provided in subsection (iii) of this Section F.

(ii) Whenever public advertising for bids is required under subsection (i) of this Section F:

(A) the advertisement for bids shall be made at such time prior to the disposal or contract, through such methods, and on such terms and conditions as shall permit full and free competition consistent with the value and nature of the property proposed for disposition;

(B) all bids shall be publicly disclosed at the time and place stated in the advertisement; and

(C) the award shall be made with reasonable promptness by notice to the responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the Corporation, price and other factors considered; provided, that all bids may be rejected at the Corporation's discretion.

(iii) Disposals and contracts for disposal of property may be negotiated or made by public auction without regard to subsections (i) and (ii) of this Section F but subject to obtaining such competition as is feasible under the circumstances, if:

(A) the personal property involved has qualities separate from the utilitarian purpose of such property, such as artistic quality, antiquity, historical significance, rarity, or other quality of similar effect, that would tend to increase its value, or if the personal property is to be sold in such quantity that, if it were disposed of under subsections (i) and (ii) of this Section F, would adversely affect the state or local market for such property, and the estimated fair market value of such property and other satisfactory terms of disposal can be obtained by negotiation;

(B) the fair market value of the property does not exceed fifteen thousand dollars (\$15,000);

(C) bid prices after advertising therefor are not reasonable, either as to all or some part of the property, or have not been independently arrived at in open competition;

(D) the disposal will be to the state or any political subdivision or public benefit corporation, and the estimated fair market value of the property and other satisfactory terms of disposal are obtained by negotiation;

(E) under those circumstances permitted by subsection (v) below; or

(F) such action is otherwise authorized by law.

(iv) (A) An explanatory statement shall be prepared of the circumstances of each disposal by negotiation of:

(1) any personal property which has an estimated fair market value in excess of fifteen thousand dollars (\$15,000);

(2) any real property that has an estimated fair market value in excess of one hundred thousand dollars (\$100,000), except that any real property disposed of by lease or exchange shall only be subject to clauses (3) and (4) of this subparagraph;

(3) any real property disposed of by lease, if the estimated annual rent over the term of the lease is in excess of fifteen thousand dollars (\$15,000); or

(4) any real property or real and related personal property disposed of by exchange, regardless of value, or any property any part of the consideration for which is real property.

(B) Each such statement shall be transmitted to the persons entitled to receive copies of the report required under Section 2(B) above not less than ninety (90) days in advance of such disposal, and a copy thereof shall be preserved in the files of the Corporation.

(v) Disposal of Property for less than Fair Market Value ("FMV").

(A) No assets owned, leased or otherwise in the control of the Corporation may be sold, leased, or otherwise alienated for less than its FMV except if:

(1) the transferee is a government or public entity and terms of transfer require ownership and use to remain with the government or public entity; or

(2) the purpose of transfer is within purpose, mission of the Corporation;  
or

(3) the Corporation provides written notification to the Governor, the Speaker of the Assembly, and the Temporary President of the Senate; provided, however, that such notification is subject to denial by the Governor, the Speaker of the Assembly, and the Temporary President of the Senate pursuant to the PAAA.

(B) If the Corporation proposes to make a transfer below FMV, the following information is required to be provided to the Corporation's Board of Directors and the public:

(1) a full description of the asset;

(2) an appraisal of the FMV of the asset;

(3) a description of purpose of transfer, the kind and amount of the benefit to the public resulting from the transfer such as jobs and wages created or preserved;

(4) a statement of the value to be received compared to FMV;

(5) the names of any private parties participating in the transfer, and, if different than the information required by paragraph 4 immediately above, a statement of the value to the private party;

(6) the names of other private parties that have made an offer for the asset being transferred, the value offered, and the purpose for which the asset would have been used.

(C) The Board of Directors of the Corporation must make a written determination that there is no reasonable alternative to the proposed below-market transfer that would achieve the same purpose of such transfer.

The guidelines are subject to modification and amendment at the discretion of the Corporation board and shall be filed annually with all local and state agencies as required under all applicable law.

The designated Contracting Officer for the Corporation is the President.

Adopted the 23rd day of March, 2023  
Readopted this 19<sup>th</sup> day of March, 2025  
Readopted this 18<sup>th</sup> day of March, 2026

**EXHIBIT D**

Investment Policy

[Attached]

**ERIE TOBACCO ASSET SECURITIZATION CORPORATION**  
**INVESTMENT POLICY**

This Investment Policy of the Erie Tobacco Asset Securitization Corporation (the “Corporation”) shall apply to all operating funds, bond proceeds and other funds and all investment transactions involving operating funds, bond proceeds and other funds accounted for in the financial statements of the Corporation. Each investment made pursuant to this Investment Policy must be authorized by applicable law and this written Investment Policy. This Investment Policy is intended to comply with the Not-for-Profit Corporation Law of New York, the Public Authorities Law of New York, and any other applicable laws of New York State.

**Delegation of Authority**

The responsibility for conducting investment transactions involving the Corporation resides with the President of the Corporation under the direction and oversight of the Treasurer of the Corporation. Only the President and those authorized by resolution or the Corporation’s By-Laws may invest Corporation funds.

All contracts or agreements with outside persons investing Corporation funds, advising on the investment of Corporation funds, directing the deposit of Corporation funds or acting in a fiduciary capacity for the Corporation, shall require the outside person to notify the Corporation in writing, within thirty (30) days of receipt of all communication from its auditor of the outside person or any regulatory authority, of the existence of material weakness in the internal control structure of the outside person or regulatory orders or sanctions regarding the type of services being provided to the Corporation by the outside person.

The records of investment transactions made by or on behalf of the Corporation are public records and are the property of the Corporation whether in the custody of the Corporation or in the custody of a fiduciary or other third party.

The President of the Corporation under the direction and oversight of the Treasurer shall establish a written system of internal controls and investment practices. The controls shall be designed to prevent losses of Corporation funds, to document those officers and employees of the Corporation responsible for elements of the investment process and to address the capability of investment management. The controls shall provide for receipt and review of the audited financial statements and related reports on internal control structure of all outside persons performing any of the following for the Corporation:

- (i) investing funds of the Corporation;
- (ii) advising on the investment of funds of the Corporation;
- (iii) directing the deposit or investment of funds of the Corporation; or
- (iv) acting in a fiduciary capacity for the Corporation.

A bank, savings and loan association or credit union providing only depository services shall not be required to provide an audited financial statement and related report on its internal control structure.

## **Objectives**

The primary objectives, in order of priority, of all investment activities involving the financial assets of the Corporation shall be the following:

(i) Safety: Safety and preservation of principal in the overall portfolio is the foremost investment objective;

(ii) Liquidity: Maintaining the necessary liquidity to match expected liabilities and expenses is the second investment objective;

(iii) Return: Obtaining a reasonable return is a third investment objective

## **Operative Policy**

The Corporation shall conduct its investment activities involving all operating funds, bond proceeds and other funds and all investment transactions involving operating funds, bond proceeds and other funds accounted for in the financial statements of the Corporation in a manner that complies with the Not-for-Profit Corporation Law and the Public Authorities Law of New York State.

Prior to making an investment of any operating funds, bond proceeds and other funds of the Corporation, other than those associated with a bank, savings and loan association or credit union involving a depository relationship only, the Corporation shall obtain at least three (3) bids and award the contract to the most responsible bidder whose bid most closely meets the objectives of this Investment Policy.

The President, the Treasurer and all officers and employees of the Corporation involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

The President/Treasurer shall submit to the Board an investment report that summarizes recent market conditions and investment strategies employed since the last investment report. The report shall set out the current portfolio in terms of maturity, rates of return and other features and summarize all investment transactions that have occurred during the reporting period and compare the investment results with budgetary expectations, if any.

## **Investments & Deposits**

### **A. Investments**

#### **1. Permitted Investments**

Pursuant to the Not-For-Profit Corporation Law ("N-PCL"), the Corporation is authorized to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

a. Special time deposit accounts;\*

- b. Certificates of deposit;\*
- c. Obligations of the United States of America;\*\*
- d. Obligations guaranteed by agencies of the United States of America where payment of principal and interest are guaranteed by the United States of America;\*\*
- e. Obligations of the State of New York;\*

\*Special time deposit accounts and certificates of deposit are permitted investments provided that (1) they shall be payable within such time as the proceeds shall be needed to meet expenditures for which the moneys were obtained and (2) they are collateralized in the same manner as set forth in paragraph (B) below for deposits of public funds.

\*\*All investment obligations shall be payable or redeemable at the option of the Corporation within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of bonds or notes, shall be payable or redeemable at the option of the Corporation within two years of the date of purchase.

## 2. Authorized Financial Institutions and Dealers

The Corporation shall maintain a list of financial institutions and dealers, approved for investment purposes and establish appropriate limits to the amount of investments which can be made with each financial institution or dealer. All financial institutions with which the local government conducts business must be credit worthy. Banks shall provide their most recent Consolidated Report of Condition (Call Report) at the request of the Corporation. Security dealers not affiliated with a bank shall be required to be classified as reporting dealers affiliated with the New York Federal Reserve Bank, as primary dealers. The Chairman or Chairperson of the Board of Directors is responsible for evaluating the financial position and maintaining a listing of proposed depositories, trading partners and custodians. Such listing shall be evaluated at least annually.

## 3. Purchase of Investments

The Corporation may contract for the purchase of investments:

- a. Directly, including through a repurchase agreement, from an authorized trading partner.
- b. By utilizing an ongoing investment program with an authorized trading partner pursuant to a contract authorized by the board of Directors.

All purchased obligations, unless registered or inscribed in the name of the Corporation, shall be purchased through, delivered to and held in the custody of a bank or trust company. Such obligations shall be purchased, sold or presented for redemption or payment by such bank or trust company only in accordance with prior written authorization from the officer authorized to make the investment. All such transactions shall be confirmed in writing to the Corporation by the bank or trust company shall be held pursuant to a written custodial agreement as described in the N-PCL.

The custodial agreement shall provide that securities held by the bank or trust company, as agent of and custodian for, the Corporation, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement shall describe how the custodian shall confirm the receipt and release of the securities. Such agreement shall include all provisions necessary to provide the Corporation a perfected interest in the securities.

#### 4. Repurchase Agreements

Repurchase agreements are authorized subject to the following restrictions:

- a. All repurchase agreements must be entered into subject to a Master Repurchase Agreement.
- b. Trading partners are limited to banks or trust companies authorized to do business in New York State and primary reporting dealers.
- c. Obligations shall be limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America.
- d. No substitution of securities will be allowed.
- e. The custodian shall be a party other than the trading partner.

#### B. Deposits

##### 1. Collateralization of Deposits

All deposits of the Corporation, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured:

- a. By pledge of "eligible securities" with an aggregate "market value" as provided by the N-PCL, equal to the aggregate amount of deposits from the categories designated in Exhibit A attached hereto.

- b. By an eligible "irrevocable letter of credit" issued by a qualified bank other than the bank with the deposits in favor of the Corporation for a term not to exceed ninety (90) days with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, if any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations are rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization or by a bank that is in compliance with applicable federal minimum risk-based capital requirements.
- c. By an eligible surety bond payable to the Corporation for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State, whose claims-paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations. The terms and conditions of any eligible surety shall be approved by the Board of Directors.

## 2. Safekeeping and Collateralization

Eligible securities used for collateralizing deposits shall be held by the depository bank or trust company subject to security and custodial agreements.

The security agreement shall provide that eligible securities are being pledged to secure Corporation deposits together with agreed upon interest, if any and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events, which will enable the Corporation to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the Corporation, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the Corporation or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for, the Corporation, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of backing for any other deposit or other liabilities. The agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the Corporation a perfected interest in the securities.

Adopted the 23 of March, 2023

Re-adopted this 19<sup>th</sup> day of March, 2025

Readopted this 18<sup>th</sup> day of March, 2026

## **EXHIBIT A**

### **SCHEDULE OF ELIGIBLE SECURITIES**

- (1) Obligations issued, or fully insured or guaranteed as to the payment of principal and interest by the United States of America, an Agency thereof or a United States government sponsored corporation.
- (2) Obligations issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank and the African Development Bank.
- (3) Obligations partially insured or guaranteed by any Corporation of the United States of America, at a proportion of the Market Value of the obligation that represents the amount of the insurance or guaranty.
- (4) Obligations issued or fully insured or guaranteed by the State of New York, obligations issued by a municipal corporation, school district or district corporation or such State or obligations of any public benefit corporation which under a specific State statute may be accepted as security for deposit of public moneys.
- (5) Obligations issued by states (other than the State of New York) of the United States rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
- (6) Obligations of Puerto Rico rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.
- (7) Obligations of countries, cities and other governmental entities of a state other than the State of New York having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the three highest categories by at least one nationally recognized statistical rating organization.
- (8) Obligations of domestic corporations rated one of the two highest rating categories by at least one nationally recognized statistical rating organization.
- (9) Commercial paper and bankers' acceptances issued by a bank, other than the Bank, rated in the highest short term category by at least one nationally recognized statistical rating organization and having maturities of not longer than 60 days from the date they are pledged.
- (10) Zero Coupon obligations of the United States government marketed as "Treasury strips".

**ACTION ITEM 2**  
**ANNUAL MEETING  
OF THE  
BOARD OF DIRECTORS  
OF  
ERIE TOBACCO ASSET SECURITIZATION CORPORATION  
("CORPORATION")**

**March 18, 2026**

***Resolution Number 2  
Approval of 2025 Audited Financial Statements***

**WHEREAS**, the Corporation's Treasurer or their designee, has presented to the Sole Member of Corporation, the Corporation's Basic Financial Statements and Required Supplementary Information for the Year Ended December 31, 2025, including the Report of the Corporation's Independent Auditors; and

**BE IT RESOLVED**, that the Corporation hereby accepts and approves the Corporation's Basic Financial Statements and Required Supplementary Information for the Year Ended December 31, 2025, including the Report of the Corporation's Independent Auditors; and

**BE IT FURTHER RESOLVED**, the Treasurer or their designee is hereby authorized and directed to submit to the President of the Corporation, the Chairperson of the Erie County Legislature and the New York State Authorities Budget Office, within ninety (90) days after the end of the Corporation's 2025 fiscal year, the Corporation's Basic Financial Statements and Required Supplementary Information for the Year Ended December 31, 2025, including the Report of the Corporations' Independent Auditors, and necessary related documentation for the Corporation's 2025 fiscal year.

**ACTION ITEM 3**

**ANNUAL MEETING  
OF THE  
BOARD OF DIRECTORS  
OF  
ERIE TOBACCO ASSET SECURITIZATION CORPORATION  
("CORPORATION")**

**March 18, 2026**

***Resolution Number 3  
Filing of Corporation Reports***

**BE IT RESOLVED**, that the Board of Directors hereby accepts and approves the Corporation's Mission Statement and Performance Measurements, Annual Report, and Annual Assessment of Internal Controls; and

**BE IT FURTHER RESOLVED**, that the Treasurer of the Corporation or their designee is hereby authorized and directed to file and post the Corporation's Mission Statement and Performance Measurements, Annual Report, and Annual Assessment of Internal Controls in a timely manner with the New York State Authorities Budget Office and others consistent with the New York State Public Authorities Law.

**ACTION ITEM 4**

**ANNUAL MEETING  
OF THE  
BOARD OF DIRECTORS  
OF  
ERIE TOBACCO ASSET SECURITIZATION CORPORATION  
("CORPORATION")**

**March 18, 2026**

***Resolution Number 4  
Confidential Evaluation of Board's Performance***

**BE IT RESOLVED**, that the Board of Directors accepts the Aggregate Results of its Confidential Evaluation of the Board's performance by the Corporation's directors, a copy of which is attached hereto; and

**BE IT FURTHER RESOLVED**, that the Board of Directors authorizes and directs the Corporation's Treasurer or their designee to file same with the New York State Authorities Budget Office.

**ACTION ITEM 5**

**ANNUAL MEETING  
OF THE  
BOARD OF DIRECTORS  
OF  
ERIE TOBACCO ASSET SECURITIZATION CORPORATION  
("CORPORATION")**

**March 18, 2026**

***Resolution Number 5  
Election of Officers and Committee Appointments***

**BE IT RESOLVED**, that the following individuals are elected to serve or continue to serve as officers of the Corporation until the next Annual Meeting of the Board of Directors of the Corporation and until their respective successors are elected and qualified:

Mark Cornell	Chairman and President;
Timothy Callan	Vice President;
Bryan Bingel	Vice President;
Patricia Johnson	Vice President;
David Zaleski	Vice President;
Raymour Nosworthy	Treasurer;
Jeremy Toth	Secretary;
Maria Atkinson	Assistant Treasurer;
Aaron Rubin	Assistant Secretary;
Timothy Callan	FOIL Officer;
Mark Cornell	FOIL Appeals Officer; and
Mark Cornell	Contracting Officer

**BE IT FURTHER RESOLVED**, that the following individuals are elected to serve or continue to serve on the Finance & Audit Committee and the Governance Committee of the Corporation until the next Annual Meeting of the Board of Directors of the Corporation and until their respective successors are elected and qualified:

<b>Finance &amp; Audit Committee:</b>	<b>Governance Committee:</b>
<ul style="list-style-type: none"> <li>• Bryan Bingel</li> <li>• Patricia Johnson</li> <li>• David Zaleski</li> </ul>	<ul style="list-style-type: none"> <li>• Bryan Bingel</li> <li>• Patricia Johnson</li> <li>• David Zaleski</li> </ul>

**BE IT FURTHER RESOLVED**, that Article III, Section 12 of the Corporation’s By-Laws, the Board of Directors hereby delegate to the Chairman of the Board of Directors’ the power to appoint and remove the Assistant Treasurer and Assistant Secretary of the Corporation from time to time.

