

WESTCHESTER TOBACCO ASSET SECURITIZATION CORPORATION

Minutes of the June 13, 2018 Board of Directors meeting (page 1 of 5)

Noting a quorum was present; the Westchester Tobacco Asset Securitization Corporation’s annual board meeting was called to order at 11:01 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) Introduction of Michael Rosenblut as a new member of the Westchester Tobacco Asset Securitization Corporation board.

It was noted as defined in Article II –Section2 (b) of the Corporation’s By-Laws, the new member represents the one director designated by the Westchester County Health Care Corporation (“WCHCC”) to be the WCHCC board representative, selected by the Majority Leader of the Westchester County Board of Legislators in accordance with Section 3303(2) of the New York Public Authorities Law. ***Hence no motion for election is required for this new board member.***

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

It was noted as defined in Article II- Section 2 (b) of the Corporation’s By-Laws, one director shall be the individual from time to time exercising the powers and duties of the Commissioner of Finance of Westchester County, *ex officio*. Also as defined in Article III- Section 1 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 elections was made by Michael Rosenblut, seconded by Peter Pucillo and unanimously approved.***

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

It was noted as defined in Article II- Section 2 (b) of the Corporation's By-Laws, one director shall be designated jointly by the other two directors in accordance with the provisions of the Certificate of Incorporation of the Corporation.

A motion for election was made by Michael Rosenblut, seconded by Ann Marie Berg and unanimously approved.

- 2) Approval of O'Connor Davies, LLP fee payment of \$20,000 (not to exceed \$22,000) for the year ended 2017 audit of the financials of Westchester Tobacco Asset Securitization Corporation ("WTASC").

A motion for approval was made by Michael Rosenblut, seconded by Ann Marie Berg and unanimously approved.

- 3) Approval of WTASC Financials for 2017.

A review of the financials was performed by Ann Marie Berg and Dennis C. Kelly highlighting WTASC had received Tobacco Settlement Revenues of \$12,524,923 on April 19, 2018 which was recorded as a receivable at December 31, 2017. The related Residual payment to Westchester County of \$1,734,702 was recorded as a liability also at December 31, 2017.

A motion for approval of the WTASC financials was made by Michael Rosenblut, seconded by Peter Pucillo and unanimously approved.

- 4) Approval of Annual Report for 2017, 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 2017 Annual Report)**. A review of the Annual Report was made by Ann Marie Berg and Dennis C. Kelly noting the disclosure in the Annual Report that on November

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16, 2017 S&P Global Ratings, in addition to changing some of the outstanding bond ratings, also removed the CreditWatch with negative implications.

A motion for approval of the Annual Report for 2017 was made by Peter Pucillo, seconded by Michael Rosenblut and unanimously approved.

- 5) Review and approval of previously adopted WTASC Mission Statement- attached. Dennis C. Kelly stated it was updated for reference to 2016 Series bonds- attached.

A motion for approval of Mission Statement was made by Michael Rosenblut, seconded by Peter Pucillo and unanimously approved.

- 6) Review and approval of previously adopted 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 Ann Marie Berg, seconded by Peter Pucillo and unanimously approved.

- 7) Review and approval of previously adopted 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 Michael Rosenblut, seconded by Peter Pucillo and unanimously approved.

- 8) Review and approval of previously adopted Travel & Discretionary Funds Policy – **attached.**

A motion for approval of Travel & Discretionary Funds Policy was made by Michael Rosenblut, seconded by Peter Pucillo and unanimously approved.

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- 9) Review and approval of previously adopted Amended Procurement Policy (amended June 13, 2017) – attached.

Dennis Kelly noted that, as required, copies of the new policy were sent on June 30, 2017 to the NYS Comptroller, the Chairwoman of the Senate Finance Committee, NYS Division of the Budget, and the Chairman of the Assembly Ways and Means Committee. An annual report for 2017 on the scope and implementation of WTASC’s prompt payment policy was also sent to each of the abovementioned State agencies on May 4, 2018. All invoices submitted to WTASC were paid within 30 days except the insurance premium which was paid within 45 days; however such payment was prior to adoption of Prompt Payment Policy on June 13, 2017. This annual report was filed 34 days past its due date. The Directors stated that next year’s report should be filed within 90 days of year end, as required.

A motion for approval of the Amended Procurement Policy and the Statement of Prompt Payment Policy was made by Michael Rosenblut, seconded by Peter Pucillo and unanimously approved.

- 10) Review and approval of previously adopted Code of Ethics- **attached.**

A motion for approval of the Code of Ethics was made by Michael Rosenblut, seconded by Peter Pucillo and unanimously approved.

- 11) Review and approval of the WTASC 2019 budget. A review of the WTASC 2019 budget was made with the forecast of reduced tobacco settlement revenues (TSR) based on the April 19, 2018 receipt. It was noted the reducing TSR receipt assumption should still be sufficient to make the required debt service in 2019 through 2023.

A motion for approval of the 2019 budget was made by Ann Marie Berg, seconded by Peter Pucillo and unanimously approved.

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- 12) Approval of Westchester County finance department fees of \$35,000 for 2018. (Ann Marie Berg recused herself.)

A motion for approval of the finance department's 2018 fees of \$35,000 was made by Michael Rosenblut, seconded by Peter Pucillo and unanimously approved.

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

- 13) Each member of the board was provided a “Confidential Evaluation” form to complete which will then be given to the Secretary of the WTASC to be summarized and included in the 2017 Annual Report.
- 14) As part of the requirement of the 2016 Indenture, the EMMA filing of the 2017 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.
- 15) The 2017 New York State PARIS filing will be completed shortly after this meeting and members will be notified of filing.
- 16) 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.
- 17) ABO’s Policy Guidance – “Acknowledgement of Fiduciary Duty” required from new board member.
- 18) Discussed attendance of new board member at Public Authorities Board Member Training required under section 2824 of the Public Authorities Law.
A motion for approval of the minutes of this meeting was made by Michael Rosenblut, seconded by Peter Pucillo and unanimously approved.

Having no other business to attend to, a motion to adjourn this meeting at 11:55 a.m. was made by ***Ann Marie Berg*** and seconded by ***Peter Pucillo*** and unanimously approved.