

## WESTCHESTER TOBACCO ASSET SECURITIZATION CORPORATION

### Minutes of the June 13, 2017 Board of Directors meeting (page 1 of 5)

Noting a quorum was present; the Westchester Tobacco Asset Securitization Corporation's board meeting was called to order at 11:02 a.m. by Ann Marie Berg, the Chairman of the corporation.

The following items from the agenda were reviewed on an individual basis by the Board members present:

- 1) A) Election of Ann Marie Berg as Treasurer and Chairman and Dennis C. Kelly as Secretary of the Corporation.

Note: As defined in Article III of the Corporation's By-Laws, the Treasurer shall at all times be the individual from time to time exercising the powers and duties of the Commissioner of Finance of Westchester County.

***A motion for election was made by Richard Wishnie, seconded by Peter Pucillo and unanimously approved.***

- 1) B) Election of Peter P. Pucillo as Director (as Independent Director).

***A motion for election was made by Richard Wishnie, seconded by Ann Marie Berg and unanimously approved.***

- 2) Approval of O'Connor Davies, LLP fee payment of \$20,000 for the year ended 2016 audit of the financials of Westchester Tobacco Asset Securitization Corporation ("WTASC").

***A motion for approval was made by Richard Wishnie, seconded by Ann Marie Berg and unanimously approved.***

- 3) Prior to the review of the financials, a review of an analysis of the change in debt 2016 versus 2015 and proceeds and uses of the 2016 bond sale was performed by Ann Marie Berg and Dennis C. Kelly noting the Slug purchase of \$176,977,345 was utilized to defease the 2005 bonds outstanding at December 22, 2016. The defeased 2005 debt was paid off on January 23, 2017.

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## 4) Approval of WTASC Financials for 2016.

A review of the financials was performed by Ann Marie Berg and Dennis C. Kelly highlighting WTASC had received Tobacco Settlement Revenues of \$11,566,206.20 on April 20, 2017 which was recorded as a receivable at December 31, 2016. Also, due to the refunding the 2005 bonds on December 22, 2016, the remaining unamortized Loss on the refunded 2005 bonds amounting to \$27,075,411 was expensed and the Loss on the refunded 2016 bonds of \$4,610,472 was deferred and is categorized as “Deferred Outflow of Resources” in the Statement of Net Position. The 2016 bonds costs of Issuance amounting to \$1,600,380 (composed of \$693,160 of third party professional fees and underwriters fees of \$907,220) was expensed in accordance with GASB #65. The Residual payment to County of Westchester of \$8,707,914 includes both the \$7,105,995 received from the 2016 bond offering and the \$1,601,919 received as part of the Tobacco Settlement Revenues.

***A motion for approval of the WTASC financials was made by Richard Wishnie, seconded by Peter Pucillo and unanimously approved.***

- 5) Approval of Annual Report for 2016, inclusive of the List of Additional Questions & Answers – **attached (The board members present have acknowledged that they have read and understood the mission of WTASC and also acknowledged that they have read and understood the responses to the “list of additional questions & answers” included in the 2016 Annual Report).** A review of the changes in this year’s Annual Report was made pointing out the link to EMMA (electronic municipal market access) for additional information on the 2016 series bonds that are further disclosed in the Official Statement. It was also pointed out to the Board Members that this year’s Annual Report includes the ratings of the outstanding bonds by only one rating agency- Standard & Poors. The Fitch rating agency no longer performs surveillance on tobacco asset corporations effective June 2016.
- A motion for approval of the Annual Report for 2016 was made by Peter Pucillo, seconded by Richard Wishnie and unanimously approved.***

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- 6) Approval of Investment Guidelines- Policies and Procedures regarding cash flows and investments for Westchester Tobacco Asset Securitization Corporation – **attached**.  
***A motion for approval of Investment Guidelines was made by Richard Wishnie, seconded by Peter Pucillo and unanimously approved.***
  
- 7) Approval of Internal Controls- Policies & Procedures – attached (The board members present continue to be satisfied with internal controls of WTASC).  
***A motion for approval of Internal Controls-Policies & Procedures was made by Richard Wishnie, seconded by Peter Pucillo and unanimously approved.***
  
- 8) Approval of Travel & Discretionary Funds Policy – **attached**.  
***A motion for approval of Travel & Discretionary Funds Policy was made by Richard Wishnie, seconded by Peter Pucillo and unanimously approved.***
  
- 9) Approval of Amended Procurement Policy – **attached**. This policy was amended due to recent requirement by New York State’s Authorities Budget Office (“ABO”) on June 5, 2017 to include a Statement of Prompt Payment Policy. The Statement of Prompt Payment Policy and the ABO’s policy guidance are also attached.  
***A motion for approval of the Amended Procurement Policy and the Statement of Prompt Payment Policy was made by Richard Wishnie, seconded by Peter Pucillo and unanimously approved.***
  
- 10) Approval of Code of Ethics- **attached**.  
***A motion for approval of the Code of Ethics was made by Richard Wishnie, seconded by Peter Pucillo and unanimously approved.***

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11) Review and approval of the WTASC 2018 budget. A review of the WTASC 2018 budget was made with the forecast of reduced tobacco settlement revenues (TSR) based on the April 20, 2017 receipt. It was noted the reduced TSR receipt assumption should be sufficient to make the required debt service in 2018 through 2021.

***A motion for approval of the 2018 budget was made by Richard Wishnie, seconded by Peter Pucillo and unanimously approved.***

12) Approval of Westchester County finance department fees of \$35,000 for 2017. (Ann Marie Berg recused herself.)

***A motion for approval of the finance department's 2017 fees of \$35,000 was made by Richard Wishnie, seconded by Peter Pucillo and unanimously approved.***

The following items from the agenda were reviewed by the Board members present:

13) Board of Directors Confidential Evaluation Form- After the board of directors training attended by all members of the board in early 2017, it was determined that the Board of Directors Confidential Evaluation Form needed to be prepared and filed as part of the Annual Report. Each member of the board was provided a form to complete which will then be given to the Secretary of the WTASC to be summarized and included in the 2016 Annual Report.

14) Board of Directors Acknowledgement of Fiduciary Duties & Responsibilities Form- Even though each board member had previously completed this form in prior years, since the board members have all received training in early 2017, it was considered to be diligent that a new form be completed and that the forms be maintained by the Secretary to the Corporation.

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- 15) As part of the requirement of the 2016 Indenture, the EMMA filing of the 2016 financial report is required to be posted within 180 days of year end. It will be posted shortly after this meeting and members will be notified of posting.
- 16) The 2016 New York State PARIS filing will be completed shortly after this meeting and members will be notified of filing.
- 17) The Annual Certificate for FY 2017 of the County of Westchester in the State of New York *Re: Westchester Tobacco Asset Securitization Corporation, Series 2016B and Series 2016C* was received by the Corporation – also attached.
- 18) The S&P Global Ratings putting 117 NY State Tobacco Asset Backed Securities (ABS) Deals Ratings on CreditWatch with negative implications was discussed. It was noted that Westchester Tobacco Asset Securitization Corporation Series 2016 bonds were listed as one of the ABS on CreditWatch with negative implications. This was also disclosed in the Annual Report.

***A motion for approval of the minutes of this meeting was made by Richard Wishnie, seconded by Peter Pucillo and unanimously approved.***

Having no other business to attend to, a motion to adjourn this meeting at 11:31 a.m. was made by ***Richard Wishnie*** and seconded by ***Peter Pucillo*** and unanimously approved.