**ACTION ITEM 6**

**ANNUAL MEETING  
OF THE  
BOARD OF DIRECTORS  
OF  
ERIE TOBACCO ASSET SECURITIZATION CORPORATION  
("CORPORATION")**

**March 18, 2026**

***Resolution Number 6***

***Approving Annual Stipend for Independent Directors and Designated Director***

**WHEREAS**, pursuant to Article II, Section 12 of the Corporation's By-Laws and the Board Member Compensation, Reimbursement and Attendance Policy, the members of the Board of Directors may receive such compensation for their services as may be approved by a majority of the Board of Directors.

**BE IT RESOLVED**, a majority of the Board of Directors hereby approve an annual stipend of \$2,500.00 for each of the Independent Directors and Designated Director of the Corporation.

## **ERIE TOBACCO ASSET SECURITIZATION CORPORATION**

### **ACKNOWLEDGEMENT OF FIDUCIARY DUTIES AND RESPONSIBILITIES**

As a member of the Board of Directors of the Erie Tobacco Asset Securitization Corporation (the ‘Corporation’), I understand that I have a fiduciary obligation to perform my duties and responsibilities to the best of my abilities, in good faith and with proper diligence and care, consistent with the enabling statute, mission, and By-Laws of the Corporation (as amended) and the laws of New York State. The requirements set forth in this acknowledgement are based on the provisions of New York State law, including but not limited to the Public Authorities Reform Act of 2005, as amended by Chapter 506 of the Laws of 2009 of the State of New York, Public Officers Law, and General Municipal Law. As a member of the Board of Directors:

#### **I. Mission Statement**

I have read and understand the mission of the Corporation; and the mission is designed to achieve a public purpose on behalf of the State of New York. I further understand that my fiduciary duty to this Corporation is derived from and governed by its mission. I agree that I have an obligation to become knowledgeable about the mission, purpose, functions, responsibilities, and statutory duties of the Corporation and, when I believe it necessary, to make reasonable inquiry of management and others with knowledge and expertise so as to inform my decisions.

#### **II. Deliberation**

I understand that my obligation is to act in the best interests of the Corporation and the people of the State of New York whom the Corporation serves. I agree that I will exercise independent judgment on all matters before the Board of Directors. I understand that any interested party may comment on any matter or proposed resolution that comes before the Board of Directors consistent with the laws governing procurement policy and practice, be it the general public, an affected party, a party potentially impacted by such matter or an elected or appointed public official. However, I understand that the ultimate decision is mine and will be consistent with the mission of the Corporation and my fiduciary duties as a member of the Corporation’s Board of Directors. I will participate in training sessions, attend Board and committee meetings, and engage fully in the Board’s and committee’s decision-making process.

#### **III. Confidentiality**

I agree that I will not divulge confidential discussions and confidential matters that come before the Board of Directors for consideration or action.

#### **IV. Conflict of Interest**

I have received and read a copy of the Corporation’s Code of Ethics and Conflict of Interest Policy (the “Policy”), and agree to disclose to the Board any conflicts, or the appearance of a conflict, of a personal, financial, ethical, or professional nature that could inhibit me from performing my duties in good faith and with due diligence and care. I do not have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in conflict or gives the appearance of a conflict with the proper discharge of my duties and fiduciary obligations as a director of the Corporation.

I acknowledge that I have read and will follow the Corporation's Code of Ethics and Conflict of Interest Policy. Further, the information and disclosures provided above are complete and accurate to the best of my knowledge and belief.

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Corporation Name: ERIE TOBACCO ASSET SECURITIZATION CORPORATION

Date: \_\_\_\_\_

**2.**

**Copies of the Minutes of the  
March 19, 2025, October 28,  
2025 and March 11, 2026  
Meetings  
of the  
Board of Directors**

**MINUTES  
OF THE  
ANNUAL MEETING  
OF THE  
BOARD OF DIRECTORS (THE “BOARD”)  
OF  
ERIE TOBACCO ASSET SECURITIZATION CORPORATION  
 (“CORPORATION”)**

**March 19, 2025**

**1. Call Meeting to Order.**

Secretary Jeremy Toth called the Annual Meeting of the Board to order at 2:59 p.m. Roll was taken by the Secretary Jeremy Toth, Present were Vice Chairman Kevin Hardwick, Directors Patricia Johnson, Bryan Bingel, and David Zaleski, who together constituted a quorum of the Board. Also present were Officers Mark Cornell, Timothy Callan, Kim Kajdasz, Jeremy Toth, and Aaron Rubin. Legal counsel to the Board Robert Murray, and Andrew Pawenski were also present. The Secretary then turned over the direction of the meeting to ETASC President Mark Cornell to run through the Agenda.

**2. Adopt Minutes of Corporation.**

The Board on the Motion of Vice Chairman Kevin Hardwick, seconded by David Zaleski, on a 4-0 vote adopted for filing the minutes of the meeting of the Board on:

- March 20, 2024
- October 25, 2024

**3. Acknowledge Receipt of Minutes of Audit Committee.**

The Board acknowledged receipt of copies of the minutes and Reports of the Board’s Audit Committee’s 2024 meetings and 2024 activities, respectively.

**4. Action Item 1 – Resolution to Accept and Approve Audited Financial Statements and Authorize Filing of Same.**

The Board on motion of Bryan Bingel, seconded by Patricia Johnson on a 4-0 vote adopted Resolution Number 1, accepting and approving the Corporation’s Basic Financial Statements and Required Supplementary Information for the Year Ended December 31, 2024, including the Report of the Corporation’s Independent Auditors for the Year Ended December 31, 2024 (the “2024 Financial Statements”), and authorizing and directing the Corporation’s Treasurer or their designee to submit and file the 2024 Financial Statements with the New York Authorities Budget Office, the President of the Corporation and the Chairperson of the Erie County Legislature, within ninety (90) days of the end of the Corporation’s fiscal year. Discussion was held on the Independent Auditors’ Report and factors bearing on more conservative estimates.

5. **Action Item 2 – Resolution to Authorize Mission Statement, Annual Assessment of Internal Controls, and Annual Report.**

The Board of Directors on motion of Bryan Bingel, seconded by David Zaleski, on a 4-0 vote adopted Resolution Number 2 accepting, approving, and authorizing the posting and filing by the Corporation's Treasurer or their designee of the Corporation's Mission Statement and Performance Measurements, Annual Assessment of Internal Controls, and Annual Report in a timely manner with the Authorities Budget Office.

6. **Action Item 3 – Resolution to Accept Board Performance Evaluations.**

The Board of Directors on motion of Kevin Hardwick, seconded by Patricia Johnson, on a 4-0 vote adopted Resolution Number 3 accepting the Aggregate Results of its Confidential Evaluation of the Board's Performance during 2024 and directing its Treasurer or their designee to file same with the New York State Authorities Budget Office.

7. **Action Item 4 – Resolution to Elect Officers.**

The Board on motion of Kevin Hardwick, seconded by Bryan Bingel, on a 4-0 vote, adopted Resolution Number 4 electing the slate of officers set forth to serve until the next Annual Meeting of the Corporation and until their respective successors are elected and qualified, and delegating to the Chairman of the Board of Directors the Board's power to appoint and remove the Assistant Treasurer and Assistant Secretary of the Corporation from time to time. Discussion was held that the Board shall be notified of any such changes.

8. **Action Item 5 – Resolution to Re-Adopt Policies of the Corporation and Elect Additional Officers in Accordance with Same.**

The Board on motion by Bryan Bingel, seconded by Kevin Hardwick and by a vote of 4-0 approved Resolution Number 5, adopting and approving the policies of the Corporation annexed thereto, which included designating the Chairman of the Corporation to serve as the Contracting Officer pursuant to the Disposition of Property Guidelines and Record Management Officer pursuant to the Record Retention Policy, and further authorizing the Chairman to hold a public hearing for the purpose of obtaining public comment with respect to the Corporation's contemplated adoption of a videoconferencing policy pursuant to Section 103-a of the New York State Public Officers Law. Mark Cornell and the Board's legal counsel Robert Murray gave a brief review of amended policies and the potential adoption of a videoconferencing policy.

9. **Action Item 6 – Resolution to Authorize Annual Stipends for Independent Directors.**

The Board on motion by Kevin Hardwick, seconded by Bryan Bingel adopted Resolution Number 6 accepting, approving and authorizing the continuation of the annual stipend for each of the Designated and Independent Directors in the amount of \$2,500.00.

**10. Acknowledgement of Fiduciary Duty.**

Mark Cornell noted that the Acknowledgments of Fiduciary Duty have been executed by each of the Directors.

**11. Other Business.**

The Board then opened the floor to discuss any other business which may come before it. Discussion was held on public notice procedures for meetings of the Board of Directors and committees. Committees are treated in the same manner as the Board of Directors.

**12. Meeting Adjourned.**

A motion was made by Kevin Hardwick, seconded by Patricia Johnson to adjourn. The motion was passed 4-0 and the meeting was adjourned at 3:22 p.m.



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Aaron Rubin  
Assistant Secretary

**MINUTES**  
**SPECIAL MEETING**  
**of the**  
**ERIE TOBACCO ASSET SECURITIZATION CORPORATION**  
**BOARD OF DIRECTORS**

**October 28, 2025**

Erie County Division of Budget and Management Conference Room

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**DIRECTORS PRESENT**

Erie County Comptroller Kevin Hardwick, Designated Director Bryan Bingel, and Independent Directors Patricia Johnson and David Zaleski.

**ALSO PRESENT**

Mark Cornell (Chairman and President), Timothy Callan (Vice President), Kimberly Kajdasz (Treasurer), Maria Atkinson (Assistant Treasurer), Aaron Rubin (Assistant Secretary). Andrew Pawenski of Harris Beach Murtha, Counsel.

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**A. CALL TO ORDER**

Mark Cornell called the meeting to order at 2:05 PM. Quorum present.

**B. MINUTES FROM PRIOR MEETINGS**

Minutes of the March 19, 2025, meeting of the Board of Directors were adopted and approved upon motion by Kevin Hardwick, seconded by Patricia Johnson and approved unanimously.

**C. OLD BUSINESS**

None.

**D. NEW BUSINESS**

**Action Item 1 – Resolution to Approve 2026 Corporation Budget Report and Authorize Filing of Same.**

- i. Mark Cornell reviewed the Corporation’s 2026 Budget Report
- ii. Kevin Hardwick moved that the Board of Directors adopt the attached **Resolution Number 1** accepting, approving, and authorizing the filing by the Corporation’s Treasurer or their designee of the Corporation’s 2026 Budget Report with the New York State Authorities Budget Office, seconded by Bryan Bingel. Motion approved unanimously and Resolution Number 1 adopted

**Proposed Changes to the By-Laws and Certificate of Incorporation**

- i. Andrew Pawenski of Harris Beach Murtha, Counsel to the Corporation, reviewed proposed changes to the By-Laws and Certificate of Incorporation intended to improve efficiency, simplify language, and update the Corporation’s procedures in line with similar entities.

- ii. Items presented and discussed included:
  - a. Appointment of Directors.
  - b. Modifications for clarity and consistency.
  - c. Modifications for compliance with the New York Public Authorities Law and Open Meetings Law.
  - d. Procedures required to make amendments.
- iii. The Board of Directors will discuss this further at a special meeting in advance of the 2026 Annual Meeting.

**E. ADJOURNMENT**

Kevin Hardwick moved to adjourn, seconded by Bryan Bingel. Motion unanimously approved and the special meeting of the Board of Directors adjourned at 2:55 PM.



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Aaron Rubin  
Assistant Secretary

**ACTION ITEM 1**

**SPECIAL MEETING  
OF THE  
BOARD OF DIRECTORS  
OF  
ERIE TOBACCO ASSET SECURITIZATION CORPORATION  
("CORPORATION")**

**October 28, 2025**

***Resolution Number 1  
Approval of Corporation's 2026 Budget Report***

**BE IT RESOLVED**, that the Board of Directors hereby accepts and approves the Corporation's 2026 Budget Report attached as Exhibit B; and

**BE IT FURTHER RESOLVED**, that the Treasurer of the Corporation or their designee is hereby authorized and directed to file and post the Corporation's 2026 Budget Report in a timely manner with the New York State Authorities Budget Office and others consistent with the New York State Public Authorities Law.

**Attachment B**  
**Erie Tobacco Asset Securitization Corporation (ETASC) 2026 Budget Report**

	2024 Actual	2025 Budget (Estimated)	2026 Budget (Proposed)	2027 Budget (Proposed)	2028 Budget (Proposed)	2029 Budget (Proposed)
<b>REVENUE &amp; FINANCIAL SOURCES</b>						
<b>Operating Revenues</b>						
Charges for services	\$0	\$0	\$0	\$0	\$0	\$0
Rental & financing income	\$0	\$0	\$0	\$0	\$0	\$0
Other operating revenues	\$14,019,307	\$12,785,733	\$12,146,446	\$11,539,124	\$10,962,168	\$10,414,060
<b>Nonoperating Revenues</b>						
Investment earnings	\$115	\$10	\$10	\$10	\$10	\$10
State subsidies/grants	\$0	\$0	\$0	\$0	\$0	\$0
Federal subsidies/grants	\$0	\$0	\$0	\$0	\$0	\$0
Municipal subsidies/grants	\$0	\$0	\$0	\$0	\$0	\$0
Public authority subsidies	\$0	\$0	\$0	\$0	\$0	\$0
Other nonoperating revenues	\$870,043	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
Proceeds from the issuance of debt	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total revenues &amp; financing sources</b>	<b>\$14,889,465</b>	<b>\$13,285,743</b>	<b>\$12,646,456</b>	<b>\$12,039,134</b>	<b>\$11,462,178</b>	<b>\$10,914,070</b>
<b>EXPENDITURES</b>						
<b>Operating expenses</b>						
Salaries and wages	\$0	\$0	\$0	\$0	\$0	\$0
Other employee benefits	\$0	\$0	\$0	\$0	\$0	\$0
Professional services contracts	\$104,538	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
Supplies and materials	\$0	\$0	\$0	\$0	\$0	\$0
Other operating expenditures	\$0	\$0	\$0	\$0	\$0	\$0
<b>Nonoperating expenses</b>						
Payment of principal on bonds and financing arrangements	\$4,200,000	\$3,096,743	\$2,709,431	\$2,347,785	\$2,010,362	\$1,695,800
Interest and other financing charges	\$10,184,000	\$10,079,000	\$9,827,025	\$9,581,349	\$9,341,816	\$9,108,270
Subsidies to other public authorities	\$0	\$0	\$0	\$0	\$0	\$0
Capital asset outlay	\$0	\$0	\$0	\$0	\$0	\$0
Grants and donations	\$0	\$0	\$0	\$0	\$0	\$0
Other nonoperating expenditures	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Expenditures</b>	<b>\$14,488,538</b>	<b>\$13,285,743</b>	<b>\$12,646,456</b>	<b>\$12,039,134</b>	<b>\$11,462,178</b>	<b>\$10,914,070</b>
Capital Contributions	\$0	\$0	\$0	\$0	\$0	\$0
Excess (deficiency) of revenues and capital contributions over expenditures	\$400,927	\$0	\$0	\$0	\$0	\$0

*Note: ETASC has not, and does not plan to have any capital construction expense or revenue or related activities in 2025, 2026 or future years.*

**MINUTES**  
**SPECIAL MEETING**  
**of the**  
**ERIE TOBACCO ASSET SECURITIZATION CORPORATION**  
**BOARD OF DIRECTORS**

**March 11, 2026**

Erie County Division of Budget and Management Conference Room

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**DIRECTORS PRESENT**

Erie County Comptroller Kevin Hardwick, Designated Director Bryan Bingel, and Independent Directors Patricia Johnson and David Zaleski.

**ALSO PRESENT**

Mark Cornell (Chairman and President), Timothy Callan (Vice President), Raymour Nosworthy, Maria Atkinson (Assistant Treasurer), Aaron Rubin (Assistant Secretary).

Andrew Pawenski and Robert Murray of Harris Beach Murtha, Counsel, participated by teleconference.

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**A. CALL TO ORDER**

Mark Cornell called the meeting to order at 1:42 PM. Quorum present.

**B. MINUTES FROM PRIOR MEETINGS**

None.

**C. OLD BUSINESS**

None.

