

**OSWEGO TOBACCO ASSET SECURITIZATION CORPORATION**  
**MINUTES OF THE MEETING**  
**JULY 16, 2013**

County Office Building, Oswego, NY  
4<sup>th</sup> Floor Conference Room "E"  
1:00 p.m.

**MEMBER PRESENT:** Fred Beardsley, Oswego County Treasurer

**DIRECTORS PRESENT:** John Kruk; William Scriber; Edward F. Saroney, III; Kevin Gardner, Chairman of the Legislature

**ALSO PRESENT:** Richard Mitchell, County Attorney; John Little, C.P.A.; Mark See, Chief Accountant; Nathan Ellsworth, County Attorney Intern; Wendy Falls, Clerk of the Legislature

**PRESENT VIA CONFERENCE CALL:** Kevin Coleman, Jefferies LLC; Shawn Sinel, Jefferies LLC; Tom Myers, Orrick Herrington & Sutcliffe; Garrett DeGraff, Hiscock & Barclay; John Shehadi, Fiscal Advisors and Marketing

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Oswego County Treasurer Fred Beardsley called the meeting to order at 1:06 p.m.

County Treasurer Beardsley noted that this was an informational meeting. A discussion took place regarding New York tobacco bond refinancing opportunities through a NYCTT with Orrick Herrington & Sutcliffe, Jefferies LLC, Hiscock & Barclay, and the Oswego Tobacco Asset Securitization Corporation. Introductions were made around the room and on conference call.

Garrett DeGraff remarked that there are a small group of counties that have securitized tobacco assets and believes Oswego would get the best return through NYCTT transaction. Outstanding currently is \$10 million in 6% coupon bonds, \$11 million in 5% coupon bonds, remainder in 5.75% bonds and free to refund at par to borrow against stream of future tobacco payments to pay off existing bonds without any penalty.

Shawn Sinel, Jefferies LLC explained that in mid 2000s the original bonds were issued through NYCTT or on a stand alone basis; the 10 year period has lapsed and now the bonds are callable. Interest rate environment currently is very favorable for refunding.

Garrett DeGroff stated that bonds will have lower interest costs, allowing TASC to refund outstanding bonds and due bonds to lower debt service, or go into market place and issue bonds, which could generate additional proceeds. County could generate future revenues to be transferred and applied to county capital projects. Would not require legislative action; the tobacco assets are controlled by the TASC and the county's only real participation and obligations are to make tax driven covenants to say how they would apply the proceeds.

Mark See, Chief Accountant distributed a packet from the NYSAC financing seminar and noted the opportunity to put proceeds into escrow to pay debt service.

County Attorney Mitchell explained there are three (3) scenarios: 1) status quo payment stream, do nothing; 2) refunding the bonds to reduce debt service; or 3) resecuritizing the bonds for further revenue streams. William Scriber suggested a memorandum be provided showing the three (3) options. County Attorney Mitchell remarked that the board needs to know all the costs involved, for example underwriting, etc. It was explained that Oswego would be part of NYCTT pool where certain costs are able to be shared between participants; with a stand alone deal the county would be paying the whole bill which would be eat into the savings.

Shawn Sinel stated that the timeframe is driven by rates, but they would want to move as quickly as possible once the rates come back. John Shehadi remarked that the goal is to have authorizations in place so they can access the market. Shawn Sinel said that finding out which counties are in or not will affect the cost of issuance; he suspects it could take a few months to assemble. Garrett DeGraff remarked that the size of the overall deal, how many counties and how many bonds is a significant factor in achieving the best rates in the market place. He said it would be hard for Oswego to achieve an efficient transaction on its own.

Garrett DeGraff suggested that TASC take preliminary action to express their interest in proceeding forward to give the banker something to work with and would also encourage other counties to jump in. He mentioned that Sullivan County has been the only one to do something so far and that he will get a model resolution to County Attorney Mitchell to review. It was stated that NYSAC would be acting as coordinator.

The Oswego County budget timeline was discussed and it was mentioned that the only county indebtedness is the E-911 system.

No action was taken.

There being no other business, the meeting was adjourned at 2:04 p.m.