

Erie Tobacco Asset Securitization Corporation  
Audit Committee

Minutes of Meeting  
Wednesday, March 11, 2015

Budget Department Conference Room  
16th Floor, Rath Building, 95 Franklin Street  
Buffalo, New York 14202

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Corporation Committee Members Present: Chair Bryan Bingel, Gerard Mazurkiewicz, and Peter Zaleski

Also present: Robert Keating, Timothy Callan, Mark Cornell, Frederick Wolf, and Luke Malecki

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**I. CALL TO ORDER**

Bryan Bingel called the meeting of the Audit Committee to order at 3:05 pm and noted that a quorum was present.

**II. MINUTES FROM PRIOR MEETINGS**

Audit Committee meeting minutes of its March 19, 2014 and November 13, 2014 meetings were reviewed and approved. Moved by Gerard Mazurkiewicz and seconded by Peter Zaleski. Motion approved 3-0.

**III. ITEMS DISCUSSED**

The Committee met with Luke Malecki of Drescher & Malecki, the Corporation's independent certified public accountants and reviewed a draft of the Corporation's 2014 Independent Audit Report, as outlined in a summary memorandum prepared by Drescher & Malecki, a copy of which is attached hereto. As part of that review, the Committee discussed the items set forth in the attached memorandum with Luke Malecki, after which it was determined that there was no need to make any material modifications or amendments to Drescher & Malecki's draft 2014 Independent Audit Report. Thereafter, Mr. Mazurkiewicz moved and Mr. Bingel seconded a resolution that said Report, subject to any nonmaterial modifications, is approved of by the Committee and should be submitted to the Corporation's Board for its approval. Said resolutions was unanimously approved.

Luke Malecki also indicated to the Committee that there were several minor, nonmaterial changes and variations from the Corporation's 2013 Independent Audit Report which it had prepared for the Corporation. Additionally,

Mr. Malecki also indicated that: (i) there had been no disputes with the Corporation's management regarding the content of Drescher & Malecki's draft 2014 Independent Audit Report; (ii) appropriate tests had been performed to confirm that its draft 2014 Independent Audit Report was both accurate and fair; and (iii) Drescher & Malecki's opinion regarding its Independent Audit Report is a clean opinion.

Luke Malecki and Robert Keating then commented on the impact of funds received or to be received from the New York State Attorney General's Office as a result of Indian sales of cigarettes involving the counties which had participated in a Master Settlement Agreement with various cigarette manufacturers on the Corporation's 2014 audited financial statements.

Tim Callan, Luke Malecki, and the Committee then discussed the fact that some of the other TASCs had refinanced prior bond issues and the terms and benefits of such refinancing. As part of these discussions, Bob Keating and Tim Callan indicated that they had been involved in discussions with First Southwest, the Corporation's financial advisor, and the bond counsel which had been involved in the refinancing of bond issues for other TASCs regarding the possibility of refinancing one or more of ETASC's prior bond issues to determine if any such refinances would make sense.

Tim Callan also indicated that he would discuss with First Southwest its assisting the Corporation with any required filing with EMMA.

The Committee and Luke Malecki also discussed the benefit of obtaining a professional third-party valuation from an independent financial advisor of the Corporation's outstanding Turbo CABs and related interest.

Luke Malecki then reminded the Committee that New York State statutes require that all bank deposits held for the benefit of ETASC be fully collateralized.

Mr. Mazurkiewicz then discussed the need to make certain that all cash proceeds be correctly applied to the correct bond issue of ETASC.

Luke Malecki then indicated that the New York State Authorities Budget Office requires local authorities such as ETASC to have a formalized investment policy which Messrs. Keating and Callan indicated may already be in place. Nonetheless, Messrs. Keating and Callan agreed to confirm this fact, and, if necessary, to prepare and distribute a draft investment policy at a later date to the Committee and to the Corporation's Board.

The Committee reviewed its current Charter and determined that there was no need to change any of the provisions or terms contained in said Charter.

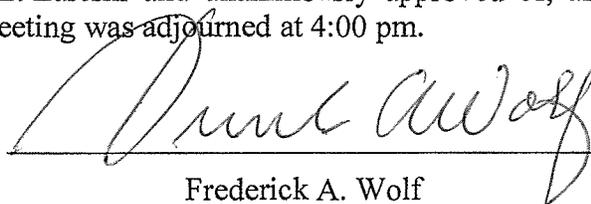
The Committee then reviewed a draft of its 2014 Activities Report and approved of same for submission to the Corporation's Board at its Annual Meeting on March 18, 2015.

Mr. Mazurkiewicz suggested that the members of the Committee receive appropriate information from Lumsden McCormick, a local CPA firm which acts independently of Drescher & Malecki in paying various bills and charges necessary to support the amortization of the Corporation's outstanding bonds.

The Committee briefly discussed a list of ETASC's outstanding bond issues and Damon Morey's memorandum of November 26, 2014 and December 8, 2014 regarding the Corporation's continuing disclosure obligations.

#### IV. ADJOURNMENT

There being no further matters to come before the Committee, Mr. Mazurkiewicz moved that the meeting of the Audit Committee be adjourned, which motion was seconded by Mr. Zaleski and unanimously approved of, after which the Audit Committee's meeting was adjourned at 4:00 pm.



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Frederick A. Wolf  
Acting on behalf of the Corporation's Secretary and  
Assistant Secretary