**D. NEW BUSINESS**

**Action Item 1 – Resolution to Approve an Amendment to the Certificate of Incorporation and Authorize the Execution and Filing of a Certificate of Amendment to the Certificate of Incorporation.**

- i. Andrew Pawenski of Harris Beach Murtha reviewed the proposed amendment to the Certificate of Incorporation, which will vest the power to amend the By-Laws in the Board of Directors instead of the Sole Member. Items discussed included:
  - a. Efficiency benefits.
  - b. Timeline for filing and approvals.
  - c. Language on approval voting requirements.
- ii. The Board of Directors, on motion by Kevin Hardwick, seconded by Patricia Johnson, unanimously adopted the attached **Resolution Number 1**, as modified, (i) approving an amendment to the Corporation’s Certificate of Incorporation and (ii) authorizing the execution and filing of a Certificate of Amendment in relation thereto with the New York State Department of State.

**E. ADJOURNMENT**

Kevin Hardwick moved to adjourn, seconded by David Zaleski. Motion unanimously approved and the special meeting of the Board of Directors adjourned at 2:15 PM.



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Aaron Rubin  
Assistant Secretary

**ACTION ITEM 1**  
**SPECIAL MEETING  
OF THE  
BOARD OF DIRECTORS  
OF  
ERIE TOBACCO ASSET SECURITIZATION CORPORATION  
("CORPORATION")**

*March 11, 2026*

***Resolution Number 1  
Amendment to the Certificate of Incorporation***

**BE IT RESOLVED**, that the Board of Directors of the Corporation hereby adopt and approve the amendment to the Corporation's Certificate of Incorporation as reflected in the Certificate of Amendment, attached hereto as Exhibit A.

**BE IT FURTHER RESOLVED**, that the Corporation's President is hereby authorized and directed to execute the Certificate of Amendment and promptly file the same with the New York State Department of State.

**BE IT FURTHER RESOLVED**, that the Corporation, its agents, officers and employees are hereby authorized and empowered to do all acts necessary to effectuate the actions described herein, and any and all actions heretofore taken or authorized by the Corporation and/or its members, officers, employees and agents with respect to this Resolution are hereby ratified, approved and confirmed in all aspects.

**CERTIFICATE OF AMENDMENT  
OF THE  
CERTIFICATE OF INCORPORATION  
OF  
ERIE TOBACCO  
ASSET SECURITIZATION CORPORATION**

**Under Section 803 of the Not-For-Profit Corporation Law**

The undersigned, being the President of Erie Tobacco Asset Securitization Corporation (the "Corporation"), hereby certifies:

The name of the Corporation is Erie Tobacco Asset Securitization Corporation.

The Certificate of Incorporation was filed with the Department of State on August 17, 2000 under Section 1411 of the Not-for-Profit Corporation Law.

The Corporation is a corporation as defined in subparagraph (a)(5) of Section 102 of the Not-For-Profit Corporation Law.

The Certificate of Incorporation, as now in full force and effect, is hereby amended to effect the following change as authorized by Section 801 of the Not-For-Profit Corporation Law:

Section Sixteenth of the Certificate of Incorporation is hereby amended and restated in its entirety as follows:

**SIXTEENTH:** The by-laws of the Corporation may be adopted, amended, modified, supplemented or repealed by the affirmative vote of the majority of the members of the board of directors of the Corporation at any meeting of the Directors at the Corporation.

This Certificate of Amendment was authorized in accordance with Section Seventeenth of the Certificate of Incorporation by the majority vote of the entire Board of Directors.

The Secretary of State of the State of New York is designated as agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process against the Corporation served upon him is as follows: Edward A. Rath County Office Building, 95 Franklin Street, Buffalo, NY 14202.

IN WITNESS WHEREOF, I have signed this Certificate of Amendment this \_\_\_\_\_ day of March, 2026.

---

Mark Cornell, President

CERTIFICATE OF AMENDMENT  
OF THE  
CERTIFICATE OF INCORPORATION  
OF  
THE ERIE TOBACCO ASSET SECURITIZATION CORPORATION

Under Section 803 of the Not-for-Profit Corporation Law

HARRIS BEACH MURTHA CULLINA PLLC  
726 Exchange Street  
Suite 900  
Buffalo, New York 14210

**3.**

**Copies of the Minutes of the  
March 12, 2025 and the  
February 11, 2026 Meetings of  
the Audit Committee**

**MINUTES  
MEETING  
of the  
ERIE TOBACCO ASSET SECURITIZATION CORPORATION  
AUDIT COMMITTEE**

**March 12, 2025**

Erie County Division of Budget and Management Conference Room

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**DIRECTORS PRESENT**

Independent Director Patricia Johnson, Independent Director David Zaleski, and Designated Director Bryan Bingel.

**ALSO PRESENT**

Mark Cornell (Chairman & President), Kimberly Kajdasz (Treasurer), Aaron Rubin; Matthew Montalbo and Aimee Hensley of Drescher & Malecki, LLP.

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**1. CALL TO ORDER**

Independent Director Patricia Johnson called the meeting to order at 2:03 PM. Quorum present. Aaron Rubin acted as secretary of the meeting.

**2. MINUTES FROM PRIOR MEETINGS**

Minutes of the February 10, 2025, meeting of the Audit Committee were adopted and approved upon motion by Designated Director Bryan Bingel, seconded by Independent Director David Zaleski and approved unanimously.

**3. OLD BUSINESS**

None.

**4. NEW BUSINESS**

Review of the Corporation's Draft 2024 Audited Financial Statement with Independent Auditors.

A. Matthew Montalbo and Aimee Hensley reviewed Drescher & Malecki LLP's Audit Summary, during and after which the following comments were made regarding Drescher & Malecki LLP's 2024 Independent Auditor's Report and required communications:

- i. The audit proceeded as standard with no exceptions, difficulties, or scope limitations. The auditors worked with ETASC staff and representatives of Lumsden McCormick.
- ii. There was nothing to impair the auditor's independence from the Corporation and compliance with the professional standards of independence.
- iii. The independent auditor's opinion is that the Corporation has good control procedures and its financial statements fairly represent its financial position as a result of operations and can be relied upon by outside parties as well as the board.

- iv. Overall trends continue to decline and have declined at increasing rates in recent years.
- B. Matthew Montalbo and Aimee Hensley reviewed the Corporation's Draft Audited Financial Statements for 2024 and discussed revenue estimates and trends impacting the Corporation.
  - i. The testing rate was 100%
- C. The Audit Committee resolved to accept the Audited Financial Statement for 2024 as presented to the Committee, to submit it to the full Board of Directors and to recommend that the Board of Directors approve, on motion by Patricia Johnson, seconded by David Zaleski and approved unanimously.

**5. ADJOURNMENT**

Bryan Bingel moved to adjourn, seconded by Patricia Johnson. Motion unanimously approved and the Audit Committee meeting adjourned at 2:24 PM.



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Aaron Rubin

Secretary of the Meeting

**MEETING  
of the  
ERIE TOBACCO ASSET SECURITIZATION CORPORATION  
AUDIT COMMITTEE**

**MINUTES**

**February 11, 2026**

Erie County Division of Budget and Management Conference Room

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**COMMITTEE MEMBERS PRESENT**

Designated Director Bryan Bingel and Independent Director Patricia Johnson.

**ALSO PRESENT**

Mark Cornell (President), Timothy Callan (Vice President), Aaron Rubin (Assistant Secretary), Raymour Nosworthy, Maria Atkinson; Matthew Montalbo and Aimee Haensly of Drescher & Malecki, LLP.

---

**A. CALL TO ORDER**

Independent Director Patricia Johnson called the meeting to order at 1:04 PM. Quorum present.

**B. MINUTES FROM PRIOR MEETINGS**

None.

**C. OLD BUSINESS**

None.

**D. NEW BUSINESS**

**1. Entrance discussion with Corporation's independent auditor Drescher & Malecki on 2025 Financial Statements.**

- i. Aimee Haensly provided an overview of Drescher & Malecki, LLP's Audit Plan for the fiscal year ended December 31, 2025, including but not limited to:
  - a. A review of the audit team.
  - b. The anticipated reports (Basic financial statements, Report on internal control over financial reporting and on compliance in accordance with the Government Auditing Standards, Report on compliance with Section 2925(3)(f) of the New York Public Authorities Law, and Auditors' communication letter).
  - c. Review and discussion of the audit plan and timeline. Many items are already underway.
  - d. Reassurance of the firm's independence.

- e. Discussion of relevant Government Accounting Standards Board pronouncements.
  - f. Requirement for information on any considerations as to fraud.
- ii. Discussion:
- a. Trends and projections.
  - b. Potential areas of risk and their impact on the Corporation.
  - c. Staff/officer turnover
- iii. The exit meeting with the Committee will be March 11, 2026, at 1:00 PM.
- iv. The Corporation's annual meeting will be held on Wednesday, March 18, 2026.

**E. ADJOURNMENT**

Patricia Johnson moved to adjourn, seconded by Bryan Bingel. Motion unanimously approved and the Audit Committee meeting adjourned at 1:22 PM.



---

Aaron Rubin  
Assistant Secretary

## **4.**

**Corporation’s Basic Financial Statements And Required Supplementary Information for the Year Ended December 31, 2025, including the Report of the Corporation’s Independent Auditors for the Year Ended December 31, 2025 (the “2025 Financial Statements”)**

**ERIE TOBACCO ASSET  
SECURITIZATION CORPORATION**  
*(A Component Unit of the County of Erie, New York)*  
*Basic Financial Statements and Required  
Supplementary Information for the  
Year Ended December 31, 2025  
and Independent Auditors' Reports*



**ERIE TOBACCO ASSET SECURITIZATION CORPORATION**  
**(A Component Unit of the County of Erie, New York)**  
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**Year Ended December 31, 2025**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Erie Tobacco Asset Securitization Corporation:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of Erie Tobacco Asset Securitization Corporation ("ETASC"), a component unit of the County of Erie, New York, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise ETASC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of ETASC, as of December 31, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAS"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ETASC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ETASC's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ETASC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ETASC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency

with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2026 on our consideration of ETASC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ETASC's internal control over financial reporting and compliance.

*Drescher & Malecki LLP*

March 11, 2026



**ERIE TOBACCO ASSET SECURITIZATION CORPORATION**  
**(A Component Unit of the County of Erie, New York)**  
**Management’s Discussion and Analysis**  
**Year Ended December 31, 2025**

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As management of the Erie Tobacco Asset Securitization Corporation (“ETASC”), a blended component unit of the County of Erie, New York (the “County”), we offer readers of ETASC’s financial statements this narrative overview and analysis of the financial activities of ETASC for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in ETASC’s financial statements, which follow this narrative.

**Financial Highlights**

- Total government-wide liabilities of ETASC exceeded total government-wide assets and deferred outflows of resources by \$340,796,065 (net position) at December 31, 2025. This consists of \$31,842,723 restricted for debt service, offset by an unrestricted net position of \$(372,638,788).
- ETASC’s net position decreased by \$13,483,503 for the year ended December 31, 2025.
- At the close of the current year, ETASC’s governmental funds reported combined ending fund balances of \$20,430,098, an increase of \$10,701 in comparison with the prior year. Governmental fund balance consists of \$20,384,354 restricted for debt service, \$33,850 reported as nonspendable for prepaid items, and the remaining fund balance of \$11,894 is available for spending at ETASC’s discretion (unassigned fund balance).
- ETASC’s total Tobacco Settlement Bonds decreased by \$3,500,000 as a result of principal payments made during the year, while its Subordinate Turbo Capital Appreciation Bonds (“CABs”) increased by \$12,652,493 as a result of annual net interest accretion.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to ETASC’s basic financial statements. ETASC’s basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

**Government-wide financial statements**—The *government-wide financial statements* are designed to provide readers with a broad overview of ETASC’s finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of ETASC’s assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of ETASC is improving or deteriorating.

The *statement of activities* presents information showing how ETASC’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be found on pages 9-10 of this report.

**Fund financial statements**—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. ETASC, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds**—*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

ETASC maintains two individual governmental funds, the General Fund and the Debt Service Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for both funds.

The basic governmental fund financial statements can be found on pages 11-14 of this report.

**Notes to the financial statements**—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15-28 of this report.

### **Government-wide Overall Financial Analysis**

As noted earlier, net position over time may serve as a useful indicator of a government’s financial position. In the case of ETASC, liabilities exceeded assets and deferred outflows of resources by \$340,796,065 at December 31, 2025, as compared to \$327,312,562 at December 31, 2024. Table 1, shown on the following page, presents the condensed statements of net position for ETASC at December 31, 2025 and December 31, 2024.

**Table 1—Condensed Statements of Net Position**

	December 31,	
	2025	2024
Current assets	\$ 31,902,780	\$ 35,331,593
Noncurrent assets	<u>113,692</u>	<u>-</u>
Total assets	<u>32,016,472</u>	<u>35,331,593</u>
Deferred outflows of resources	<u>10,403,736</u>	<u>11,867,481</u>
Current liabilities	839,313	840,000
Noncurrent liabilities	<u>382,263,268</u>	<u>373,671,636</u>
Total liabilities	<u>383,102,581</u>	<u>374,511,636</u>
Deferred inflows of resources	<u>113,692</u>	<u>-</u>
Net position	<u>\$ (340,796,065)</u>	<u>\$ (327,312,562)</u>

A portion of ETASC's net position, \$31,842,723 and \$35,146,460 at December 31, 2025 and 2024, respectively, represents resources that are subject to external restrictions on how they may be used. Therefore, the unrestricted net position totals \$(372,638,788) and \$(362,459,022) at December 31, 2025 and 2024, respectively. The unrestricted deficit net position must be financed by future operations. The deficit net position results from long-term obligations that are greater than currently available resources.

At December 31, 2025, total assets were \$32,016,472 compared to \$35,331,593 at December 31, 2024. The largest asset held by ETASC at December 31, 2025 and December 31, 2024 represents restricted investments of \$19,285,234 and \$19,228,190, respectively. ETASC reports \$113,692 of noncurrent assets at December 31, 2025 which relates to the forward purchase agreement swap.

ETASC's deferred outflows of resources, which resulted from a deferred loss on defeasance totaled \$10,403,736 and \$11,166,936 at December 31, 2025 and 2024. At December 31, 2024 deferred outflows of resources also included an amount for a forward purchase agreement swap which totaled \$700,545. At December 31, 2025, \$113,692 is included in deferred inflows of resources for the forward purchase agreement swap.

Total liabilities at December 31, 2025 were \$383,102,581 compared to \$374,511,636 at December 31, 2024. The largest portion of the liabilities was net outstanding debt totaling \$382,263,268 and \$372,971,091 at December 31, 2025 and 2024, respectively.

During the current year, net position for governmental activities decreased \$13,483,503 from the prior fiscal year to an ending net position of \$(340,796,065). The statement of activities presents revenues earned and expenses incurred by ETASC. Table 2, shown on the following page, presents the condensed statements of activities for the years ended December 31, 2025 and 2024.

**Table 2—Condensed Statements of Activities**

	Year Ended December 31,	
	2025	2024
General revenues	\$ 10,187,869	\$ 13,651,594
Expenses—governmental activities	<u>23,671,372</u>	<u>22,986,811</u>
Change in net position	(13,483,503)	(9,335,217)
Net position—beginning	<u>(327,312,562)</u>	<u>(317,977,345)</u>
Net position—ending	<u>\$ (340,796,065)</u>	<u>\$ (327,312,562)</u>

Total revenues for the years ended December 31, 2025 and 2024 were \$10,187,869 and \$13,651,594, respectively. The net decrease of \$3,463,725 is primarily due to the decrease in tobacco settlement revenues. Revenues for the years ended December 31, 2025 and 2024 consisted of \$9,331,906 (91.6 percent) and \$12,781,436 (93.6 percent), respectively, of tobacco settlement revenues, and \$855,963 (8.4 percent) and \$870,158 (6.4 percent), respectively, of interest and net earnings from investments.

A summary of sources of revenues for the years ended December 31, 2025 and December 31, 2024 is presented below in Table 3.

**Table 3—Sources of Revenues**

	Year Ended December 31,		Increase/(Decrease)	
	2025	2024	Dollars	Percent (%)
Tobacco settlement revenues	\$ 9,331,906	\$ 12,781,436	\$ (3,449,530)	(27.0)
Interest and net earnings from investments	<u>855,963</u>	<u>870,158</u>	<u>(14,195)</u>	(1.6)
Total revenues	<u>\$ 10,187,869</u>	<u>\$ 13,651,594</u>	<u>\$ (3,463,725)</u>	(25.4)

Total expenses for the years ended December 31, 2025 and 2024 were \$23,671,372 and \$22,986,811, respectively. Expenses for the years ended December 31, 2025 and 2024 primarily consisted of \$23,531,877 (99.4 percent) and \$22,882,273 (99.5 percent), respectively, of interest and fiscal charges, and \$139,495 (0.6 percent) and \$104,538 (0.5 percent) respectively, of general government support expenses incurred in connection with the operations of ETASC.

A summary of expenses for the years ended December 31, 2025 and December 31, 2024 is presented below in Table 4.

**Table 4—Expenses**

	Year Ended December 31,		Increase/(Decrease)	
	2025	2024	Dollars	Percent (%)
General government support	\$ 139,495	\$ 104,538	\$ 34,957	33.4
Interest and fiscal charges	<u>23,531,877</u>	<u>22,882,273</u>	<u>649,604</u>	2.8
Total expenses	<u>\$ 23,671,372</u>	<u>\$ 22,986,811</u>	<u>\$ 684,561</u>	3.0

## **Financial Analysis of Governmental Funds**

As noted earlier, ETASC uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**—The focus of ETASC’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing ETASC’s financing requirements.

