

**Meeting of the Suffolk Tobacco Asset Securitization Corporation
(STASC)
February 25, 2014**

Minutes

Attendees: Jon Schneider, Chairman and President, STASC; Terrence Pearsall, Treasurer & Secretary, STASC; Robert Fonti, Independent Director, STASC; Connie Corso, ex-officio STASC Member and County Budget Director; Dennis Brown, County Attorney; Colleen Capece, County Special Projects Coordinator; Janet Ford, Assistant County Attorney; and Brian Petersen, AVZ Accountants .

Minutes Approved: The minutes from the October 23, 2013 meeting were approved. T. Pearsall made the motion, R. Fonti seconded. Minutes unanimously approved.

Discussion regarding 2013 financial statements, 2014 budget and annual PARIS report: Discussion was led by B. Peterson. He noted that \$921,726 was transferred from the 2008 Liquidity Reserve Account to meet interest payment obligation during 2013. In all likelihood, a Liquidity Reserve transfer will be required to meet debt service obligations until STASC receives its share of the disputed payments. It is projected that the 2003 disputed funds will be released in May 2014. However, although the pre-2008 disputed payments are not pledged to secure payment of the 2008 bonds, they are pledged as collateral for any current debt service payment due for the 2012 bonds. Once the funds in the 2008 Liquidity Reserve Account are depleted, there will be no funds available for debt service on the 2008 bonds.

Motion to accept 2013 financial statements: The motion to accept the 2013 financial statements and approve their release to STAS auditors was made by J. Schneider, T. Pearsall seconded. Motion unanimously approved.

Motion to accept 2014 budget: The motion to approve the 2014 budget was made by R. Fonti, J. Schneider seconded. Motion unanimously approved.

Motion to authorize the filing of the 2013 PARIS reports: The motion to authorize the filing of the 2013 PARIS reports was made by T. Pearsall, J. Schneider seconded. Motion unanimously approved.

Discussion regarding refinancing 2008 bonds: There was a brief discussion as to whether it would be advantageous to refinance the 2008 bonds. B. Petersen pointed out that although it would not be an economic refunding there may be some advantage to restructuring the bonds with respect to accredited interest. It was determined that the STASC financial advisor, CMA, would be asked to provide a report.

Discussion regarding 2003 arbitration award with respect to the disputed payments: It was noted that a recent arbitration award was won by nine states, including New York. B. Petersen had contacted the NYS Attorney General's office to inquire as to when the funds would be released. It was decided that Shai Markowitz of Citibank would be contacted with respect to whether further contact should be made by J. Schneider to the Attorney General's office.

Discussion regarding in-kind services: A discussion was had as to whether the time that County employees spend on STASC matters can be charged to STASC as "in-kind" services. D. Brown to review.

PAA Training: All STASC directors are required to complete PAA training. The training has been completed by C. Corso. All other directors need to complete it.

Adjourn: Motion to adjourn was made by R. Fonti, J. Schneider seconded. Motion unanimously approved.