

MINUTES

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

MEETING – June 10, 2024 at 5:30 P.M.

1. Meeting of the Sole Member

In Attendance: Edwin J. Day, Sole Member

Others in Attendance: Rafael Silberberg, Director
Mark Rothenberg, Independent Director
C. Scott Vanderhoef, Director
Stephen DeGroat, Director
Wilbur Aldridge, Director
John Finnegan, Esq., Counsel
Lucia Caruso, Secretary

- Mr. Day opens the Meeting.
- Secretary Caruso 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 the Minutes of the Meeting of the Sole Member held on March 14, 2024.
 - Transaction of other business at the Meeting:
 - No other transactions
 - Public Comment:
 - No public comment
- Mr. Day closes the Meeting of the Sole Member.

1. Meeting of the Audit Committee

Committee Members: Rafael Silberberg, Chairman
Stephen DeGroat, Member
C. Scott Vanderhoef, Member

Others in Attendance: Edwin J. Day, Sole Member
Mark Rothenberg, Independent Director
Wilbur Aldridge, Director
John Finnegan, Esq., Counsel
Lucia Caruso, Secretary

- Rafael Silberberg opens the Meeting and confirms that all Members are present.
- Secretary Caruso advises that the Notice of Meeting had been posted and sent to the newspaper in compliance with the Open Meetings Law.
- Chairman Silberberg inquires whether the Members in attendance have signed the Consent to Waiver of Notice of Meeting.
- Chairman Silberberg inquires whether the Committee has reviewed the Minutes of the Committee Meeting held on March 14, 2024. Motion by Member Scott Vanderhoef; Seconded by Member Stephen DeGroat; All in Favor; Motion Carried.
- Report of the Treasurer. Motion to defer the Report of the Treasurer to the Meeting of the Board of Directors. Motion by Member Scott Vanderhoef; Seconded by Member Stephen DeGroat; All in Favor; Motion Carried.
- Transaction of other business at the Meeting:
 - No other business is transacted at the meeting.
 - Public Comment: [There is no public comment.]
- Motion to close the Meeting of the Committee. Motion by Member Stephen DeGroat; Seconded by Member Scott Vanderhoef; Seconded by Member Stephen DeGroat; All in Favor; Motion Carried.

2. Meeting of the Governance Committee

Committee Members: C. Scott Vanderhoef, Chairman
Mark Rothenberg, Member
Wilbur Aldridge, Director

Others in Attendance: Edwin J. Day, Sole Member
Stephen DeGroat, Director
Rafael Silberberg, Director
John Finnegan, Esq., Counsel
Lucia Caruso, Secretary

- Chairman Vanderhoef opens the Meeting.
- Secretary Caruso 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 March 14, 2024. Motion by Director Wilbur Aldridge; Seconded by Member Mark Rosenberg; All in Favor; Motion Carried.
- Transaction of other business at the Meeting:
 - No other transactions
- Public Comment:
 - There is no public comment.
- Motion to close the Meeting of the Committee. Motion by Director Wilbur Aldridge; Seconded by Member Mark Rothenberg; All in Favor; Motion Carried.

3. Meeting of the Board of Directors

Directors: Stephen DeGroat, Director
Rafael Silberberg, Director
Wilbur Aldridge, Director
Mark Rothenberg, Independent Director and Treasurer
C. Scott Vanderhoef, Director and President

Others in Attendance: Edwin J. Day, Sole Member
John Finnegan, Esq., Counsel
Lucia Caruso, Secretary

- President Vanderhoef opens the Meeting.
- Secretary Caruso 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 Board reviews and accepts for filing the Minutes of the Meeting held on March 14, 2024. Motion by Director Wilbur Aldridge; Seconded by Independent Director Mark Rothenburg; All in Favor; Motion Carried.
- Report of the Treasurer. Treasurer Rothenberg distributed a Schedule of Revenue and Expenses as of June 30, 2024. Treasurer Rothenberg explained.
The opening balance was \$110,727.25 after all the director, paralegal, accounting and secretary fees were paid in the amount of \$4,250.00, and Drescher & Malecki in the amount of \$7,250 with an ending balance of \$ 98,727.25.

Motion to accept the Treasurer's Report. Motion by Director Stephen DeGroat; Seconded by Director Wilbur Aldridge; All in Favor; Motion Carried.