At December 31, 2025, ETASC’s governmental funds reported combined fund balances of \$20,430,098, an increase of \$10,701 in comparison with the prior year. Approximately 0.1 percent of this amount, \$11,894, constitutes unassigned fund balance, which is available for spending at ETASC’s discretion. The remainder of the fund balance is either nonspendable or restricted to indicate that it is not in spendable form, \$33,850, or restricted for debt service, \$20,384,354.

The General Fund is the chief operating fund of ETASC. During the year ended December 31, 2025, the General Fund fund balance decreased \$139,389, primarily due to operating expenses in excess of interest earnings. At the end of the current fiscal year, total fund balance of the General Fund was \$45,744, of which \$11,894 was considered to be unassigned.

The Debt Service Fund had an increase in fund balance during the current year of \$150,090, resulting in an ending fund balance of \$20,384,354. The increase in fund balance is a result of tobacco settlement revenue and gain on investments exceeding debt payments.

## **Debt Administration**

**Long-Term Debt**—As of December 31, 2025, ETASC had \$198,080,000 of tobacco settlement asset-backed bonds outstanding, which are reported in the statement of net position net of unamortized discount on the sale of bonds of \$8,556,800. Additionally, as of December 31, 2025, ETASC had accreted subordinate capital appreciation bonds (“CABs”) of \$194,035,108, which are reported in the statement of net position net of unamortized discount on the sale of bonds of \$1,295,040. At December 31, 2025, ETASC’s net tobacco settlement asset-backed bonds outstanding and net Subordinate Turbo CABs were \$189,523,200 and \$192,740,068, respectively, while at December 31, 2024, ETASC’s net tobacco settlement asset-backed bonds outstanding and net Subordinate Turbo CABs were \$192,905,758 and \$180,065,333, respectively.

Principal payments of \$3,500,000 and \$4,200,000 were made during the years ended December 31, 2025 and 2024, respectively. Additional information on ETASC’s long-term debt can be found in Note 6 to the financial statements.

## **Requests for Information**

This financial report is designed to provide a general overview of ETASC’s finances for all those with an interest in ETASC’s finances. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the Erie Tobacco Asset Securitization Corporation, President, 95 Franklin Street, Room 1600, Buffalo, NY 14202.

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# BASIC FINANCIAL STATEMENTS



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**ERIE TOBACCO ASSET SECURITIZATION CORPORATION**  
**(A Component Unit of the County of Erie, New York)**  
**Statement of Net Position**  
**December 31, 2025**

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	<u>Primary Government</u>
	<u>Governmental Activities</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 26,207
Restricted cash and cash equivalents	1,099,120
Restricted investments	19,285,234
Due from New York State	11,458,369
Prepaid items	33,850
Noncurrent assets:	
Derivative instruments	<u>113,692</u>
Total assets	<u>32,016,472</u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows on loss on defeasance	<u>10,403,736</u>
 <b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	14,313
Accrued interest payable	825,000
Noncurrent liabilities:	
Tobacco Settlement Bonds payable, net	189,523,200
Subordinate Turbo CABs payable, net	<u>192,740,068</u>
Total liabilities	<u>383,102,581</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows on forward purchase agreement swap	<u>113,692</u>
 <b>NET POSITION</b>	
Restricted for debt service	31,842,723
Unrestricted	<u>(372,638,788)</u>
Total net position	<u>\$ (340,796,065)</u>

The notes to the financial statements are an integral part of this statement.

**ERIE TOBACCO ASSET SECURITIZATION CORPORATION**  
**(A Component Unit of the County of Erie, New York)**  
**Statement of Activities**  
**Year Ended December 31, 2025**

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<b>Functions/Programs</b>	<b>Expenses</b>	<b>Net (Expenses) and Changes in Net Position</b>
		<b>Primary Governmental Activities</b>
<b>Primary government:</b>		
Governmental activities:		
General government support	\$ 139,495	\$ (139,495)
Interest and fiscal charges	<u>23,531,877</u>	<u>(23,531,877)</u>
Total governmental activities	<u>\$ 23,671,372</u>	<u>(23,671,372)</u>
General revenues:		
Tobacco settlement revenue		9,331,906
Interest earnings		106
Net earnings on investments		<u>855,857</u>
Total general revenues		<u>10,187,869</u>
Change in net position		(13,483,503)
Net position—beginning		<u>(327,312,562)</u>
Net position—ending		<u>\$ (340,796,065)</u>

The notes to the financial statements are an integral part of this statement.

**ERIE TOBACCO ASSET SECURITIZATION CORPORATION**  
**(A Component Unit of the County of Erie, New York)**  
**Balance Sheet—Governmental Funds**  
**December 31, 2025**

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 26,207	\$ -	\$ 26,207
Restricted cash and cash equivalents	-	1,099,120	1,099,120
Restricted investments	-	19,285,234	19,285,234
Prepaid items	33,850	-	33,850
Total assets	<u>\$ 60,057</u>	<u>\$ 20,384,354</u>	<u>\$ 20,444,411</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 14,313	\$ -	\$ 14,313
Total liabilities	<u>14,313</u>	<u>-</u>	<u>14,313</u>
<b>FUND BALANCES</b>			
Nonspendable	33,850	-	33,850
Restricted for debt service	-	20,384,354	20,384,354
Unassigned	11,894	-	11,894
Total fund balances	<u>45,744</u>	<u>20,384,354</u>	<u>20,430,098</u>
Total liabilities and fund balances	<u>\$ 60,057</u>	<u>\$ 20,384,354</u>	<u>\$ 20,444,411</u>

The notes to the financial statements are an integral part of this statement.

**ERIE TOBACCO ASSET SECURITIZATION CORPORATION**  
**(A Component Unit of the County of Erie, New York)**  
**Reconciliation of the Balance Sheet—Governmental Funds**  
**to the Government-wide Statement of Net Position**  
**December 31, 2025**

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Amounts reported for governmental activities in the statement of net position (page 9) are different because:

Total fund balances—governmental funds (page 11)	\$	20,430,098
A long-term asset, due from New York State, \$11,458,369, is not available to pay for current period expenditures and, therefore, is not reported as revenue in the fund statements.		11,458,369
Deferred charges associated with refunding of bonds are not reported in the governmental funds. The charge is reported as a deferred outflow of resources on the statement of net position and is recognized as a component of interest expense over the life of the related debt.		10,403,736
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effects of these items are:		
Accrued interest payable	\$	(825,000)
Tobacco Settlement Bonds payable		(198,080,000)
Discount on Tobacco Settlement Bonds payable		8,556,800
Subordinate Turbo CABs payable		(194,035,108)
Discount on Subordinate Turbo CABs payable		1,295,040
		(383,088,268)
Net position of governmental activities	\$	(340,796,065)

The notes to the financial statements are an integral part of this statement.

**ERIE TOBACCO ASSET SECURITIZATION CORPORATION**  
**(A Component Unit of the County of Erie, New York)**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds**  
**Year Ended December 31, 2025**

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	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>			
Tobacco settlement revenue	\$ -	\$ 12,785,733	\$ 12,785,733
Interest earnings	106	-	106
Realized gains	-	855,857	855,857
Total revenues	<u>106</u>	<u>13,641,590</u>	<u>13,641,696</u>
<b>EXPENDITURES</b>			
Current:			
General government support	139,495	-	139,495
Debt service:			
Principal	-	3,500,000	3,500,000
Interest	-	9,991,500	9,991,500
Total expenditures	<u>139,495</u>	<u>13,491,500</u>	<u>13,630,995</u>
Net change in fund balances	(139,389)	150,090	10,701
Fund balances—beginning	<u>185,133</u>	<u>20,234,264</u>	<u>20,419,397</u>
Fund balances—ending	<u>\$ 45,744</u>	<u>\$ 20,384,354</u>	<u>\$ 20,430,098</u>

The notes to the financial statements are an integral part of this statement.

**ERIE TOBACCO ASSET SECURITIZATION CORPORATION**  
**(A Component Unit of the County of Erie, New York)**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balance—Governmental Funds to the Government-wide Statement of Activities**  
**Year Ended December 31, 2025**

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Amounts reported for governmental activities in the statement of activities (page 10) are different because:

Net change in fund balances—total governmental funds (page 13)	\$	10,701
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Certain revenues are not recognized in governmental funds because they are not available soon enough after year end to pay for the current period's expenditures. On the statement of activities, however, revenues are recognized regardless of when collected.		(3,453,827)
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Expenses related to the deferred charge on refunding (i.e. loss on defeasance) in the statement of activities do not require the use of certain financial resources and, therefore, are not reported as expenditures in the governmental funds.		(763,200)
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The issuance of long-term debt (i.e., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is as follows:

Change in accrued interest payable	\$	15,000	
Principal repayments on Tobacco Settlement Bonds payable		3,500,000	
Amortization of discount on Tobacco Settlement Bonds payable		(117,442)	
Accreted interest on Subordinate Turbo CABs payable		(12,652,493)	
Amortization of discount on Subordinate Turbo CABs payable		<u>(22,242)</u>	<u>(9,277,177)</u>

Change in net position of governmental activities	\$	<u>(13,483,503)</u>
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The notes to the financial statements are an integral part of this statement.

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**ERIE TOBACCO ASSET SECURITIZATION CORPORATION**  
**(A Component Unit of the County of Erie, New York)**  
**Notes to the Financial Statements**  
**Year Ended December 31, 2025**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Erie Tobacco Asset Securitization Corporation (“ETASC”) have been prepared in conformity with accounting principles generally accepted in the United States of America applied to governmental units. The Governmental Accounting Standards Board (the “GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of ETASC’s accounting policies are described below.

***Description of Government-Wide Financial Statements***

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all the nonfiduciary activities of ETASC. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. ETASC reports no fiduciary or business-type activities.

***Reporting Entity***

ETASC is a special purpose, bankruptcy remote, local development corporation organized under the Not-for-Profit Corporation Law of the State of New York. ETASC is an instrumentality of, but separate and apart from, the County of Erie, New York (the “County”). Although legally separate from the County, ETASC is a component unit of the County. Based on the nature and significance of ETASC’s relationship with the County and the criteria set forth by GASB, ETASC is included within the County’s basic financial statements as a blended component unit.

ETASC was incorporated on August 15, 2000, for the purpose of issuing tobacco settlement asset-backed bonds (the “2000 Series Bonds”) in order to provide funds to purchase from the County all of the County’s right, title, and interest under the Master Settlement Agreement (“MSA”) and the Consent Decree and Final Judgment (the “Decree”) as described herein.

The sole member of ETASC is the County Executive of the County. The Board of Directors of ETASC has five Directors. One Director shall be the County Executive, one Director shall be the County Comptroller, and one Director (the “Designated Director”) shall be designated jointly by the Chairperson of the County Legislature and the Minority Leader of the County Legislature; two independent Directors shall be designated jointly by a majority of the other three Directors in accordance with the provisions of the by-laws of the Corporation.

The MSA was entered into on November 23, 1998, among the attorneys general of 46 states (including New York), the District of Columbia, the Commonwealth of Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa, and the Territory of the Northern Marianas and for the four largest United States tobacco product manufacturers: Philip Morris Incorporated, R.J. Reynolds Tobacco Company, Brown and Williamson Tobacco Company, and Lorillard Tobacco Company (collectively the “Original Participating Manufacturers” or “OPMs”) in settlement of certain smoking-related litigation and the Decree entered in New York Supreme Court, including the County’s right to receive certain initial and annual payments to be made by the OPMs under the MSA.

In conjunction with the sale of the 2000 Series Bonds, the County had dedicated the discounted net proceeds of the sale as a source of funds for certain capital expenditures and the defeasance of debt. ETASC allocated the net proceeds of the sale of bonds on behalf of the County as follows: \$211,722,302 was allocated to the County to finance certain capital projects and \$25,046,347 was disbursed to the Liquidity Reserve Accounts and Debt Service Accounts held by the Indenture Trustee. Tobacco proceeds of \$151,722,302 allocated to the County were disbursed to the County in 2000. The remaining \$60,000,000 was deposited by ETASC in eligible investments on behalf of the County. All cash and investments remaining of the original \$60,000,000 had been remitted to the County in 2005.

In August 2005, ETASC entered into an agreement (the “2005 Bonds”) to defease the original 2000 Series Bonds and to securitize additional proceeds to be received under the MSA for years subsequent to 2016. The total debt issued in 2005 amounted to \$318,834,680. Net proceeds after issuance cost and discounts amounted to \$305,330,026, with \$265,013,936 used to fund a defeasance escrow account and enable the ETASC to release previously restricted funds for debt service and trapping events to the County. Trapping events are defined economic circumstances that trigger a mandatory deposit of all residual payments into a trapping account.

In January 2006, ETASC issued \$17,694,720 Tobacco Settlement Asset-Backed Bonds, Series 2006A, subordinate to the 2005 Bonds. These bonds are payable from and secured by all Tobacco Settlement Revenues (“TSRs”) allocated to the County under the MSA; investment earnings on amounts in certain funds and accounts established under the ETASC Indenture; any amounts on deposit in such funds and accounts held as security for the ETASC’s Series 2006A bonds; and certain amounts expected to become available from funds and accounts created under the ETASC Indenture as security for prior bonds upon their retirement. The Series 2006A bonds are subject to mandatory redemption from amounts on deposit in the Turbo Redemption Account and ETASC with 100% of all surplus revenues, if any. A turbo redemption occurs when all excess revenues, after the payment of operation expenses, interest and rated principal, are used to retire term bonds early in order of maturity. Disbursements to the County from 2006 bond proceeds totaled \$15,673,077 for the year ended December 31, 2006. See Note 6 for additional information related to long-term debt.

Payments for principal and interest on the bonds (Series 2005 and Series 2006A) are contingent upon the receipt of TSRs which are driven by the consumption levels of the OPMs tobacco products. Additionally, as disclosed with the issuances, the bonds shall not be a debt of either the State of New York or the County, and neither the State of New York nor the County shall be liable thereon, nor shall they be payable out of any funds other than those of ETASC pledged therefore.

In accordance with the Bond Indenture and to the extent contained in the MSA Report, a trapping event is occurring. A Consumption Decline Trapping Event occurs when shipments of cigarettes in or to the 50 United States, the District of Columbia and Puerto Rico as measured under the MSA, are less in any year preceding a deposit date than the amount opposite such year under the “Consumption Decline Trapping Event” definition. For the year 2024 the relevant shipments was 166,452,942,074, which is less than the MSA Report shipment amount of 197,908,325,609, and therefore a Consumption Decline Trapping Event has occurred for the year ended December 31, 2025.

### ***Basis of Presentation—Government-wide Financial Statements***

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

### ***Basis of Presentation – Fund Financial Statements***

The fund financial statements provide information about ETASC's funds. Separate statements for governmental funds are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column in the fund financial statements.

ETASC reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of ETASC and includes all operations not required to be recorded in other funds.
- *Debt Service Fund*—The Debt Service Fund is used to account for the accumulation of resources that are restricted for the payment of principal and interest on long-term obligations of governmental funds.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

### ***Measurement Focus and Basis of Accounting***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Tobacco settlement revenues are exchange transactions, based on the notion that the payments are made to the settling states in exchange for their agreement to release the tobacco companies from present and future litigation. Under the terms of the MSA, the tobacco companies have agreed to make annual payments in perpetuity. The MSA includes a schedule of projected annual base payments, subject to certain adjustments based on future events or circumstances. The most significant factor affecting the annual payments is a *volume adjustment*, which creates a direct relationship between domestic shipments of cigarettes and the annual payments. Based on the MSA, the tobacco companies have no obligation to make settlement payments until cigarettes are shipped.

The event that results in the recognition of an asset and revenue by a settling government is the domestic shipment of cigarettes (sales). Therefore, ETASC recognizes a receivable and revenue for tobacco settlement revenues when that event occurs. Because annual tobacco settlement revenue payments are based on cigarette sales from the preceding calendar year, ETASC estimates accrued tobacco settlement revenues that derive from sales from January 1 to their respective fiscal year ends. Under the modified

accrual basis of accounting, revenue should be recognized to the extent that the event occurs and resources become *available*.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, ETASC considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when the payment is due. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period of availability. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and amount is received during the period of availability. All other revenue items are considered to be measurable and available only when cash is received by ETASC.

#### ***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance***

***Cash and Cash Equivalents***—ETASC’s cash and cash equivalents consist of cash on hand, demand deposits, time deposits, and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition.

***Restricted Cash and Cash Equivalents***—Restricted cash and cash equivalents represents amounts to support fund balance restricted for debt service.

***Restricted Investments***—Investments for ETASC are reported at fair value in accordance with GASB.

***Due from New York State***—Represents an estimate of ETASC’s portion of the Master Settlement Agreement and is recorded as revenue in the government-wide statements.

