

**Meeting of the Suffolk Tobacco Asset Securitization Corporation
(STASC)
December 16, 2011**

Minutes

Attendees: Jim Morgo, 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, Bureau Chief, Municipal Law; Colleen Capece, County Accountant Rich Tortora, Capital Markets Advisors; and Brian Petersen, AVZ Accountants.

Minutes Approved: The minutes, as amended, from the December 12, 2011 meeting were approved. T. Pearsall made the motion, R. Fonti seconded. Minutes approved unanimously.

Status of Disputed Payments: D. Brown to work with C. Capece to draft a letter to the NYS Attorney General urging settlement of the disputed payments.

RFP for Underwriter Counsel and Disclosure Counsel: R. Tortora led the discussion. An additional firm, Harris Beach, was solicited. Also, all responding firms were asked to provide their “best and final” fee proposals. A discussion was had to determine the firms best suited for each role. A decision was made based on experience, fees, and separation of roles. Nixon Peabody was selected to serve as disclosure counsel at a fee of \$60,000. Orrick Herrington was selected to serve as underwriter’s counsel at a fee of \$20,000. T. Pearsall made the motion, R. Fonti seconded. Motion approved unanimously.

RFP for Accounting Verification Reports: R. Tortora led the discussion. CMA directly solicited three firms: Causey, Demgen & Moore; Deloitte Touche, and Grant Thornton. Grant Thornton declined to submit a proposal. R. Tortora explained that verification for this transaction is comprised of three separate components: structure, sufficiency of escrow and disclosure. Causey Demgen provided a proposal for all three services, while Deloitte Touche provided proposals for structure verification and disclosure verification only. After a brief discussion, it was determined that although it may be more costly, there was a preference to divide the services among the two respondents. Similar to the 2008 securitization, it was determined that Causey Demgen would serve as verification agent for escrow and structure at a cost of \$23,000. Deloitte will perform disclosure verification at a cost of \$35,000. R. Fonti made the motion, T. Pearsall seconded. Motion approved unanimously.

Resolution to authorize the retention of disclosure counsel, underwriter counsel: The resolution states that the services are retained as necessary to complete the contemplated securitization transaction. T. Pearsall made the motion, R. Fonti seconded. Resolution approved unanimously.

Transaction details: R. Tortora informed the group that a kick-off meeting will be held the week of December 19 and he anticipates to be in the market by the end of January 2012, closing in February 2012. He anticipates the par amount to be around \$37 million. Of that amount, \$20 million will provide debt relief in 2012 and it is anticipated that \$13 million will be available for debt relief in 2013. R. Tortora anticipates that the ultimate costs of issuance will be approximately \$600,000, determined as follows:

Bond counsel	\$175,000
CMA	85,000
Disclosure counsel	60,000
Underwriter counsel	20,000
Verification agents	59,000
Standard & Poors	200,000

He noted that CMA will speak with Standard & Poors to attempt to negotiate its fee as rating agency. R. Tortora noted that Standard & Poors and Fitch are the only rating agencies that rate tobacco deals. Therefore, S&P may not be flexible with its fee. R. Tortora stated that he believes this is a good deal for the County since the County will receive a residual revenue stream of approximately \$2 million per year. The 2008 deal provided that if the revenue stream was greater than debt service it would be used for turbo redemption. C. Corso asked whether it was possible to refund the 2008 bonds and employ the current structure. R. Tortora explained that a refunding would not be received well by the market. He further pointed out that the 2008 deal transferred all risk to the bondholders while the present deal will not.

Adjourn: Motion to adjourn was made by T. Pearsall, seconded by R. Fonti. Motion approved unanimously.