

**OSWEGO TOBACCO ASSET SECURITIZATION CORPORATION**  
**MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS**  
**April 6, 2016 at 11:00 AM**

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

**DIRECTORS PRESENT:** Fred Beardsley; Kevin Gardner, Legislative Representative; Holly Carpenter; David Mirabito

**ALSO PRESENT:** John Kelepurovski, Barclay Damon; Jack Little, Accountant; Philip Church, County Administrator; Richard Mitchell, County Attorney; Wendy Falls, Clerk of the Legislature

Meeting was called to order at 11:08 a.m.

**Adopt Minutes of Last Meeting:**

Minutes of December 21, 2015:

Motion made to approve minutes: Kevin Gardner

Second: Holly Carpenter

Vote: Unanimous, motion carried

**Review of Financial Report for 2015 and Audit Results:**

Accountant Jack Little distributed financial statements, the full audit report was distributed via email earlier. He reported that accounts receivable is at \$3.2 million compared to \$1.8 million last year; and there is a special settlement coming in the next few weeks that will be about \$1.5 million. Mr. Little included a Wall Street Journal article regarding the settlement agreement. Mr. Little noted on the Income Statement that tobacco receipts are \$2.9 million and a net income of \$2 million. Corporation President Fred Beardsley asked if settlement funds have to be utilized to pay down debt. Mr. Little stated that it does, just not sure how it falls in with the refinancing, assumes it will be added to pay down the \$11.9 million in bonds which should provide more access funds. Mr. Little discussed the investments in the inequity reserve of \$1.6 million and provided an account statement for the year. He stated that he is uncomfortable with this company; it isn't done with other TASCs he works with. He expressed concern with where it will go with the refinancing and pointed out the element of risk. President Beardsley commented that the county has no choice on investments. Mr. Little stated that the County process is fairly straight forward; M&T did a good job and the audit process went better this year than last. He did review the audit report and made sure the numbers matched. Jack Little stated that if the refinancing goes through there will be a significant amount of work getting current bonds closed and reissued on the books; he will need to be familiar with the refinancing.

**Adopt Financial Report and Audit Results for 2015:**

Motion to accept the Financial Report and Audit Report: Holly Carpenter

Second: Kevin Gardner

Vote: Unanimous, motion carried

**Adopt Member Resolution Electing Directors (5 in total):**

Motion made to elect board of Directors as they stand now: Fred Beardsley, Holly Carpenter, David Mirabito, Kevin Gardner: Fred Beardsley

Second: Kevin Gardner

Vote: Unanimous, motion carried

**Adopt Board Resolution Electing Officers:**

Motion made to elect Officers as they stand now; Fred Beardsley, President; David Mirabito, Vice President; Kevin Gardner, Secretary; Holly Carpenter, Treasurer: Kevin Gardner

Second: Holly Carpenter

Vote: Unanimous, motion carried

Motion to appoint current committee members Holly Carpenter and David Mirabito: Kevin Gardner

Second: Holly Carpenter

Vote: Unanimous, motion carried

**JOINT MEETING OF SOLE MEMBER AND BOARD OF DIRECTORS**

**Open Meeting Called to Order:**

Meeting was called to order by President Fred Beardsley.

**MEETING OF GOVERNANCE COMMITTEE (Holly Carpenter and David Mirabito)**

Holly Carpenter inquired about looking at the by-laws. Attorney John Kelepurovski stated that the Board could look at By-laws and policies, and also at vacant positions. The fifth member was discussed; which is now required to be a member provided by the Democratic Caucus. The Board discussed the possibility of changing the by-laws. President Beardsley commented that there needs to be a full board; they are always in jeopardy of not having a quorum.

David Mirabito asked if the members should be doing something further. Mr. Kelepurovski stated that there was a statute put in place that required the committees to be established. County Administrator Philip Church recommended amending the by-laws to say that upon failure of anyone not filling the board position then it would fall to the Chairman of the Legislature, etc. President Beardsley commented that it is not required by the state; the stipulation was created when the corporation was created. County Attorney Mitchell stated that the county is sole member and it falls to the Legislature to appoint and amending the resolution can be done. Mr. Kelepurovski read the by-laws. President Beardsley pointed out that the minority caucus has had three (3) years to appoint someone. Mr. Kelepurovski stated that the by-laws can be changed by majority vote of the members and wouldn't have to go through the legislature.

President Beardsley stated since there are no changes under Governance Committee at this time the report would be to continue under present circumstances.

**MEETING OF AUDIT COMMITTEE (Holly Carpenter and David Mirabito)**

Mr. Kelepurovski explained the function of the committee is to meet with the auditor regarding financials. Mr. Little reviewed the financial report and audit results. Mr. Mirabito asked about the difficulty with reaching Morgan Stanley. President Beardsley replied that he is now getting

regular correspondence from Morgan Stanley regarding bonds. David Mirabito expressed his worry about another 2008 happening; there is a need to know who we are dealing with. He is concerned with quality and oversight. President Beardsley stated that he didn't have a problem seeing if there is interest from other TASCs with doing something different.

**MEETING OF FINANCE COMMITTEE (Holly Carpenter and David Mirabito)**

There were no substantial changes in policy or day to day financial operations. President Beardsley mentioned that the OTASC writes maybe a dozen checks a year and they are immediately emailed to the accountant.

Motion made to accept committee reports: Kevin Gardner

Second: Holly Carpenter

Vote: Unanimous, motion carried

**Review and Approval of Public Authorities Accountability Act Issues/PARIS:**

President Beardsley stated that they are all posted on the county website, nothing has changed from previous years.

- Annual Review of Mission Statement and Measurement Reports: members approve of mission statement.
- Annual Board of Directors Evaluation: President Beardsley asked members to complete the evaluation provided.
- Annual Assessment of the Effectiveness of Internal Controls (for PARIS)

Motion made to approve: Kevin Gardner

Second: Holly Carpenter

Vote: Unanimous, motion carried

**New Business:**

President Beardsley asked counsel to look at by-laws to possibly make changes in regard to appointments.

Legislature Chairman Gardner asked if the corporation will have to meet to accept the funds. President Beardsley responded that the county will come to the board with proposed projects for approval and the board will have to agree to provide funds for the projects. There are some restrictions, such as life expectancy of bond compared to life expectancy of the project. The board will vote on projects that meet the criteria. County Administrator Church stated that the county will provide a list of projects that are not prioritized, giving the legislature the ability to prioritize.

County Attorney Mitchell mentioned that the next meeting notice should have an agenda item of proposed change in by-laws.

**Adjournment:**

There being no further business a motion was made to adjourn: Kevin Gardner

Second: Holly Carpenter

Vote: Unanimous, motion carried

Meeting was adjourned at 12:00 p.m.