- Ratify, confirm and approve all corporate actions previously taken by the Board of Directors and Officers. Motion by Director Rafael Silberberg; Seconded by Independent Director Mark Rothenberg; All in Favor; 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 Independent Director Mark Rothenburg; Seconded by Director Wilbur Aldridge; All in Favor; Motion Carried.

- Transaction of other business at the Meeting:

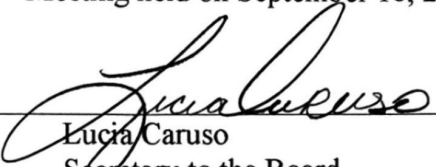
- John has an item for discussion in RTASC-2 regarding a change in Not-for-profit Corp law section 601(a) that will impact RTASC-2

“See memo for detail.”

The Board was advised by its attorney that, pursuant to a change in New York Not-For-Profit Corporation Law Section 601(a) (“NPCL”), all non-profit corporations that have any members must have at least three (3) members. The corporation was organized in 2001 with a sole member, namely, the County Executive, which, at the time, was permitted and was the typical membership structure for Tobacco entities. The membership structure and appointment powers are set forth in the by-laws only. The certificate of incorporation and enabling local law (LL §11-2003) do not address these issues. Therefore, an amendment to the by-laws will be proposed for consideration by the board and its sole member (County Executive Day) at the next board meeting on September 18, 2024. The Certificate of Incorporation and the By-Law provide that any proposed change to the By-Laws requires notice to any securities rating agency that has rated indebtedness of the Corporation and written confirmation that the agency will not withdraw or lower its rating. However, no notice under these provisions will be necessary because Rockland Second Tobacco Securitization Corporation has no outstanding indebtedness and is in the process of dissolving.

- update regarding the RTASC-2 dissolution petition.
 - No other business is transacted at the meeting.
- Public Comment: There is no public comment.
- Tentative date for next meeting of the Corporation: _September 18, 2024, at 5:30 P.M.
- Motion to close the Meeting of the Board. Motion by Independent Director Mark Rothenburg; Seconded by Director Wilbur Aldridge; All in Favor; Motion Carried.

Approved by the Board of Directors at the
Meeting held on September 18, 2024



Lucia Caruso
Secretary to the Board

Attachments:

- Financial package from Lenny Forte
- Memo regarding RTASC -2 regarding change in Not-for-profit Corp Law
- Update regarding the RTASC-2 dissolution petition.

Law Office of John E. Finnegan LLC

Memorandum

To: Boards of Directors –

- Rockland Tobacco Asset Securitization Corporation (ROTAC-1)
- Rockland Second Tobacco Asset Securitization Corporation (ROTAC-2)

Subject: Impact of Amendment to Not-For-Profit Corporations law §601(a)

Dated: June 7, 2024

A. Background: After the retirement of ROTAC-2's series 2003 bonds (its only issuance), the Board of ROTAC-2 resolved to dissolve the corporation because its corporate purpose as set forth in its certificate of incorporation and under the Not-for-Profit Corporations law ("NPCL") §1411 was fulfilled. On July 21, 2023, a petition to approve the plan to dissolve was submitted to the NYS Office of the Attorney General ("OAG"). The OAG responded in November 9, 2023 with a series of requests for additional information. I responded with the requested information on December 27, 2023. On March 26, 2024, the OAG responded with additional information requests but, most importantly, also advised that the Plan of Dissolution was not properly approved by the corporation's sole member because of a revision to NPCL §601(a), which occurred in 2019. Under the revision to NPCL §601(a), beginning July 1, 2019, a not-for-profit corporation with members must have a minimum of three (3) members.