***Prepaid Items***—Certain payments reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

***Deferred Outflows/Inflows of Resources***—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At December 31, 2025, ETASC reported deferred outflows of resources in the amount of \$10,403,736 on the government-wide financial statements relating to the deferred losses on the defeasance of debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At December 31, 2025 ETASC report deferred inflows of resources in the amount of \$113,692 on the government-wide financial statements relating to the accumulated change in fair value of its forward purchase agreement swap.

***Net Position Flow Assumption***—Sometimes ETASC will fund outlays for a particular purpose from both restricted (e.g., restricted bond proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is ETASC’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

***Fund Balance Flow Assumption***—Sometimes ETASC will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. If ETASC must use funds for emergency expenditures it shall expend funds first from funds classified under GASB as nonspendable (if funds become available) then restricted funds. The use of committed and assigned funds as classified by GASB will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available ETASC will use unassigned fund balance.

***Fund Balance Policies***—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. ETASC itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of ETASC’s highest level of decision-making authority (ETASC Board). The governing board is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing board (ETASC Board) has by resolution authorized the sole Member to assign fund balance. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

### ***Revenues and Expenses/Expenditures***

***Program and General Revenues***—Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. There are no program revenues in the current year. All tobacco settlement revenue and other internally dedicated resources are reported as *general revenues* rather than as program revenues.

***Tobacco Settlement Revenues***—During the year ended December 31, 2025, ETASC recognized tobacco settlement revenues in accordance with the Master Settlement Agreement. Payments are made according to a set formula based on tobacco sales.

**Expenses/Expenditures**—General administration costs consist of operating expenses for professional service fees and are paid from General Fund revenues. *Direct expenses* are those that are clearly identifiable with a specific function. Indirect expenses have been included as part of the program expenses reported for the various functional activities. Expenditures are recorded on a modified accrual basis of accounting. Payments to the County are recorded when the obligation is incurred.

**Other**

**Estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities, deferred outflows of resources, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

**Adoption of New Accounting Pronouncements**—During the year ended December 31, 2025, ETASC implemented GASB Statement No. 102, *Certain Risk Disclosures*, which provides users of financial statements with essential information about risks related to government’s vulnerabilities due to certain concentrations or constraints. The implementation of GASB Statement No. 102 did not have a material impact on ETASC’s financial position or results from operations.

**Future Impacts of Accounting Pronouncements**—ETASC has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 103, *Financial Reporting Model Improvements*, and GASB Statement No. 104, *Disclosure of Certain Capital Assets*, effective for the year ending December 31, 2026, and GASB Statement No. 105, *Subsequent Events*, effective for the year ending December 31, 2027. ETASC is, therefore, unable to disclose the impact that adopting GASB Statements No. 103, 104, and 105 will have on its financial position and results of operations when such statements are adopted.

**Deficit Net Position**—At December 31, 2025, ETASC reported a net position deficit of \$340,796,065. The deficit is caused by long-term obligations that are greater than currently available resources.

**Tax Status**—The Corporation is exempt from federal income tax under section 501(a) of the Internal Revenue Code (IRC) as an organization described in section 501(c)(3).

**2. CASH AND CASH EQUIVALENTS**

ETASC’s investment policies are governed by New York State statutes. All deposits are carried at fair value. Collateral is required for demand deposit accounts, time deposit accounts, and certificates of deposit not covered by Federal deposit insurance. ETASC has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligation that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York.

Cash and cash equivalents at December 31, 2025 are as follows:

	General Fund	Debt Service Fund	Total
Deposits	\$ 26,207	\$ 1,099,120	\$ 1,125,327

**Deposits**—All deposits are carried at fair value, and are classified by custodial credit risk at December 31, 2025 as shown below:

	Bank Balance	Carrying Amount
FDIC insured	\$ 39,805	\$ 26,207
Cash held by investment bank's agent in ETASC's name	<u>1,099,120</u>	<u>1,099,120</u>
Total	<u>\$1,138,925</u>	<u>\$1,125,327</u>

**Cash Equivalents**—Cash equivalents held by ETASC include money market accounts and discount notes with original maturities of three months or less from the date acquired by ETASC. These cash equivalents are carried at amortized cost and include an accrued income component representing income payments accumulated with a security since the last payment date but not yet received.

**Restricted Cash and Cash Equivalents**—ETASC reports restricted cash and cash equivalents of \$1,099,120 to support restricted fund balance.

**Custodial Credit Risk—Deposits**—In the case of deposits, this is the risk that in the event of a bank failure, ETASC’s deposits may not be returned to it. As noted above, by New York State statute all deposits in excess of FDIC insurance coverage must be collateralized. At December 31, 2025, ETASC’s deposits were either FDIC insured or collateralized with securities held by the pledging bank’s agent in ETASC’s name.

**Custodial Credit Risk—Cash Equivalents**—For cash equivalents, this is the risk that, in the event of the failure of the counterparty, ETASC will not be able to recover the value of its cash equivalents or collateral securities that are in the possession of an outside party. For cash equivalents, this is the risk that in the event of a bank failure, ETASC’s cash equivalents may not be returned to it.

**Interest Rate Risk**—As a means of limiting its exposure to fair value losses arising from fluctuating interest rates, it is ETASC’s practice to generally limit investments to 180 days or less.

### 3. INVESTMENTS

Investments are carried at fair value on a recurring basis as determined by quoted prices in active markets and held by a third party in ETASC’s name.

**Fair Value Measurements**—ETASC reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

Level 1. Quoted prices for identical assets or liabilities in active markets to which ETASC has access at the measurement date.

Level 2. Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets in markets that are not active;

- Observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
- Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3. Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure fair value to the extent that observable inputs are not available.

ETASC has the following fair value measurements as of December 31, 2025:

- Corporate commercial paper of \$19,285,234 is valued using quoted prices for identical assets in active markets (level 1 input).
- Forward purchase agreement of \$113,692 is valued using quoted prices for similar assets or liabilities in active markets (level 2 input). Additional information regarding the forward purchase agreement can be found within Note 5 to the financial statements.

Investments at December 31, 2025 are as follows:

Description	12/31/2025	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
Debt securities:				
Corporate commercial paper	\$ 19,285,234	\$ 19,285,234	\$ -	\$ -
Investment derivative instruments:				
Forward purchase agreement	(113,692)	-	(113,692)	-
Total	<u>\$ 19,171,542</u>	<u>\$ 19,285,234</u>	<u>\$ (113,692)</u>	<u>\$ -</u>

**Custodial Credit Risk – Investments**—For investments, this is the risk that, in the event of the failure of the counterparty, ETASC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. For deposits, this is the risk that in the event of a bank failure, ETASC’s deposits may not be returned to it.

#### 4. RECEIVABLES

**Due from New York State**—Represents amounts owed to ETASC for tobacco settlement revenue earned in 2025. ETASC has accrued \$11,458,369 within the government-wide statements only, as it is only recognized on the full accrual basis of accounting.

#### 5. DERIVATIVE INSTRUMENT

In connection with the \$318,834,680 Series 2005 Bonds, ETASC entered into a forward purchase agreement and an effective swap of variable market rate returns with a fixed rate return with Merrill Lynch Capital Services, Inc. (MLCS) and The Bank of New York (the “Trustee”). Under the terms of such agreement, MLCS shall deliver to the Trustee qualified securities selected by MLCS or any dealer in eligible securities selected by MLCS (the “Qualified Dealer”). At the time of such delivery, the Trustee shall, out of the funds provided by ETASC, purchase such qualified security and pay to the Qualified Dealer or MLCS, an amount equal to the price which will produce a rate of return equal to a

fixed rate of 4.168% for the period commencing on either June 1 or December 1 and terminating on the following June 1 or December 1, respectively.

Concurrently with the delivery of any qualified securities, the Trustee shall pay the Qualified Dealer or MLCS the market value thereof. If the Qualified Dealer requires that the Trustee purchase qualified securities at a price higher than the fixed rate, MLCS shall pay to the Trustee an amount equal to the excess of the price at which the Qualified Dealer requires the Trustee to purchase such qualified securities over the fixed rate of such qualified securities.

The forward purchase agreement will expire by its terms on the final maturity of the asset-backed bonds on June 1, 2055. ETASC entered into this forward purchase agreement to facilitate investment of the monies in the Debt Service Reserve Fund while the 2005 ETASC bonds are outstanding.

From ETASC's perspective, the relevant risks associated with the forward purchase agreement are credit risks, termination risk, and market risk. The credit risks to ETASC, i.e., the risk that MLCS will not fulfill its obligations, will occur if MLCS becomes insolvent or fails to deliver qualified securities to the trustee as required. The credit rating for Bank of America Corporation, the parent company of MLCS at December 31, 2025 was A- as issued by Standard and Poor's. The termination risk to ETASC will occur if the agreement is terminated at a point of the securities purchase and sale process at which ETASC would be required to make a termination payment to MLCS. The market risk to ETASC will occur given the market gains or losses of the securities purchased under the agreement, resulting in a required forward purchase agreement fair value disclosure of the asset or liability position of the agreement at each period end date. These risks are mitigated by the credit rating of the counterparty and the level of eligible securities and guarantees contained in the agreement.

ETASC has evaluated the forward purchase agreement using the consistent critical terms method and deemed it to be effective. As of December 31, 2025, the notional amount of the agreement totals \$19,218,750, the fair value is \$(113,692), and net cash flows during the year totaled \$0.

## **6. LONG-TERM DEBT**

In 2000, ETASC issued \$246,325,000 of tobacco settlement asset-backed bonds, Series 2000, pursuant to an indenture dated as of September 1, 2000. The \$246,325,000 bond issuance was comprised of \$196,985,000 tobacco settlement asset-backed bonds Series 2000A and \$49,340,000 tobacco settlement asset-backed bonds Series 2000B. The net proceeds of the Series 2000 Bonds were used to purchase from the County all of the County's right, title, and interest to TSR to which the County would otherwise be entitled under the MSA and the Decree.

On August 15, 2005, ETASC issued \$318,834,680 in tobacco settlement asset-backed bonds (Series 2005A, E) and capital appreciation bonds ("CABs") (Series 2005B, C, D), with interest rates ranging from 5.00% to 6.75% to advance refund \$239,060,000 of outstanding Series 2000 Bonds bearing interest rates ranging from 5.0% to 6.5% originally issued in 2000. The net proceeds amounted to \$305,330,026 after original issuance discount and payment of \$13,504,654 for underwriting fees, insurance, and other issuance costs, of which \$267,037,311 was used to fund an irrevocable trust to defease the remaining original bonds. This transaction enabled ETASC to release \$55,231,709 in previously restricted funds for debt service and trapping events to the County. Series 2005E Taxable Bonds were redeemed in June 2022.

On September 15, 2005, ETASC entered into an agreement with the bondholders to replace the government securities in the irrevocable trust with government agency securities. This transaction generated a savings of \$2,802,806. Of this, \$1,331,893 was transferred to the County and the remainder less costs of sale was paid to the bondholders for their concessions. During 2010, the bonds were called and the balance in the irrevocable trust was used to satisfy all required debt payments.

On January 5, 2006, ETASC issued \$17,694,720 of tobacco settlement asset-backed CABs, Series 2006A, with an interest rate of 7.65%. ETASC entered into a purchase and sale agreement with the County on January 1, 2006, in which ETASC purchased the County's sole undivided beneficial interest in and to the trust established by ETASC pursuant to the Declaration and Agreement of Trust dated September 1, 2000, between ETASC and the Wilmington Trust Company ("2000 Residential Trust"), in its capacity as trustee, including the County's right to receive residual tobacco settlement revenues payable to the County, as sole beneficiary of the 2000 Residential Trust. The net proceeds of \$15,638,465 were transferred to the County.

The payment of the Series 2005 and Series 2006 Bonds is dependent on the receipt of TSRs. The amount of TSRs actually collected is dependent on many factors, including cigarette consumption and the continued operations of the OPMs. Such bonds are secured by and payable solely from TSRs and investment earnings pledged under the Indenture and amounts established and held in accordance with the Indenture. ETASC has no financial assets other than the collections and reserves and amounts held in the other funds and accounts established under the Bond Indenture.

ETASC has covenanted to apply 100% of funds not used to make principal and interest payments, if any, in the turbo redemption account to the special mandatory redemption ("Turbo Redemption") of the authorized denominations of the Series 2005 Bonds in order of maturity and then to the Series 2006A Bonds to the extent that there exists excess funds. Any such surplus revenues shall be applied on each distribution date beginning on June 1, 2006.

Interest on the Series 2005A bonds are payable each June 1 and December 1. The 2005 Series B, C, and D and the Series 2006A are subordinate CABs and accrete interest throughout the life of the bonds but is payable at redemption. Series 2005B, C, and D CABs were subject to redemption at the option of ETASC beginning in years after 2016. The Series 2006A CABs were subject to redemption after May 31, 2017.

Details of long-term debt as of December 31, 2025 are as follows:

		Series 2005 \$318,834,680 Term Bond	
Issue Amount	Rate	Description	Final Redemption Date
\$ 30,330,000	5.000 %	Series 2005A Bonds due June 1, 2031, semiannual interest-only payments through maturity, may be redeemed at the option of ETASC at anytime in whole or in part after June 1, 2015.	June 1, 2031
74,685,000	5.000	Series 2005A Bonds due June 1, 2038, semiannual interest-only payments through maturity, may be redeemed at the option of ETASC at anytime in whole or in part after June 1, 2015.	June 1, 2038
111,480,000	5.000	Series 2005A Bonds due June 1, 2045, semiannual interest-only payments through maturity, may be redeemed at the option of ETASC at anytime in whole or in part after June 1, 2015.	June 1, 2045

(continued)

(concluded)

9,163,000	5.750	Series 2005B Bonds due June 1, 2047, semiannual interest accrued but not payable until maturity, subject to redemption at the option of ETASC anytime after June 1, 2015 at accreted values as follows: June 1, 2015 through May 31, 2016, 102%; June 1, 2016 through May 31, 2017, 101%; and June 1, 2017 and thereafter, 100%.	June 1, 2047
12,565,080	6.250	Series 2005C Bonds due June 1, 2050, semiannual interest accrued but not payable until maturity, subject to redemption at the option of ETASC anytime after June 1, 2015 at accreted values as follows: June 1, 2015 through May 31, 2016, 102%; June 1, 2016 through May 31, 2017, 101%; and June 1, 2017 and thereafter, 100%.	June 1, 2050
11,141,600	6.750	Series 2005D Bonds due June 1, 2055, semiannual interest accrued but not payable until maturity, subject to redemption at the option of ETASC anytime after June 1, 2015 at accreted values as follows: June 1, 2015 through May 31, 2016, 102%; June 1, 2016 through May 31, 2017, 101%; and June 1, 2017 and thereafter, 100%.	June 1, 2055
69,470,000	6.000	Series 2005E Taxable Bonds due June 1, 2028, semiannual interest only payments through maturity, fully redeemed in June 2022.	Fully redeemed June 2022
		Series 2006 \$17,694,720 Term Bond	
			Final Turbo Redemption Date
<u>Issue Amount</u>	<u>Rate</u>	<u>Description</u>	
\$ 17,694,720	7.650 %	Series 2006A Taxable Bonds due June 1, 2060, semiannual interest accrued but not payable until maturity, subordinate to the Series 2005A-E Bonds, subject to redemption at the option of ETASC anytime after June 1, 2016 at accreted values as follows: June 1, 2016 through May 31, 2017, 102%; June 1, 2017 through May 31, 2018, 101%; and June 1, 2018 and thereafter, 100%.	June 1, 2060

Changes in bonds payable for the year ended December 31, 2025 are as follows:

Description	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025
Tobacco Settlement Bonds:				
2005A	\$ 201,580,000	\$ -	\$ 3,500,000	\$ 198,080,000
Less: Bond discount	<u>(8,674,242)</u>	<u>-</u>	<u>(117,442)</u>	<u>(8,556,800)</u>
Net Tobacco Settlement Bonds	<u>\$ 192,905,758</u>	<u>\$ -</u>	<u>\$ 3,382,558</u>	<u>\$ 189,523,200</u>

The ETASC's debt service requirements for the Series 2005A as of December 31, 2025 are as follows:

Year Ending December 31,	Principal	Interest	Total
2026	\$ -	\$ 9,904,000	\$ 9,904,000
2027	-	9,904,000	9,904,000
2028	-	9,904,000	9,904,000
2029	-	9,904,000	9,904,000
2030	-	9,904,000	9,904,000
2031-2035	11,915,000	46,839,125	58,754,125
2036-2040	74,685,000	37,205,625	111,890,625
2041-2045	<u>111,480,000</u>	<u>25,083,000</u>	<u>136,563,000</u>
Total	<u>\$ 198,080,000</u>	<u>\$ 158,647,750</u>	<u>\$ 356,727,750</u>

**Subordinate Turbo CABs—Series 2005B, 2005C, 2005D and 2006A**—Interest on the Subordinate Turbo CABs is compounded semiannually on June 1 and December 1, but is not payable until bond maturity. Interest accretes until both principal and accreted interest are paid. Future interest accretion has been recorded as bond discount and amortized as the current interest accretes. The accreted interest on the Subordinate Turbo CABs is reflected within the Subordinate Turbo CABs payable liability.

