

Rensselaer County Tobacco Asset Securitization Corporation

Minutes of Board Meeting

Wednesday, February 11, 2015 at 10:00am
Conference Room C, Fifth Floor
Rensselaer County Office Building
1600 Seventh Avenue
Troy, New York 12180

Present: Lisa Kelleher, Stephen Pechenik, Michael Slawson, Charles Smith, David Stackrow

Guests: Jeanine Rodgers Caruso, Fiscal Advisors & Marketing, Inc.
Ned Flynn, Jefferies LLC

1. The minutes of the March 27, 2014 Annual Meeting were distributed and no changes were made prior to being approved by all members present.
2. Discussion and Presentations Regarding Possible Refinancing.

Jeanine Caruso discussed RTASC's history with tobacco transactions (2001 & 2005). She outlined the differences between the 2001 sales and 2005 sales and how the proceeds were used by Rensselaer County. The Board talked about the initial expected maturities and legal maturities of the various series of 2005 Capital Appreciation Bonds. Jeanine also discussed how the actual tobacco shipments that generate Tobacco Settlement Revenues (TSR) have declined at a faster rate than initially projected and how this has negatively impacted RTASC's ability to service the debt. She also stressed that this has created an opportunity to renegotiate the 2001 and 2005 bonds to create additional proceeds and potentially pay off the 2005 bonds that currently have the longest maturities. She stressed that the current owners of the bonds (Oppenheimer) would have to agree to renegotiate.

Ned Flynn from Jefferies made a presentation concerning the current market for tobacco bonds and the Board's options. He discussed recent refinancing transactions (Chautauqua and Niagara) and relevant court cases. Mr. Flynn talked about how a group of Counties Tobacco Corporations with the assistance of NYSAC were expected to "pool" together to refinance their bonds. In his opinion, the pooled model provides some important benefits, including a stronger position when negotiating with Oppenheimer. He discussed in some detail the amount of remaining RTASC bonds and stated that some of the longer term bonds may default if they are not renegotiated. He mentioned that the County could realize revenue from the residuals at some point if the refinancing is approved. Mr. Flynn also discussed various scenarios for the refinancing and the benefits of each.

(continued)

**RTASC
MINUTES OF BOARD MEETING (FEB. 11, 2015)
PAGE 2 OF 2**

After the presentations, the Board discussed the potential transaction and asked questions.

- It is not expected that the County would be liable for any debt service for the RTASC bonds even if they were not refinanced.
- Both presenters were asked if they foresaw any “negatives” from the transaction. Ned Flynn did not. However, Jeanine Caruso mentioned that a County did receive some negative publicity after it refinanced, although she did not agree with this perspective.
- Charles Smith asked if there was any potential liability to the Board Members themselves and neither presenter thought this was a concern.
- Ned Flynn stated that there were not expected to be any increases in RTASC’s ongoing operating costs if the refinancing was approved.
- The Board was generally impressed with the proposed refinancing structure and Jefferies Financing Plans.

Michael Slawson presented an authorizing resolution for the transaction as drafted by the law firm of Bond, Schoeneck & King. He stated that if the resolution was approved it would delegate to him (or another board member) the ability to finalize the details of the transaction if the negotiations moved forward to a closing.

After the discussions concluded the question of adopting the Refinancing Resolution was put to a roll call vote, which resulted as follows:

Lisa Kelleher:	Yea
Stephen Pechenik:	Yea
Charles Smith:	Yea
David Stackrow:	Yea
Michael Slawson:	Yea

The resolution was thereupon duly adopted, 5-0.

Michael Slawson, President
February 3, 2015