

Minutes of Meeting  
of  
Erie Tobacco Asset Securitization Corporation ("ETASC")  
Audit Committee

Tuesday, January 26, 2016

County Executive Conference Room

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Audit Committee Members present: Bryan Bingel and Gerard Mazurkiewicz.

Audit Committee Member Excused: Peter Zaleski .

Guests present: Robert Keating, Timothy Callan, Mark Cornell, Michael Siragusa, Bryan Fiume, Frederick Wolf, Jordan Malecki, and Thomas Malecki.

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**I. CALL TO ORDER**

Chairman Bryan Bingel called the meeting of the Audit Committee to order at 1:00 P.M. A quorum of the Audit Committee Members was present at the meeting.

**II. MINUTES FROM PRIOR MEETING**

None were presented or received.

**III. ITEMS DISCUSSED**

A) Tom Malecki presented the members of the Corporation's Audit Committee the Audit Engagement Letter from Dresher & Malecki ("DM") for the 2015 independent audit of the Corporation's books and records.

B) A number of questions were raised by the Audit Committee members and adequately answered by the representatives of DM present.

**IV. ACTION ITEMS**

A) The Audit Committee discussed its attached Resolution #1 recommending to the Corporation's Board of Directors (the "Board") that it accept DM's proposed Engagement Letter, as described therein and agreed that its

recommendation should be submitted to the Board for review and discussion at its January 26, 2016 special Board meeting.

- B) Following the Audit Committee's review and discussion of Resolution #1, Gerard Mazurkiewicz moved and Bryan Bingel seconded said resolution which was then unanimously approved by the Audit Committee members who were present.

#### **V. RECESS OF AUDIT COMMITTEE MEETING**

The Audit Committee meeting was recessed at 1:25PM to participate in a special meeting of the Board scheduled to begin at 1:30PM.

#### **VI. RECONVENING OF AUDIT COMMITTEE MEETING**

Chairman Bingel reconvened the Audit Committee meeting at 1:46PM.

#### **VII. ITEMS CONTINUED TO BE DISCUSSED**

- A) Tom Malecki: (i) advised the Audit Committee that DM needs information from Lumsden McCormick, LLP before it can complete its 2015 independent audit report (the "Report"); (ii) outlined the respective responsibilities of DM and the Corporation's management during DM's 2015 independent audit of the Corporation's financial affairs; and (iii) explained DM's need to give an opinion regarding the fairness of the Corporation's 2015 financial statements.
- B) Tom Malecki advised the Committee that DM, as part of its 2015 independent audit has an obligation to determine that the Committee members, directors of the Corporation who are not members of the Committee, and the Corporation's officers are not aware of any fraud or other activities which may significantly affect the Corporation's Report. The Committee members present and the Corporation's other directors and officers, indicated that, to the best of their knowledge, they were not aware of any fraud which could adversely affect the Report to be prepared by DM.
- C) Chairman Bingel expressed the need to have an Audit Committee meeting during the week of March the 7<sup>th</sup>, before the March 16 Annual Meeting of the Corporation's Sole Member and Board in order to review a draft of DM's proposed Report.
- D) Tom Malecki indicated that his firm was flexible on when the next meeting of the Audit Committee should be during the week of March the 7<sup>th</sup>, after which it was agreed that such a meeting should take place on

Thursday, March the 10<sup>th</sup>, or Friday, March the 11<sup>th</sup>. Tom Malecki indicated that DM will accommodate this schedule, and that the Corporation's Report and related documentation will be emailed to all members of the Audit Committee, and other interested parties, 48 hours in advance of any scheduled meeting.

- E) Tom and Jordan Malecki discussed required filings with the New York State Authorities Budget Office and, if appropriate, will report any substantial omissions regarding such required filings to the Board as part of its Report. Management confirmed that all necessary reports had been filed.
- F) The Committee members, present then confirmed with ETASC president Robert Keating and ETASC treasurer, Timothy Callan, that any moneys received by the Corporation's as a result of a recent settlement of pending litigation against the major cigarette manufacturers who had previously been part of a master settlement agreement would be released to ETASC and not forwarded to the County. Messrs. Keating and Callan indicated that these funds would amount to approximately \$14-15 million.
- G) Jerry Mazurkiewicz indicated that the Committee expected to see financials with a nonqualified opinion listing no significant accounting issues and would also want to see an executive summary of any meaningful accounting issues covered by DM's Report.
- H) The Committee then discussed and covered a number of minor administrative matters.

#### VIII. ADJOURNMENT

There being no further business to come before the Committee, Gerard Mazurkiewicz moved and Committee chairman Bryan Bingel seconded a motion to adjourn the meeting of the Audit Committee which meeting was then adjourned at 2:00 pm.



Michael A. Siragusa, Esq.  
Secretary of the Corporation

Minutes of the Erie Tobacco Asset Securitization Corporation  
Board of Directors

Tuesday, January 26, 2016

County Executive Conference Room

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Voting Board Members present: Mark Poloncarz,, Bryan Bingel and Gerard Mazurkiewicz.

Board Member Peter Zaleski was absent.

Also present: Robert Keating, Timothy Callan, Mark Cornell, Michael Siragusa, Bryan Fiume, Frederick Wolf, Jordan Malecki and Thomas Malecki.

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**I. CALL TO ORDER**

Mark Poloncarz called the Special Meeting of the Board to order at 1:42 p.m. A quorum was present.

**II. MINUTES FROM PRIOR MEETING**

None were presented or received.

**III. ACTION ITEMS**

- A. The Board received and filed Resolution #1, a copy of which is annexed hereto, adopted by the Audit Committee recommending that the Board accept Drescher & Malecki's ("DM")'s proposed Engagement Letter, as described therein, and thereafter unanimously adopted the Resolutions set forth on Exhibit A, attached hereto, authorizing the chairman of the Audit Committee, Bryan Bingel, to execute DM's proposed Engagement Letter, after which DM would be able to complete its 2015 independent audit report (the "Report") of the Corporation's financial affairs in a manner which would permit the Corporation's Board to accept such Report at its March 16 Annual Meeting and to thereafter authorize the timely filing of said Report with the New York State Authorities Budget Office by the Corporation's treasurer or his designee in a manner consistent with the New York State Public Authorities Law.

**IV. ITEMS DISCUSSED**

There was a brief general review of the items discussed at the Audit Committee's January 26, 2016 meeting preceding the Board meeting and the Audit Committee's reasons for recommending that the Board authorize Bryan Bingel, the chair of the Audit Committee to execute DM's proposed Engagement Letter on behalf of the Corporation.

**V. ADJOURNMENT**

There being no further business to come before the Board, director Mark Poloncarz moved, and director Bryan Bingel seconded a motion to adjourn, which was unanimously approved by all directors in attendance, after which the Board's Special Meeting was adjourned at 1:43 pm.



Michael A. Siragusa, Esq.  
Secretary of the Corporation