A summary of the Subordinate Turbo CABs net bond balance activity for the year ended December 31, 2025 follows:

	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025
Subordinate Turbo CABs	\$ 181,382,615	\$ 12,652,493	\$ -	\$ 194,035,108
Less: Bond discount	<u>(1,317,282)</u>	<u>-</u>	<u>(22,242)</u>	<u>(1,295,040)</u>
Net Subordinate Turbo CABs	<u>\$ 180,065,333</u>	<u>\$ 12,652,493</u>	<u>\$ (22,242)</u>	<u>\$ 192,740,068</u>

**Amortization of Bond Discounts**—ETASC issued serial bonds and CABs which included a bond discount. The discounts are being amortized using the effective interest rate and straight-line methods over the life of the bonds, with maturity dates ranging from 2028 to 2060. The total unamortized discount as of December 31, 2025 was \$9,851,840.

## 7. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as restricted and unrestricted components.

- ***Restricted for Debt Service***—This category restricts a portion of net position for payment of the debt service obligations of ETASC. At December 31, 2025, the balance of this restriction was \$31,842,723.
- ***Unrestricted Component of Net Position***—This component represents net position of ETASC not restricted for any other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by ETASC at December 31, 2025 includes:

- ***Prepaid Items***—Represents amounts prepaid to the trustee for administration fees that are applicable to future accounting periods. The General Fund reported a nonspendable fund balance in the amount of \$33,850.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. At December 31, 2025, ETASC reported \$20,384,354 of fund balance restricted for debt service that must be used toward the future repayment of bonded debt. Under the Bond Indenture, the trustee will hold a segregated Liquidity Reserve Account totaling \$19,285,234 at December 31, 2025. The Liquidity Reserve Account will be terminated when no current interest bonds remain outstanding. Such amounts are not available to make turbo redemption payments.

As of December 31, 2025, ETASC reported no committed or assigned fund balances.

## 8. CONTINGENCIES

The ability of ETASC to meet debt service payments of bonds is contingent upon the receipt of TSRs. TSRs are principally dependent upon future levels of domestic consumption. A significant decline in the overall consumption of cigarettes could have a material adverse effect on the payments by the OPMs under the MSA and the amounts available to ETASC to make payments of principal and interest on their bonds.

Certain smokers, smokers' rights organizations, consumer groups, cigarette importers, cigarette distributors, cigarette manufacturers, Native American tribes, taxpayers, taxpayers' groups, and other parties have filed actions against some, and in certain cases all, of the signatories to the MSA. In the event of an adverse court ruling in such types of litigation, Bondholders could incur a complete loss of their investment.

Additionally, the OPMs are also exposed to liability from various lawsuits including individual lawsuits, class action lawsuits, and health care cost recovery litigation. Ultimately, the outcome of these and any other pending or future lawsuits is uncertain. One or more adverse judgments could result in delays in, or reductions of amounts available for, payments on the bonds.

## 9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 11, 2026, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

\* \* \* \* \*

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Erie Tobacco Asset Securitization Corporation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (“*Government Auditing Standards*”), the financial statements of the governmental activities and each major fund of Erie Tobacco Asset Securitization Corporation (“ETASC”), a component unit of the County of Erie, New York, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise ETASC’s basic financial statements, and have issued our report thereon dated March 11, 2026.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered ETASC’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ETASC’s internal control. Accordingly, we do not express an opinion on the effectiveness of ETASC’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of ETASC’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether ETASC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of ETASC's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering ETASC's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Drescher & Malecki LLP*

March 11, 2026

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH SECTION 2925(3)(f) OF THE  
NEW YORK STATE PUBLIC AUTHORITIES LAW**

To the Board of Directors  
Erie Tobacco Asset Securitization Corporation:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Erie Tobacco Asset Securitization Corporation ("ETASC"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise ETASC's basic financial statements, and have issued our report thereon dated March 11, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that ETASC failed to comply with Section 2925(3)(f) of the New York State Public Authorities Law regarding investment guidelines during the year ended December 31, 2025. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding ETASC's noncompliance with the above rules and regulations.

The purpose of this report is solely to describe the scope and results of our testing. This communication is not suitable for any other purpose.

*Drescher & Malecki LLP*

March 11, 2026

March 11, 2026

Board of Directors  
Erie Tobacco Asset Securitization Corporation  
Erie County Office Building  
95 Franklin Street Room 1600  
Buffalo, New York 14202

To the Board of Directors:

We have audited the financial statements of the Erie Tobacco Asset Securitization Corporation (“ETASC”), a component unit of the County of Erie, New York, as of and for the year ended December 31, 2025, and have issued our report thereon dated March 11, 2026. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated February 5, 2026, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of ETASC solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by ETASC is included in Note 1 to the financial statements. Except for the matter discussed below, there have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended December 31, 2025.

During the year ended December 31, 2025, ETASC implemented GASB Statement No. 102, *Certain Risk Disclosures*. GASB Statement No. 102 provides users of the government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The implementation of GASB Statement No. 102 did not have a material impact on ETASC's financial position or results from operations.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates and Related Disclosures*

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements for the year ended December 31, 2025 were the recognition of tobacco settlement revenues as a receivable within governmental activities and the fair value of the swap valuation.

Management's estimate of recognition of tobacco settlement revenues is based on a combination of recent trends and historical data of tobacco settlement revenue received by ETASC. Management's estimate of the swap is based on a valuation performed by a professional third party. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting ETASC's financial statements relate to investments, derivatives, long-term debt, and contingencies as described in Notes 3, 5, 6, and 8 to the financial statements.

### **Significant Unusual Transactions**

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. We encountered no significant unusual transactions throughout our audit.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The proposed adjusting journal entry for the year ended December 31, 2025 was brought to the attention of, and corrected by, management, is attached to the management representation letter dated March 11, 2026 as Exhibit I (copy attached).

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to ETASC's financial statements or the auditors' report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated March 11, 2026.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. During the year ended December 31, 2025, ETASC consulted with Lumsden & McCormick, LLP, a hired outside accounting firm, regarding day to day operations and bookkeeping assistance. Management informed us that, and to our knowledge, none of their consultations with other accountants regarding auditing and accounting matters were significant to our performance of the audit of the financial statements.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with ETASC, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as ETASC's auditors.

\* \* \* \* \*

This report is intended solely for the information and use of the ETASC Board and management of the ETASC and is not intended to be and should not be used by anyone other than these specified parties.

*Drescher & Malecki LLP*

March 11, 2026

# ERIE TOBACCO ASSET SECURITIZATION CORPORATION

Edward A. Rath County Office Building  
95 Franklin Street, Room 1605  
Buffalo, NY 14202

March 11, 2026

Drescher & Malecki LLP  
2721 Transit Road, Suite 111  
Elma, New York 14059

This representation letter is provided in connection with your audit of the financial statements of the governmental activities and each major fund of the Erie Tobacco Asset Securitization Corporation ("ETASC"), a component unit of the County of Erie, New York, as of December 31, 2025, which comprise the statement of financial position as of December 31, 2025, and the respective change in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the financial statements of the various opinion units are presented fairly, in all material respects, in accordance with accounting principles generally accepted for governments in the United States of America ("U.S. GAAP").

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Except where otherwise stated below, immaterial matters collectively are not considered to be exceptions that require disclosure for the purpose of the following representations, which is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of March 11, 2026:

## Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 5, 2026, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- The financial statements referred to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information, and notes to the basic financial statements.
- We acknowledge our responsibility for the design, implementation, and maintenance of the system of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

- The methods, data, and significant assumptions used by us in making accounting estimates and their related disclosures, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of U.S. GAAP.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- There are no identified material uncorrected misstatements.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis— for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis— for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense/expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues or general revenues.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund and intra-entity transactions and balances have been properly classified and reported.
- Deposit and investment risks have been properly and fully disclosed.
- All required supplementary information is measured and presented within the prescribed guidelines.
- Nonexchange and exchange financial guarantees, either written or oral, under which it is more likely than not that a liability exists have been properly recorded, or if we are obligated in any manner, are disclosed.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.

- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- With regard to investments and other instruments reported at fair value:
  - The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.
  - The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.
  - The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.
  - There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.
- We have conducted a comprehensive risk assessment and disclosed all material concentrations and constraints in accordance with GASB Statement No. 102, *Certain Risk Disclosures*. These disclosures provide sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact associated with the concentration or constraint, if applicable.
- We have evaluated the concentrations and constraints, including those that occur subsequent to the statement of net position date but before the financial statements are issued and have been properly disclosed in the financial statements as subsequent events.
- With respect to all nonattest services provided, we have performed the following:
  - Made all management decisions and performed all management functions;
  - Assigned a competent individual to oversee the services;
  - Evaluated the adequacy of the services performed;
  - Evaluated and accepted responsibility for the result of the service performed; and
  - Established and maintained controls, including a process to monitor the system of internal control.

**Information Provided**

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;

- Additional information that you have requested from us for the purpose of the audit; and
- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our evaluation of the entity's ability to continue as a going concern, including significant conditions and events present, and we believe that our use of the going concern basis of accounting is appropriate.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any instances, that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance, whether communicated by employees, former employees, vendors (contractors), analysts, regulators, or others.
- We have no knowledge of any instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that has a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- We have no knowledge of any instances that have occurred or are likely to have occurred of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- We have taken timely and appropriate steps to remedy fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements, abuse or waste that you have reported to us.
- We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements
- We have disclosed to you the identity of all the entity's related parties and the nature of all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.
- ETASC has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

- We have disclosed to you all guarantees, whether written or oral, under which ETASC is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (“GASB-62”), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240.15(2-12)).
- ETASC has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets, nor has any asset been pledged as collateral, except as disclosed to you.
- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

## Required Supplementary Information

With respect to the required supplementary information accompanying the financial statements, including Management's Discussion and Analysis:

- We acknowledge our responsibility for the presentation of the required supplementary information in accordance with U.S. GAAP.
- We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
- The methods of measurement or presentation have not changed from those used in the prior period and the basis for our assumptions and interpretations, underlying those measurements or presentations, are responsible and appropriate in the circumstances.

## Other Specific Representations

- We have not completed the process of evaluating the impact that will result from adopting GASB Statements No. 103, *Financial Reporting Model Improvements*; and No. 104, *Disclosure of Certain Capital Assets*, effective for the year ending December 31, 2026, and GASB Statement No. 105, *Subsequent Events*, effective for the year ending December 31, 2027. ETASC is, therefore, unable to disclose the impact that adopting GASB Statements No. 103, 104, and 105 will have on its financial position and results of operations when such statements are adopted.
- ETASC management agrees with the proposed adjusting journal entry as presented in Exhibit I.
- Management has disclosed whether, subsequent to December 31, 2025, any changes in internal control or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies or material weaknesses have occurred.
- In preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, management uses estimates. We are responsible for making the accounting estimates. ETASC has disclosed in the financial statements all estimates where it is reasonably possible that the estimate will change in the near term and the effect of the change could be material to the financial statements.
- ETASC reports nonspendable, restricted and unassigned fund balances. ETASC has nonspendable balances of \$33,850, restricted balances of \$20,384,354, and an unassigned fund balance of \$11,894 within its governmental funds for the year ended December 31, 2025. Amounts of fund balance reported as restricted represent ETASC funds that are to be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- ETASC maintains procedures and provisions to fully secure the entity's financial interest in investments. ETASC has entered into written contracts pursuant to which investments are made within the guidelines established by authoritative bodies.

- We agree with the work of specialists in evaluating the value of our derivative instrument and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.
- Based on an estimate of recent trends and historical data of tobacco revenue received by ETASC, we estimate the tobacco settlement receivable to be \$11,458,369.
- Based on available information as provided by ETASC's Bank Trustee, ETASC reports \$0 in net cash flows related to the TASC's forward purchase agreement as of December 31, 2025. Management believes any adjustment or reclassification of net cash flows related to the year ended December 31, 2025 will be immaterial to the financial statements as a whole.
- ETASC management is responsible for the calculation of the accreted value of the Subordinate Turbo CABs. Management believes the accreted value of \$192,740,068 is appropriate at December 31, 2025.
- ETASC management believes the entire balance of due from New York State will be used for debt service and, therefore, has classified that portion of net position as restricted for debt service.
- ETASC management understands the Drescher & Malecki LLP has not performed any management functions or made management decisions on behalf of ETASC. Any nonattest services were performed in accordance with the applicable professional standards issued by the American Institute of Certified Public Accountants.



Mark Cornell, President

**Erie Tobacco Asset Securitization Corporation**  
**Proposed Adjusting Journal Entry**  
**Year Ended December 31, 2025**

**EXHIBIT I**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<b>Proposed Adjusting Journal Entry JE # 1</b>			
To adjust TSR receivable per management.			
DS4050	Tobacco Settlement Revenue	\$ 3,453,827	\$ -
GF1330	Due from New York State	-	3,453,827
<b>Total</b>		<u>\$ 3,453,827</u>	<u>\$ 3,453,827</u>

# **5.**

## **2025 Corporation Mission Statement and Performance Measurements, Annual Assessment of Internal Controls, and Annual Report**

**Erie Tobacco Asset Securitization Corporation**  
**Annual Report**  
**Fiscal Year End Date: 12/31/2025**

**Board Member Summary**

<b>Name</b>	<b>Term Start Date</b>	<b>Term Expiration Date</b>	<b>Training as per Sec 2824</b>
Poloncarz, Mark C.	1/1/2012	Ex-Officio	Y
Hardwick, Kevin R.	1/1/2022	Ex-Officio	Y
Johnson, Patricia A.	1/1/2018	None	Y
Bingel, Bryan R.	2/22/2012	None	Y
Zaleski, David	3/23/2023	None	Y

**Staff Summary**

The authority has no staff.

**Summary Financial Information**

**Assets**

**Current Assets**

Cash and cash equivalents	\$ 26,207
Investments	\$ 19,285,234
Receivables, net	\$ 0
Other assets	\$ 33,850
<b>Total Current Assets</b>	<b>\$ 19,345,291</b>

**Noncurrent Assets**

Restricted cash and investments	\$ 1,099,120
Long-term receivables, net	\$ 11,458,369
Other assets	\$ 10,517,428

**Capital Assets**

Land and other non-depreciable property	\$ 0
Buildings and equipment	\$ 0
Infrastructure	\$ 0
Accumulated depreciation	\$ 0
<b>Net capital assets</b>	<b>\$ 0</b>

**Total Noncurrent Assets** **\$ 23,074,917**

**Total Assets** **\$ 42,420,208**

**Liabilities****Current Liabilities**

Accounts payable	\$	14,313
Pension contribution payable	\$	0
Other post-employment benefits	\$	0
Accrued liabilities	\$	825,000
Deferred revenues	\$	0
Bonds and notes payable	\$	0
Other long-term obligations due within one year	\$	0

**Total Current Liabilities** \$ **839,313**

**Noncurrent Liabilities**

Pension contribution payable	\$	0
Other post-employment benefits	\$	0
Bonds and notes payable	\$	189,523,200
Long Term Leases	\$	0
Other long-term obligations	\$	192,853,760

**Total Noncurrent Liabilities** \$ **382,376,960**

**Total Liabilities** \$ **383,216,273**

**Net Asset (Deficit)****Net Assets**

Invested in capital assets, net of related debt	\$	0
Restricted	\$	31,842,723
Unrestricted		(\$372,638,788)

**Total Net Assets** (\$ **340,796,065**)

**Total Liabilities & Net Assets** \$ **42,420,208**

## **SUMMARY STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS**

### **Operating Revenues**

Charges for services	\$	0
Rental & financing income	\$	0
Other operating revenues	\$	9,331,906
<b>Total Operating Revenue</b>	<b>\$</b>	<b>9,331,906</b>

### **Operating Expenses**

Salaries and wages	\$	0
Other employee benefits	\$	0
Professional services contracts	\$	139,495
Supplies and materials	\$	0
Depreciation & amortization	\$	0
Other operating expenses	\$	0
<b>Total Operating Expenses</b>	<b>\$</b>	<b>139,495</b>

**Operating Income (Loss)** **\$ 9,192,411**

### **Nonoperating Revenues**

Investment earnings	\$	106
State subsidies/grants	\$	0
Federal subsidies/grants	\$	0
Municipal subsidies/grants	\$	0
Public authority subsidies	\$	0
Other non-operating revenues	\$	855,857

**Total Non-operating Revenue** **\$ 855,963**

### **Non-operating Expenses**

Interest and other financing charges	\$	23,531,877
Subsidies to other public authorities	\$	0
Grants and donations	\$	0
Other non-operating expenses	\$	0
<b>Total Non-operating Expenses</b>	<b>\$</b>	<b>23,531,877</b>

**Income (Loss) Before Contributions** **(\$ 13,483,503)**

**Capital Contributions** **\$ 0**

**Change in net assets** **(\$ 13,483,503)**

**Net assets, (deficit) beginning of year** **(\$327,312,562)**

**Other net assets changes** **\$ 0**

**Net assets, (deficit) at end of year** **(\$340,796,065)**

**Schedule of Debt**

Authority Debt - Other Begin Amount Total	\$372,971,091
New Debt Issuance ( <u>Debt Increase – not Issuance</u> )	\$ 12,652,493
Amount Retired	(\$ 3,360,316)
End Amount Total	\$382,263,268

**Real Property Transactions Summary**

**This authority had no real property transactions in excess of \$15,000.**

**Grant Information Summary**

**This authority did not award any grants during the reporting period.**

**Loan Information Summary**

**This authority had no outstanding loans during the reporting period.**

**Procurement Summary**

Number of Current Contracts	8 ( 2 Banking, 3 Legal, 2 Accounting, Ratings)
Total Value of Contracts	As necessary based on hourly rate for services provided
Total Amount Expended During Year	\$121,881.00

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To the best of my knowledge, the information contained in this Annual Report of the Erie Tobacco Asset Securitization Corporation for the period ended December 31, 2025: (i) is accurate and correct and does not contain any untrue statement of material fact; (ii) does not omit any material fact which, if admitted, would cause the financial statements or the Annual Report to be misleading in light of circumstances under which the statements were issued; and (iii) fairly represents in all material respects, financial conditions and operations of the Erie Tobacco Asset Securitization Corporation as of and for the periods presented in the financial statements and this Annual Report.

