

**FOR THE MEETING OF THE
SOLE MEMBER
/ AUDIT COMMITTEE / GOVERNANCE COMMITTEE /
BOARD OF DIRECTORS
OF
ROCKLAND TOBACCO ASSET SECURITIZATION CORPORATION**

MEETING – December 12, 2018 at 5:00 P.M.

1. Meeting of the Sole Member

In Attendance: Edwin J. Day, Sole Member

Others in Attendance: Stephen DeGroat, Director
Nicole Doliner, Director
C. Scott Vanderhoef, Director
Dorothy C. Filoramo, Independent Director
Brian J. Quinn, Esq., Counsel
Thomas Simeti, Secretary

- Mr. Day opens the Meeting at 5:16 P.M.
- Secretary Simeti advises that the Notice of Meeting had been posted and sent to the newspaper in compliance with the Open Meetings Law.
- Mr. Day signs the Consent to Waiver of Notice of Meeting.
- Mr. Day reviews and accepts for filing the Minutes of the Meeting of the Sole Member held on September 25, 2018.
- Mr. Day acknowledged the designation of the Director(s) for 2019:

C. Scott Vanderhoef was designated by the Hon. Edwin J. Day.
Stephen DeGroat was designated by the Hon. Edwin J. Day.
Nicole Doliner was designated by the Hon. Toney Earl.
Howard T. Phillips, Jr. was designated by the Hon. Jay Hood, Jr.

- Transaction of other business at the Meeting:

Mr. Day acknowledges for the minutes that the Independent Director will be nominated and approved by the majority of the Board of Directors at their meeting. Mr. Day also acknowledges that County Attorney Thomas E. Humbach has indicated that an Assistant County Attorney will no longer be able to act as Secretary to the

Corporation after this meeting and that the Board of Directors will need to obtain the services of a Secretary effective in 2019. Director Vanderhoef questions whether the Certificate of Incorporation and By-laws address who is to act as Secretary. Secretary Simeți proposes to bring the inquiry to the attention of the County Attorney.

- Mr. Day: Is there any public comment? There was no public comment.
- Mr. Day closes the Meeting of the Sole Member.

1. Meeting of the Audit Committee

Committee: Stephen DeGroat, Member
C. Scott Vanderhoef, Member
Howard T. Phillips, Jr., Chairman (Absent)

Others in Attendance: Edwin J. Day, Sole Member
Nicole Doliner, Director
Dorothy C. Filoramo, Independent Director
Brian J. Quinn, Esq., Counsel
Thomas Simeți, Secretary

- Chairman Pro Tem Vanderhoef opens the meeting.
- Secretary Simeți advises that the Notice of Meeting had been posted and sent to the newspaper in compliance with the Open Meetings Law.
- The Directors in attendance sign the Consent to Waiver of Notice of Meeting of the Committee.
- The Committee reviews and accepts for filing the Minutes of the Committee Meeting held on September 25, 2018. Motion by Director DeGroat; Seconded by Director Vanderhoef; All in Favor; None Opposed; Motion Carried.
- Report of the Treasurer. Motion to defer the Report of the Treasurer to the Meeting of the Board of Directors. Motion by Director DeGroat; Seconded by Director Vanderhoef; All in Favor; None Opposed; Motion Carried.
- Transaction of other business at the Meeting:
 - Recommendation to Board of Directors for Appointment of Trustee for the Corporation. Recommendation of M&T Wilmington Trust. Motion by Director DeGroat; Seconded by Director Vanderhoef; All in Favor; None Opposed; Motion Carried.
- Public Comment: There was no public comment.

- Motion to close the Meeting of the Committee. Motion by Director DeGroat; Seconded by Director Vanderhoef; All in Favor; None Opposed; Motion Carried.

2. Meeting of the Governance Committee

Committee: Nicole Doliner, Member
Dorothy C. Filoramo, Member and Independent Director
Howard T. Phillips, Jr., Chairman (Absent)

Others in Attendance: Edwin J. Day, Sole Member
Stephen DeGroat, Director
C. Scott Vanderhoef, Director
Brian J. Quinn, Esq., Counsel
Thomas Simeti, Secretary

- Chairman Phillips opens the meeting of Committee.
- Secretary Simeti advises that the Notice of Meeting had been posted and sent to the newspaper in compliance with the Open Meetings Law.
- The Directors in attendance sign the Consent to Waiver of Notice of Meeting.
- The Committee reviews and accepts for filing the Minutes of the Committee Meeting held on September 25, 2018. Motion by Director Doliner; Seconded by Director Filoramo; All in Favor; None Opposed; Motion Carried.
- Transaction of other business at the Meeting:
 - Recommendation to Board of Directors for Appointment of Legal Counsel for the Corporation. Recommendation of Montalbano, Condon & Frank, P.C. Motion by Director Doliner; Seconded by Director Filoramo; All in Favor; None Opposed; Motion Carried.
- Public Comment: There was no public comment.
- Motion to close the Meeting of the Committee. Motion by Director Doliner; Seconded by Director Filoramo; All in Favor; None Opposed; Motion Carried.

3. Meeting of the Board of Directors

In attendance:

Stephen DeGroat, Treasurer and Director
Nicole Doliner, Director
C. Scott Vanderhoef, Director
Dorothy C. Filoramo, Independent Director

Others in Attendance: Edwin J. Day, Sole Member
Brian J. Quinn, Esq., Counsel
Thomas Simeiti, Secretary

Absent: Howard T. Phillips, Jr., Chairman and Director

- Vice Chairman Vanderhoef opens the meeting of the Board.
- Secretary Simeiti advised that the Notice of Meeting had been posted and sent to the newspaper in compliance with the Open Meetings Law.
- The Directors in attendance sign the Consent to Waiver of Notice of Meeting of Board.
- The Board reviews and accepts for filing the Minutes of the Meeting held on September 25, 2018. Motion by Director DeGroat; Seconded by Director Filoramo; All in Favor; None Opposed; Motion Carried.
- Designation of Independent Director. Nomination of Dorothy Filoramo as Independent Director. Motion by Director DeGroat; Seconded by Director Doliner; All in Favor; None Opposed; Motion Carried.
- Election of Officers.
 - Nomination of Howard T. Phillips for Chairman. Motion by Director DeGroat; Seconded by Director Vanderhoef; All in Favor; None Opposed; Motion Carried.
 - Nomination of Stephen DeGroat for Treasurer. Motion by Director Vanderhoef; Seconded by Director Doliner; All in Favor; None Opposed; Motion Carried.
 - Nomination of Secretary. Motion to defer appointment pending review by County Attorney. Motion by Director Vanderhoef; Seconded by Director DeGroat; All in Favor; None Opposed; Motion Carried.

- Report of the Treasurer. Treasurer DeGroat distributed a Schedule of Revenue and Expenses as of November 30, 2018. Treasurer DeGroat explained that in addition to the net year-to-date operating expenditures, there were additional expenditures through December 12, 2018 in the amount of \$31, 293.00 resulting in a bank balance of \$261,303.90. Treasurer DeGroat also distributed a general explanation about the Tobacco Bonds from Thomas Myers, Esq. of Orrick along with a Schedule of Transfers from the Corporation to the County of Rockland from operating funds over the last ten years for the period covering FYE 12/31/2009 to FYE 12/31/2018. The Directors engaged in a discussion about the schedules and explanation. Motion to accept the Treasurer's Report. Motion by Director Doliner; Seconded by Director Filoramo; All in Favor; None Opposed; Motion Carried.
- Ratify, confirm and approve all corporate actions previously taken by the Board of Directors and Officers. Motion by Director DeGroat; Seconded by Director Vanderhoef; All in Favor; None Opposed; Motion Carried.
- Authorize the Directors and Officers to do all things necessary or advisable and proper to carry on the business of the Corporation. Motion by Director DeGroat; Seconded by Director Vanderhoef; All in Favor; None Opposed; Motion Carried.
- Transaction of other business at the Meeting:
 - Appointment of Trustee for the Corporation. Accept recommendation of Audit Committee to appoint M&T/Wilmington Trust. Motion by Director DeGroat; Seconded by Director Vanderhoef; All in Favor; None Opposed; Motion Carried.
 - Appointment of Legal Counsel for the Corporation. Accept recommendation of Governance Committee to appoint Montalbano, Condon & Frank, P.C. Motion by Director DeGroat; Seconded by Director Doliner; All in Favor; None Opposed; Motion Carried.
- Secretary Simeti advised the Board that County Attorney Thomas E. Humbach has indicated that an Assistant County Attorney will no longer be able to act as Secretary to the Corporation after this meeting and that the Board of Directors will need to obtain the services of a Secretary effective in 2019. Secretary Simeti advises that he will bring the inquiry to the attention of the County Attorney.
- Public Comment: There was no public comment.
- Tentative date for the next meeting of the Corporation: March 19, 2019 at 5:00 P.M.