/s/

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Raymour Nosworthy  
Treasurer  
Erie Tobacco Asset Securitization Corporation

**Authority Mission Statement and Performance Measurements  
For the Fiscal Year 2025  
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 2025, the board and its committees met multiple times in person 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 2024 Performance Measurement filing to the five board members for their review and concurrence before its submission to the Authorities Budget Office.

**Authority Mission Statement and Performance Measurements  
For the Fiscal Year 2025  
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 2025, the board and its committees met multiple times in person 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 2024 Performance Measurement filing to the five board members for their review and concurrence before its submission to the Authorities Budget Office.

**Annual Assessment of Effectiveness of Internal Controls  
For the Fiscal Year 2025  
Erie Tobacco Asset Securitization Corporation**

**1. BACKGROUND**

Section 2800(1)(a)(9) and Section 2800(2)(a)(8) of the Public Authorities Law require all public authorities to complete an annual assessment of the effectiveness of their internal control structures and procedures.

**2. MISSION OF AUTHORITY AND MAJOR BUSINESS FUNCTIONS**

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.

**3. MAJOR RISKS ASSOCIATED WITH OPERATIONS**

Given the nature of ETASC and the minimal financial and operational actions of the corporation, there are no major risks associated with operations.

**4. INTENT**

The intent of the corporation's system of internal control shall be to:

- a) Promote effective and efficient operations so as to help the corporation carry out its mission.
- b) Provide reasonable assurance that the corporation's assets are safeguarded against inappropriate or unauthorized use.
- c) Promote the accuracy and reliability of accounting data and financial reporting to ensure transactions are executed in accordance with the corporation's board of directors' authorization and recorded properly in accounting records.
- d) Encourage adherence to the corporation's policies and procedures for conducting programs and operations.
- e) Ensure compliance with applicable laws and regulations.

**5. ASSESSMENT**

The corporation reviews internal controls on an on-going and as-needed basis. Two of the three independent directors of ETASC are certified public accountants and the third is a banker. One of the two County members of the board of directors is the County's elected Comptroller who serves as chief financial officer of the County. The sole officer of ETASC (who is the County Executive) is the former County Comptroller. The corporation undergoes an annual financial audit by an independent accounting firm. Any internal control weakness identified either by corporation officers or directors by the accounting firm is communicated to the corporation's Audit Committee and the board of directors. To the extent that deficiencies are identified, the corporation will develop corrective action plans to reduce any corresponding risk.

For the year ended December 31, 2025, the present internal control procedures appear to be sufficient to meet internal control objectives that pertain to the prevention and detection of material weaknesses or deficiencies.

## **6.**

# **Corporation’s Draft 2025 Public Authorities Reporting Information System Report (the “2025 PARIS Report”)**

Annual Report for Erie Tobacco Asset Securitization Corporation

Fiscal Year Ending: 12/31/2025

Run Date: 03/14/2026

Status: UNSUBMITTED

Certified Date: N/A

**Governance Information (Authority-Related)**

Question		Response	URL (if Applicable)
1.	Has the Authority prepared its annual report on operations and accomplishments for the reporting period as required by section 2800 of PAL?	Yes	<a href="https://www3.erie.gov/etasc/sites/www3.erie.gov.etasc/files/2026-03/etasc-2025-annual-report-final.pdf">https://www3.erie.gov/etasc/sites/www3.erie.gov.etasc/files/2026-03/etasc-2025-annual-report-final.pdf</a>
2.	As required by section 2800(9) of PAL, did the Authority prepare an assessment of the effectiveness of its internal controls?	Yes	<a href="https://www3.erie.gov/etasc/sites/www3.erie.gov.etasc/files/2026-03/etasc-2025-internal-controls-assessment-final.pdf">https://www3.erie.gov/etasc/sites/www3.erie.gov.etasc/files/2026-03/etasc-2025-internal-controls-assessment-final.pdf</a>
3.	Has the lead audit partner for the independent audit firm changed in the last five years in accordance with section 2802(4) of PAL?	Yes	N/A
4.	Does the independent auditor provide non-audit services to the Authority?	No	N/A
5.	Does the Authority have an organization chart?	No	
6.	Are any Authority staff also employed by another government agency?	No	
7.	Has the Authority posted their mission statement to their website?	Yes	<a href="https://www3.erie.gov/etasc/mission-statementperformance-goals">https://www3.erie.gov/etasc/mission-statementperformance-goals</a>
8.	Has the Authority's mission statement been revised and adopted during the reporting period?	No	N/A
9.	Attach the Authority's measurement report, as required by section 2824-a of PAL and provide the URL.		<a href="https://www3.erie.gov/etasc/sites/www3.erie.gov.etasc/files/2026-03/etasc-2025-performance-measurements-final.pdf">https://www3.erie.gov/etasc/sites/www3.erie.gov.etasc/files/2026-03/etasc-2025-performance-measurements-final.pdf</a>

Annual Report for Erie Tobacco Asset Securitization Corporation

Fiscal Year Ending: 12/31/2025

Run Date: 03/14/2026

Status: UNSUBMITTED

Certified Date: N/A

**Governance Information (Board-Related)**

Question	Response	URL (If Applicable)
1. Has the Board established a Governance Committee in accordance with Section 2824(7) of PAL?	Yes	N/A
2. Has the Board established an Audit Committee in accordance with Section 2824(4) of PAL?	Yes	N/A
3. Has the Board established a Finance Committee in accordance with Section 2824(8) of PAL?	Yes	N/A
4. Provide a URL link where a list of Board committees can be found (including the name of the committee and the date established):		<a href="https://www3.erie.gov/etasc/board-directorsofficers-corporation-information">https://www3.erie.gov/etasc/board-directorsofficers-corporation-information</a>
5. Does the majority of the Board meet the independence requirements of Section 2825(2) of PAL?	Yes	N/A
6. Provide a URL link to the minutes of the Board and committee meetings held during the covered fiscal year		<a href="https://www3.erie.gov/etasc/board-and-committee-meetings">https://www3.erie.gov/etasc/board-and-committee-meetings</a>
7. Has the Board adopted bylaws and made them available to Board members and staff?	Yes	<a href="https://www3.erie.gov/etasc/board-directorsofficers-corporation-information">https://www3.erie.gov/etasc/board-directorsofficers-corporation-information</a>
8. Has the Board adopted a code of ethics for Board members and staff?	Yes	<a href="https://www3.erie.gov/etasc/board-directorsofficers-corporation-information">https://www3.erie.gov/etasc/board-directorsofficers-corporation-information</a>
9. Does the Board review and monitor the Authority's implementation of financial and management controls?	Yes	N/A
10. Does the Board execute direct oversight of the CEO and management in accordance with Section 2824(1) of PAL?	Yes	N/A
11. Has the Board adopted policies for the following in accordance with Section 2824(1) of PAL?		
Salary and Compensation	Yes	N/A
Time and Attendance	No	N/A
Whistleblower Protection	Yes	N/A
Defense and Indemnification of Board Members	Yes	N/A
12. Has the Board adopted a policy prohibiting the extension of credit to Board members and staff in accordance with Section 2824(5) of PAL?	No	N/A
13. Are the Authority's Board members, officers, and staff required to submit financial disclosure forms in accordance with Section 2825(3) of PAL?	Yes	N/A
14. Was a performance evaluation of the board completed?	Yes	N/A
15. Was compensation paid by the Authority made in accordance with employee or union contracts?	No	N/A
16. Has the board adopted a conditional/additional compensation policy governing all employees?	No	

Annual Report for Erie Tobacco Asset Securitization Corporation

Fiscal Year Ending: 12/31/2025

Run Date: 03/14/2026

Status: UNSUBMITTED

Certified Date: N/A

**Board of Directors Listing**

<b>Name</b>	Bingel, Bryan R	<b>Nominated By</b>	Other
<b>Chair of the Board</b>	No	<b>Appointed By</b>	Other
<b>If yes, Chair Designated by</b>		<b>Confirmed by Senate?</b>	N/A
<b>Term Start Date</b>	2/12/2012	<b>Has the Board Member/Designee Signed the Acknowledgement of Fiduciary Duty?</b>	Yes
<b>Term Expiration Date</b>	Pleasure of Authority	<b>Complied with Training Requirement of Section 2824?</b>	Yes
<b>Title</b>		<b>Does the Board Member/Designee also Hold an Elected or Appointed State Government Position?</b>	No
<b>Has the Board Member Appointed a Designee?</b>		<b>Does the Board Member/Designee also Hold an Elected or Appointed Municipal Government Position?</b>	No
<b>Designee Name</b>		<b>Ex-Officio</b>	

<b>Name</b>	Hardwick, Kevin R	<b>Nominated By</b>	Ex-Officio
<b>Chair of the Board</b>	No	<b>Appointed By</b>	Ex-Officio
<b>If yes, Chair Designated by</b>		<b>Confirmed by Senate?</b>	N/A
<b>Term Start Date</b>	1/1/2022	<b>Has the Board Member/Designee Signed the Acknowledgement of Fiduciary Duty?</b>	Yes
<b>Term Expiration Date</b>	Ex-Officio	<b>Complied with Training Requirement of Section 2824?</b>	Yes
<b>Title</b>	Comptroller	<b>Does the Board Member/Designee also Hold an Elected or Appointed State Government Position?</b>	No
<b>Has the Board Member Appointed a Designee?</b>	No	<b>Does the Board Member/Designee also Hold an Elected or Appointed Municipal Government Position?</b>	Yes
<b>Designee Name</b>		<b>Ex-Officio</b>	Yes

Annual Report for Erie Tobacco Asset Securitization Corporation

Fiscal Year Ending: 12/31/2025

Run Date: 03/14/2026

Status: UNSUBMITTED

Certified Date: N/A

<b>Name</b>	Johnson, Patricia A	<b>Nominated By</b>	Other
<b>Chair of the Board</b>	No	<b>Appointed By</b>	Other
<b>If yes, Chair Designated by</b>		<b>Confirmed by Senate?</b>	N/A
<b>Term Start Date</b>	1/1/2018	<b>Has the Board Member/Designee Signed the Acknowledgement of Fiduciary Duty?</b>	Yes
<b>Term Expiration Date</b>	Pleasure of Authority	<b>Complied with Training Requirement of Section 2824?</b>	Yes
<b>Title</b>		<b>Does the Board Member/Designee also Hold an Elected or Appointed State Government Position?</b>	No
<b>Has the Board Member Appointed a Designee?</b>		<b>Does the Board Member/Designee also Hold an Elected or Appointed Municipal Government Position?</b>	No
<b>Designee Name</b>		<b>Ex-Officio</b>	

<b>Name</b>	Poloncarz, Mark C	<b>Nominated By</b>	Ex-Officio
<b>Chair of the Board</b>	Yes	<b>Appointed By</b>	Ex-Officio
<b>If yes, Chair Designated by</b>	By Virtue of Position	<b>Confirmed by Senate?</b>	N/A
<b>Term Start Date</b>	1/1/2012	<b>Has the Board Member/Designee Signed the Acknowledgement of Fiduciary Duty?</b>	Yes
<b>Term Expiration Date</b>	Ex-Officio	<b>Complied with Training Requirement of Section 2824?</b>	Yes
<b>Title</b>	Sole Member	<b>Does the Board Member/Designee also Hold an Elected or Appointed State Government Position?</b>	No
<b>Has the Board Member Appointed a Designee?</b>	No	<b>Does the Board Member/Designee also Hold an Elected or Appointed Municipal Government Position?</b>	Yes
<b>Designee Name</b>		<b>Ex-Officio</b>	Yes

Annual Report for Erie Tobacco Asset Securitization Corporation

Fiscal Year Ending: 12/31/2025

Run Date: 03/14/2026

Status: UNSUBMITTED

Certified Date: N/A

<b>Name</b>	Zaleski, David D	<b>Nominated By</b>	Other
<b>Chair of the Board</b>	No	<b>Appointed By</b>	Other
<b>If yes, Chair Designated by</b>		<b>Confirmed by Senate?</b>	N/A
<b>Term Start Date</b>	3/23/2023	<b>Has the Board Member/Designee Signed the Acknowledgement of Fiduciary Duty?</b>	Yes
<b>Term Expiration Date</b>	Pleasure of Authority	<b>Complied with Training Requirement of Section 2824?</b>	Yes
<b>Title</b>		<b>Does the Board Member/Designee also Hold an Elected or Appointed State Government Position?</b>	No
<b>Has the Board Member Appointed a Designee?</b>		<b>Does the Board Member/Designee also Hold an Elected or Appointed Municipal Government Position?</b>	No
<b>Designee Name</b>		<b>Ex-Officio</b>	

Annual Report for Erie Tobacco Asset Securitization Corporation

Fiscal Year Ending: 12/31/2025

Run Date: 03/14/2026

Status: UNSUBMITTED

Certified Date: N/A

**Staff Listing**

Name	Title	Group	Department/ Subsidiary	Union Name	Bargaining Unit	Full Time/ Part Time	Exempt	Base Annualized Salary	Actual salary paid to the Individual	Overtime paid by Authority	Performance Bonus	Extra Pay	Other Compensati on/Allowanc es/Adjustme nts	Total Compensat ion paid by Authority	Individual also paid by another entity to perform the work of the Authority	If yes, Is the payment made by a State or local governme nt
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This Authority has indicated that it has no staff during the reporting period.

Annual Report for Erie Tobacco Asset Securitization Corporation

Fiscal Year Ending: 12/31/2025

Run Date: 03/14/2026

Status: UNSUBMITTED

Certified Date: N/A

**Benefit Information**

During the fiscal year, did the Authority continue to pay for any of the above mentioned benefits for former staff or individuals affiliated With the Authority after those individuals left the Authority?	No
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**Board Members**

Name	Title	Severance Package	Payment for Unused Leave	Club Memberships	Use of Corporate Credit Cards	Personal Loans	Auto	Transportation	Housing Allowance	Spousal / Dependent Life Insurance	Tuition Assistance	Multi-Year Employment	None of these Benefits	Other
Bingel, Bryan R	Board of Directors													X
Hardwick, Kevin R	Board of Directors												X	
Johnson, Patricia A	Board of Directors													X
Poloncarz, Mark C	Board of Directors												X	
Zaleski, David D	Board of Directors													X

**Staff**

Name	Title	Severance Package	Payment for Unused Leave	Club Memberships	Use of Corporate Credit Cards	Personal Loans	Auto	Transportation	Housing Allowance	Spousal / Dependent Life Insurance	Tuition Assistance	Multi-Year Employment	None of these Benefits	Other
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Annual Report for Erie Tobacco Asset Securitization Corporation

Fiscal Year Ending: 12/31/2025

Run Date: 03/14/2026

Status: UNSUBMITTED

Certified Date: N/A

**Subsidiary/Component Unit Verification**

Is the list of subsidiaries, as assembled by the Office of the State Comptroller, correct?	Yes
Are there other subsidiaries or component units of the Authority that are active, not included in the PARIS reports submitted by this Authority and not independently filing reports in PARIS?	No

Name of Subsidiary/Component Unit	Status
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**Request Subsidiary/Component Unit Change**

Name of Subsidiary/Component Unit	Status	Requested Changes
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**Request Add Subsidiaries/Component Units**

Name of Subsidiary/Component Unit	Establishment Date	Purpose of Subsidiary/Component Unit
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**Request Delete Subsidiaries/Component Units**

Name of Subsidiary/Component Unit	Termination Date	Reason for Termination	Proof of Termination Document Name
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Annual Report for Erie Tobacco Asset Securitization Corporation

Fiscal Year Ending: 12/31/2025

Run Date: 03/14/2026

Status: UNSUBMITTED

Certified Date: N/A

**Summary Financial Information**
**SUMMARY STATEMENT OF NET ASSETS**

		Amount
<b>Assets</b>		
<b>Current Assets</b>		
	Cash and cash equivalents	\$26,207.00
	Investments	\$19,285,234.00
	Receivables, net	\$0.00
	Other assets	\$33,850.00
	<b>Total current assets</b>	<b>\$19,345,291.00</b>
<b>Noncurrent Assets</b>		
	Restricted cash and investments	\$1,099,120.00
	Long-term receivables, net	\$11,458,369.00
	Other assets	\$10,517,428.00
	<b>Capital Assets</b>	
	Land and other nondepreciable property	\$0.00
	Buildings and equipment	\$0.00
	Infrastructure	\$0.00
	Accumulated depreciation	\$0.00
	<b>Net Capital Assets</b>	<b>\$0.00</b>
	<b>Total noncurrent assets</b>	<b>\$23,074,917.00</b>
<b>Total assets</b>		<b>\$42,420,208.00</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
	Accounts payable	\$14,313.00
	Pension contribution payable	\$0.00
	Other post-employment benefits	\$0.00
	Accrued liabilities	\$825,000.00
	Deferred revenues	\$0.00
	Bonds and notes payable	\$0.00
	Other long-term obligations due within one year	\$0.00
	<b>Total current liabilities</b>	<b>\$839,313.00</b>
<b>Noncurrent Liabilities</b>		

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	Pension contribution payable		\$0.00
	Other post-employment benefits		\$0.00
	Bonds and notes payable		\$189,523,200.00
	Long term leases		\$0.00
	Other long-term obligations		\$192,853,760.00
	Total noncurrent liabilities		\$382,376,960.00
<b>Total liabilities</b>			\$383,216,273.00
<b>Net Asset (Deficit)</b>			
<b>Net Assets</b>			
	Invested in capital assets, net of related debt		\$0.00
	Restricted		\$31,842,723.00
	Unrestricted		(\$372,638,788.00)
	Total net assets		(\$340,796,065.00)

**SUMMARY STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS**

			Amount
<b>Operating Revenues</b>			
	Charges for services		\$0.00
	Rental and financing income		\$0.00
	Other operating revenues		\$9,331,906.00
	Total operating revenue		\$9,331,906.00
<b>Operating Expenses</b>			
	Salaries and wages		\$0.00
	Other employee benefits		\$0.00
	Professional services contracts		\$139,495.00
	Supplies and materials		\$0.00
	Depreciation and amortization		\$0.00
	Other operating expenses		\$0.00
	Total operating expenses		\$139,495.00
<b>Operating income (loss)</b>			\$9,192,411.00
<b>Nonoperating Revenues</b>			
	Investment earnings		\$106.00
	State subsidies/grants		\$0.00
	Federal subsidies/grants		\$0.00
	Municipal subsidies/grants		\$0.00
	Public authority subsidies		\$0.00

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	Other nonoperating revenues		\$855,857.00
	Total nonoperating revenue		\$855,963.00
<b>Nonoperating Expenses</b>			
	Interest and other financing charges		\$23,531,877.00
	Subsidies to other public authorities		\$0.00
	Grants and donations		\$0.00
	Other nonoperating expenses		\$0.00
	Total nonoperating expenses		\$23,531,877.00
	Income (loss) before contributions		(\$13,483,503.00)
<b>Capital contributions</b>			\$0.00
<b>Change in net assets</b>			(\$13,483,503.00)
<b>Net assets (deficit) beginning of year</b>			(\$327,312,562.00)
<b>Other net assets changes</b>			\$0.00
<b>Net assets (deficit) at end of year</b>			(\$340,796,065.00)

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**Current Debt**

Question		Response
1.	Did the Authority have any outstanding debt, including conduit debt, at any point during the reporting period?	Yes
2.	If yes, has the Authority issued any debt during the reporting period?	Yes

**New Debt Issuances**

Type of Debt: Authority Debt - Other

Program :

Project	Amounts	Bond Closing Date	Issue Process	True Interest Cost	Interest type	Term (Yrs)	Cost Of Issuance
Debt Increase - Not Issuance	Refunding \$0.00	1/1/2013	Competitive	0%	Fixed	20	\$0.00
	New \$12,652,493.00						
	Total \$12,652,493.00						

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**Schedule of Authority Debt**

Type of Debt			Statutory Authorization(\$)	Outstanding Start of Fiscal Year(\$)	New Debt Issuances(\$)	Debt Retired (\$)	Outstanding End of Fiscal Year(\$)
State Obligation	State Guaranteed						
State Obligation	State Supported						
State Obligation	State Contingent Obligation						
State Obligation	State Moral Obligation						
Other State-Funded	Other State-Funded						
Authority Debt - General Obligation	Authority Debt - General Obligation						
Authority Debt - Revenue	Authority Debt - Revenue						
Authority Debt - Other	Authority Debt - Other		0.00	372,971,091.00	12,652,493.00	3,360,316.00	382,263,268.00
Conduit		Conduit Debt					
Conduit		Conduit Debt - Pilot Increment Financing					
<b>TOTALS</b>			0.00	372,971,091.00	12,652,493.00	3,360,316.00	382,263,268.00

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Certified Date: N/A

**Personal Property**

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**Property Documents**

Question		Response	URL (If Applicable)
1.	In accordance with Section 2896(3) of PAL, the Authority is required to prepare a report at least annually of all real property of the Authority. Has this report been prepared?	No	
2.	Has the Authority prepared policies, procedures, or guidelines regarding the use, awarding, monitoring, and reporting of contracts for the acquisition and disposal of property?	No	
3.	In accordance with Section 2896(1) of PAL, has the Authority named a contracting officer who shall be responsible for the Authority's compliance with and enforcement of such guidelines?	No	N/A

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**Grant Information**

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**Loan Information**

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**Bond Information**

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**Additional Comments**

Investment Report for Erie Tobacco Asset Securitization Corporation

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**Investment Information**

Question		Response	URL (If Applicable)
1.	Has the Authority prepared an Annual Investment Report for the reporting period as required by Section 2925 (6) of PAL?	No	
2.	Are the Authority's investment guidelines reviewed and approved annually?	No	
3.	Did the Authority have an independent audit of investments as required by Section 2925(3)(f) of PAL?	No	
4.	Has the Authority's independent auditor issued a management letter to the Authority in connection with its annual audit of investments?	No	

**Additional Comments**

Procurement Report for Erie Tobacco Asset Securitization Corporation

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**Procurement Information:**

Question	Response	URL (If Applicable)
1. Does the Authority have procurement guidelines?	Yes	<a href="https://www3.erie.gov/etasc/financial-information">https://www3.erie.gov/etasc/financial-information</a>
2. Are the procurement guidelines reviewed annually, amended if needed, and approved by the Board?	Yes	
3. Does the Authority allow for exceptions to the procurement guidelines?	No	
4. Does the Authority assign credit cards to employees for travel and/or business purchases?	No	
5. Does the Authority require prospective bidders to sign a non-collusion agreement?	Yes	
6. Does the Authority incorporate a summary of its procurement policies and prohibitions in its solicitation of proposals, bid documents, or specifications for procurement contracts?	Yes	
7. Did the Authority designate a person or persons to serve as the authorized contact on a specific procurement, in accordance with Section 139-j(2)(a) of the State Finance Law, "The Procurement Lobbying Act"?	Yes	
8. Did the Authority determine that a vendor had impermissible contact during a procurement or attempted to influence the procurement during the reporting period, in accordance with Section 139-j(10) of the State Finance Law?	No	
8a. If Yes, was a record made of this impermissible contact?		
9. Does the Authority have a process to review and investigate allegations of impermissible contact during a procurement, and to impose sanctions in instances where violations have occurred, in accordance with Section 139-j(9) of the State Finance Law?	Yes	

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**Procurement Transactions Listing:**

<b>1. Vendor Name</b>	Bank of NY Mellon	<b>Address Line1</b>	Bank of NY Mellon Corporate Trust Department
<b>Type of Procurement</b>	Financial Services	<b>Address Line2</b>	PO Box 392013
<b>Award Process</b>	Authority Contract - Non-Competitive Bid	<b>City</b>	PITTSBURGH
<b>Award Date</b>	10/1/2001	<b>State</b>	PA
<b>End Date</b>		<b>Postal Code</b>	15251
<b>Fair Market Value</b>		<b>Plus 4</b>	
<b>Amount</b>	\$10,150.00	<b>Province/Region</b>	
<b>Amount Expended For Fiscal Year</b>	\$10,150.00	<b>Country</b>	United States
<b>Explain why the Fair Market Value is Less than the Amount</b>		<b>Procurement Description</b>	Administrative Trustee Fees

<b>2. Vendor Name</b>	Drescher & Malecki LLP	<b>Address Line1</b>	Drescher & Malecki LLP
<b>Type of Procurement</b>	Financial Services	<b>Address Line2</b>	PO Box 408
<b>Award Process</b>	Authority Contract - Competitive Bid	<b>City</b>	LANCASTER
<b>Award Date</b>	1/1/2017	<b>State</b>	NY
<b>End Date</b>	12/31/2024	<b>Postal Code</b>	14086
<b>Fair Market Value</b>		<b>Plus 4</b>	
<b>Amount</b>	\$17,500.00	<b>Province/Region</b>	
<b>Amount Expended For Fiscal Year</b>	\$17,500.00	<b>Country</b>	United States
<b>Explain why the Fair Market Value is Less than the Amount</b>		<b>Procurement Description</b>	Outside Auditing Firm

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<b>3. Vendor Name</b>	Harris Beach PLLC	<b>Address Line1</b>	99 Garnsey Road
<b>Type of Procurement</b>	Legal Services	<b>Address Line2</b>	
<b>Award Process</b>	Authority Contract - Non-Competitive Bid	<b>City</b>	PITTSFORD
<b>Award Date</b>	1/1/2023	<b>State</b>	NY
<b>End Date</b>		<b>Postal Code</b>	14534
<b>Fair Market Value</b>	\$41,681.00	<b>Plus 4</b>	
<b>Amount</b>	\$41,681.00	<b>Province/Region</b>	
<b>Amount Expended For Fiscal Year</b>	\$41,681.00	<b>Country</b>	United States
<b>Explain why the Fair Market Value is Less than the Amount</b>		<b>Procurement Description</b>	Legal services

<b>4. Vendor Name</b>	Hawkins, Delafield, Wood	<b>Address Line1</b>	1160 Pittsford Victor Rd
<b>Type of Procurement</b>	Legal Services	<b>Address Line2</b>	
<b>Award Process</b>	Non Contract Procurement/Purchase Order	<b>City</b>	PITTSFORD
<b>Award Date</b>		<b>State</b>	NY
<b>End Date</b>		<b>Postal Code</b>	14534
<b>Fair Market Value</b>		<b>Plus 4</b>	
<b>Amount</b>		<b>Province/Region</b>	
<b>Amount Expended For Fiscal Year</b>	\$5,750.00	<b>Country</b>	United States
<b>Explain why the Fair Market Value is Less than the Amount</b>		<b>Procurement Description</b>	Legal Fees

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<b>5. Vendor Name</b>	Lawley Agency Insurance	<b>Address Line1</b>	Lawley Insurance Service
<b>Type of Procurement</b>	Financial Services	<b>Address Line2</b>	361 Delaware Avenue
<b>Award Process</b>	Authority Contract - Competitive Bid	<b>City</b>	BUFFALO
<b>Award Date</b>	10/1/2001	<b>State</b>	NY
<b>End Date</b>		<b>Postal Code</b>	14202
<b>Fair Market Value</b>		<b>Plus 4</b>	
<b>Amount</b>	\$21,100.00	<b>Province/Region</b>	
<b>Amount Expended For Fiscal Year</b>	\$21,100.00	<b>Country</b>	United States
<b>Explain why the Fair Market Value is Less than the Amount</b>		<b>Procurement Description</b>	Director and Officers Liability Insurance

<b>6. Vendor Name</b>	Lumsden & McCormick, LLP	<b>Address Line1</b>	369 Franklin St
<b>Type of Procurement</b>	Financial Services	<b>Address Line2</b>	
<b>Award Process</b>	Authority Contract - Competitive Bid	<b>City</b>	BUFFALO
<b>Award Date</b>	2/26/2020	<b>State</b>	NY
<b>End Date</b>		<b>Postal Code</b>	14202
<b>Fair Market Value</b>		<b>Plus 4</b>	
<b>Amount</b>	\$5,900.00	<b>Province/Region</b>	
<b>Amount Expended For Fiscal Year</b>	\$5,900.00	<b>Country</b>	United States
<b>Explain why the Fair Market Value is Less than the Amount</b>		<b>Procurement Description</b>	Accounting Services

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<b>7. Vendor Name</b>	Standard & Poor's	<b>Address Line1</b>	Standard & Poor's
<b>Type of Procurement</b>	Financial Services	<b>Address Line2</b>	2542 Collection Center Drive
<b>Award Process</b>	Non Contract Procurement/Purchase Order	<b>City</b>	CHICAGO
<b>Award Date</b>		<b>State</b>	IL
<b>End Date</b>		<b>Postal Code</b>	60695
<b>Fair Market Value</b>		<b>Plus 4</b>	
<b>Amount</b>		<b>Province/Region</b>	
<b>Amount Expended For Fiscal Year</b>	\$10,000.00	<b>Country</b>	United States
<b>Explain why the Fair Market Value is Less than the Amount</b>		<b>Procurement Description</b>	Annual Surveillance Rating Fee

<b>8. Vendor Name</b>	Wilmington Trust	<b>Address Line1</b>	Wilmington Trust Company Fees & Payments Unit
<b>Type of Procurement</b>	Financial Services	<b>Address Line2</b>	PO Box 8955
<b>Award Process</b>	Authority Contract - Non-Competitive Bid	<b>City</b>	WILMINGTON
<b>Award Date</b>	1/1/2006	<b>State</b>	DE
<b>End Date</b>		<b>Postal Code</b>	19899
<b>Fair Market Value</b>		<b>Plus 4</b>	
<b>Amount</b>	\$9,800.00	<b>Province/Region</b>	
<b>Amount Expended For Fiscal Year</b>	\$9,800.00	<b>Country</b>	United States
<b>Explain why the Fair Market Value is Less than the Amount</b>		<b>Procurement Description</b>	Trustee

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**Additional Comments**

Certified Financial Audit for Erie Tobacco Asset Securitization Corporation  
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**Financial Documents**

Question	Response
1. Attach the independent audit of the Authority's financial statements.	N/A

URL (If Applicable)	Attachments
<a href="https://www3.erie.gov/etasc/financial-information">https://www3.erie.gov/etasc/financial-information</a>	Attachment Included

Question	Response
2. Has the Authority's independent auditor issued a management letter to the Authority in connection with its audit of the Authority's financial statements?	

URL (If Applicable)	Attachments

Question	Response
3. Has the Authority's independent auditor issued a Report on Internal Controls Over Financial Reporting to the Authority?	

URL (If Applicable)	Attachments

Question	Response
4. Attach any other communication required or allowed by government auditing standards issued by the Comptroller General of the United States to be issued by the Authority's independent auditor in connection with its annual audit of the Authority's financial statements.	

URL (If Applicable)	Attachments

**Additional Comments**

# **7.**

## **2025 Aggregate Results of Confidential Evaluation of Board Performance**

## Erie Tobacco Asset Securitization Corporation

### Aggregate Results of Five (5) Directors' Confidential Evaluation of Board Performance 2025

Criteria	Agree	Somewhat Agree	Somewhat Disagree	Disagree	N/A
Board members have a shared understanding of the mission and purpose of the Authority.	<b>5</b>				
The policies, practices and decisions of the Board are always consistent with this mission.	<b>5</b>				
Board members comprehend their role and fiduciary responsibilities and hold themselves and each other to these principles.	<b>5</b>				
The Board has adopted policies, by-laws, and practices for the effective governance, management and operations of the Authority and reviews these annually.	<b>5</b>				
The Board sets clear and measurable performance goals for the Authority that contribute to accomplishing its mission.	<b>4</b>	<b>1</b>			
The decisions made by Board members are arrived at through independent judgment and deliberation, free of political influence, pressure or self-interest.	<b>5</b>				
Individual Board members communicate effectively with executive staff so as to be well informed on the status of all important issues.	<b>5</b>				
Board members are knowledgeable about the Authority's programs, financial statements, reporting requirements, and other transactions.	<b>5</b>				
The Board meets to review and approve all documents and reports prior to public release and is confident that the information being presented is accurate and complete.	<b>5</b>				
The Board knows the statutory obligations of the Authority and if the Authority is in compliance with state law	<b>5</b>				
Board and committee meetings facilitate open, deliberate and thorough discussion, and the active participation of members.	<b>5</b>				
Board members have sufficient opportunity to research, discuss, question and prepare before decisions are made and votes taken.	<b>5</b>				
Individual Board members feel empowered to delay votes, defer agenda items, or table actions if they feel additional information or discussion is required.	<b>4</b>	<b>1</b>			
The Board exercises appropriate oversight of the CEO and other executive staff, including setting performance expectations and reviewing performance annually.	<b>4</b>	<b>1</b>			
The Board has identified the areas of most risk to the Authority and works with management to implement risk mitigation strategies before problems occur.	<b>5</b>				
Board members demonstrate leadership and vision and work respectfully with each other.	<b>5</b>				

Date Completed: March 11, 2026

Note: Numbers indicate the number of directors who agree, somewhat agree, somewhat disagree, disagree, or believe that the criterion is not applicable.