- Motion to close the Meeting of the Board. Motion by Director Doliner; Seconded by Director DeGroat; All in Favor; None Opposed; Motion Carried.

Approved by the Board of Directors at the
Meeting held on March 19, 2019

Attachment(s): Schedule of Revenue and Expenditures as of November 30, 2018
 Email from Thomas Myers, Esq. dated December 12, 2018
 Schedule of Transfers to County of Rockland from Operating Funds over
 last 10 years (Period covering FYE 12/31/2009 to FYE 12/31/2018)

COUNTY OF ROCKLAND
ROCKLAND TOBACCO ASSET SECURITIZATION CO.
SCHEDULE OF REVENUE AND EXPENDITURES
FYE 12/31/2018

GREATER HUDSON BANK

BEGINNING BALANCE AT JANUARY 1, 2018 186,600.51

REVENUE

6/11/2018 WIRE IN ROCKLAND TOBACCO ASSET SEC. CORP., 29249754
 OPERATING EXPENSES 2018 139,124.39

139,124.39

EXPENDITURES

1/29/2018 CK 1107	WILMINGTON TRUST INVOICE # 2017122033602-A	(4,000.00)
1/29/2018 CK 1108	MONTALBANO, CONDON & FRANK PC - 4TH QTR 2017	(1,250.00)
1/30/2018 CK 1109	WILMINGTON TRUST - ANNUAL FEE A/C 1000294	(4,000.00)
3/20/2018 CK 1110	HOWARD PHILLIPS - DIRECTOR FEE	(750.00)
3/20/2018 CK 1111	NICOLE DOLINER - DIRECTOR FEE	(500.00)
3/20/2018 CK 1112	EDWIN J. DAY - DIRECTOR FEE	(500.00)
3/20/2018 CK 1113	DOROTHY C. FILORAMO - DIRECTOR FEE	(500.00)
3/20/2018 CK 1114	STEPHEN F. DEGROAT - DIRECTOR FEE	(500.00)
3/20/2018 CK 1115	C. SCOTT VANDERHOEF - DIRECTOR FEE	(500.00)
6/12/2018 CK 1116	MONTALBANO, CONDON & FRANK PC - 1ST QTR 2018	(1,250.00)
6/12/2018 CK 1117	DRESCHER & MALECKI LLP - AUDIT 2017	(11,628.00)
6/12/2018 CK 1118	HOWARD PHILLIPS - DIRECTOR FEE	(750.00)
6/12/2018 CK 1119	NICOLE DOLINER - DIRECTOR FEE	(500.00)
6/12/2018 CK 1120	EDWIN J. DAY - DIRECTOR FEE	(500.00)
6/12/2018 CK 1121	DOROTHY C. FILORAMO - DIRECTOR FEE	(500.00)
6/12/2018 CK 1122	STEPHEN F. DEGROAT - DIRECTOR FEE	(500.00)
6/12/2018 CK 1123	C. SCOTT VANDERHOEF - DIRECTOR FEE	(500.00)
8/10/2018 CK 1124	MONTALBANO, CONDON & FRANK PC - 2ND QTR 2018	(1,250.00)
9/25/2018 CK 1125	HOWARD PHILLIPS - DIRECTOR FEE	(750.00)
9/25/2018 CK 1126	NICOLE DOLINER - DIRECTOR FEE	(500.00)
9/25/2018 CK 1127	EDWIN J. DAY - DIRECTOR FEE	(500.00)
9/25/2018 CK 1128	DOROTHY C. FILORAMO - DIRECTOR FEE	(500.00)
9/25/2018 CK 1129	STEPHEN F. DEGROAT - DIRECTOR FEE	(500.00)
9/25/2018 CK 1130	C. SCOTT VANDERHOEF - DIRECTOR FEE	(500.00)

(33,128.00)

NET YTD OPERATING REVENUE/EXPENDITURES

105,996.39

BOOK BALANCE AT NOVEMBER 30, 2018

292,596.90

OUTSTANDING CHECKS

BANK BALANCE AT NOVEMBER 30, 2018

292,596.90

DeGroat, Stephen

From: Myers, Thomas <tmyers@orrick.com>
Sent: Wednesday, December 12, 2018 11:41 AM
To: DeGroat, Stephen
Subject: Rockland TASC

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In November 1998, the attorneys general of 46 states, including New York, signed a Master Settlement Agreement (MSA) with companies representing roughly 98 percent of the current tobacco industry. Among other provisions, the MSA provides for a signing bonus that was paid to the states in 1999 and specifies that a share of tobacco company profits is to be paid in perpetuity to the signatory states. Counties in New York and California were also entitled to receive a share of these payments pursuant to consent decrees.

Securitization is the process of issuing bonds backed by tobacco settlement revenues. Through the sales of bonds, states, and counties in New York and California, pledge their right to collect future revenue streams in exchange for an upfront lump-sum payment. Although these transactions can take many different forms, states and counties tend to sell or pledge their tobacco revenue streams to a Special Purpose Entity (SPE) established for the express purpose of selling tobacco-revenue-backed bonds and servicing the debt. These SPEs are designed to be both bankruptcy proof and legally separate from the state or county. As a result, the state or county does not put its own credit rating at risk through the issuance of a tobacco bond.

In 2001 the County of Rockland sold its rights to receive payments (TSRs) under the MSA and the New York Consent Decree to Rockland Tobacco Asset Securitization Corporation (RTASC). RTASC issued \$47,750,000 of bonds the proceeds of which were used in part to pay the County its purchase price. These bonds were secured by only 80% of the TSRs under the MSA with the remaining 20% payable to the County through what is referred to as the residual trust.

The 2001 bonds included serial bonds maturing 2006 through 2013 and super sinker term bonds maturing in 2025, 2035 and 2043. These term bonds pay based upon the amount of TSRs received each year in the order of their maturities.

In 2003 Rockland Second Tobacco Asset Securitization Corporation (Rockland Second TASC) was formed to securitize the remaining 20% of the TSRs. Rockland Second TASC joined with two other tobacco corporations to form New York Counties Tobacco Trust III to issue pooled bonds to finance the cost of the 20% of TSRs. The amount of bonds issued by Rockland Second TASC was \$9,715,000. Proceeds of the bonds were used to pay the County the purchase price of the remaining 20% of TSRs. The 2003 bonds are referred to as turbo term bonds with maturities in 2027, 2033 and 2043. Payments for these bonds are made based upon the amount of TSRs received each year.

In 2005 RTASC issued \$24,992,440 subordinate bonds in three series with maturities in 2045, 2050 and 2060. These bonds only pay once the 2001 and 2003 bonds, respectively, are paid in full. Interest accrues

on these bonds until payments are made. There is no fixed amortization for these bonds and they pay based upon the amount of TSRs received.

There is no default on any of the bonds referenced above until the stated maturity date thereof. The only remedies available in the case of a default is to wait for TSRs to come in and be applied against the outstanding debt. This is the risk the bondholders have taken.

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Partner

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COUNTY OF ROCKLAND
ROCKLAND TOBACCO ASSET SECURITIZATION CO.
SCHEDULE OF TRANSFERS TO COUNTY OF ROCKLAND
FROM OPERATING FUNDS OVER LAST 10 YEARS
(PERIOD COVERING FYE 12/31/2009 TO FYE 12/31/2018)

DATE/YEAR	CHECK NUMBER	DESCRIPTION	AMOUNT
12/31/2009		NO TRANSFER	-
12/31/2010		NO TRANSFER	-
12/31/2011		NO TRANSFER	-
7/3/2012	1174	County of Rockland Commissioner of Finance - funds transfer	300,000.00
12/31/2013		NO TRANSFER	-
12/31/2014		NO TRANSFER	-
12/31/2015		NO TRANSFER	-
6/8/2016	1054	County of Rockland Commissioner of Finance - funds transfer	200,000.00
5/23/2017	1084	County of Rockland Commissioner of Finance - funds transfer	100,000.00
12/31/2018		NO TRANSFER	-
TOTAL TRANSFERS TO COUNTY OF ROCKLAND FROM OPERATING FUNDS FOR THE PERIOD 12/31/2009 TO 12/31/2018			<u>600,000.00</u>