B. Amendment of NPCL §601(a): Both ROTAC-1 and ROTAC-2 are local development corporations formed under NPCL §§1411(b) and 201(c) as charitable corporations for the purpose of "lessening the burdens of government." ROTAC-1 was formed in 2001 pursuant to Rockland County Local Law 14 of 2001. ROTAC-2 was formed in 2003 pursuant to Rockland County Local Law 11 of 2003. At the times that each corporation was formed, it was permissible for a not-for-profit corporation with members to have a sole member. The corporations' bond attorneys, Orrick, Herrington & Sutcliffe LLP [Thomas Myers, Esq.], confirmed upon consultation that it was also customary for the tobacco entities formed by the various counties throughout New York State to have a sole member, e.g., the county executive. Pursuant to a 2019 amendment, NPCL §601(a) now requires that a corporation formed as a not-for-profit corporation with members must have a minimum of three members. The statute states in relevant part as follows:

§ 601. Members

(a) A corporation shall have one or more classes of members, or, in the case of a charitable corporation, may have no members, in which case any such provision for classes of members or for no members shall be set forth in the certificate of incorporation or the by-laws....[P]rovided however, that effective July first, two thousand nineteen, no corporation except a corporation that has no

members, shall have a membership comprised of fewer than three persons.

The decision to have members is set forth in the respective By-Laws of ROTAC-1 and ROTAC-2. The county executive of Rockland County is named, ex officio, the sole member of the two tobacco asset entities. The By-Laws of both Rockland Tobacco corporations provide in Article II, section 1 as follows:

SECTION 1. COMPOSITION OF MEMBERSHIP.

The sole member of the Corporation shall be the County Executive of Rockland County, New York, ex officio (the "Member"). The membership of the individual Member shall terminate upon the inauguration or appointment of his or her successor in such office, which successor in office shall thereupon become the Member.

Significantly, neither of the Certificates of Incorporation of ROTAC-1 and ROTAC-2 address the creation or the appointment of members. The enabling local laws (LL§14-2001; LL§11-2003) are also silent with regard to the creation and appointment of members. Only the By-Laws of the two tobacco entities (quoted above) address membership or the identity and appointment of the sole member of the corporations. Accordingly, an amendment to the By-Laws is necessary and sufficient to rectify the anomaly affecting the corporations' respective membership structures. Both corporations By-Laws permit amendments pursuant to Article VIII, section 2, which state:

SECTION 2. BY-LAW CHANGES.

These By-laws may be amended or repealed by the affirmative vote of a majority of the entire Board of Directors of the corporation and the affirmative vote of all of the Members of the Corporation.

C. Issues Raised by a By-Law Amendment:

(1) Notice to Rating Agencies: Although the corporations' respective certificates of incorporation do not need to be amended in order to comply with the new "number of members" requirement of NPCL §601(a), the certificates of incorporation of both tobacco corporations contain limitations on the ability to amend their respective By-Laws. Article Seventeenth of the Certificates of Incorporation of both entities provides in pertinent part:

(iii) no amendment to this Certificate of Incorporation or to the By-laws of the Corporation shall be made without (a) prior written notice to all securities rating agencies which, at the request of the Corporation, have rated indebtedness of the Corporation which is outstanding at the time of the amendment and (b) receipt of written conformation (sic) from each such agency that the amendment will

not cause the agency to lower or withdraw its rating or ratings on such rated indebtedness.

The above notice requirement does not affect ROTAC-2 or its ability to amend its By-Laws to modify its membership structure because its bonds were retired and it no longer has any indebtedness outstanding. However, ROTAC-1 will be required to notify the respective rating agencies of a proposed amendment. Consultation with bond counsel is advised before undertaking the required pre-amendment notification.

(2) Elimination of Members: Because both Rockland Tobacco entities are charitable local development corporations, under NPCL §601(a) [quoted above], neither entity is required to have members (non-charitable entities must have members). Because the enabling local laws and certificates of incorporation for both entities do not address creation, identification, or appointment of members, eliminating members altogether can be achieved by an amendment to the By-Laws, subject to the notice to rating agencies requirement of COI Article Seventeenth, discussed immediately above.

(3) Corporate Governance Considerations: Both entities are governed by their respective boards of directors and the sole member. The enabling laws and certificates of incorporation for both entities require a five-member board with appointment authority vested in the county executive (2 directors), the county legislature (2 directors) and an independent fifth director being appointed by majority vote of the four other directors. However, the Certificates of Incorporation and By-Laws give the sole member, who is the county executive, the power to remove any director with or without cause, except the independent director, who may only be removed for cause. The sole member can also appoint replacements to the board (COI Article 11, section 4). The sole member's vote is also required for amendments to the Certificates of Incorporation and the By-Laws (COI Article 17; BL Article 8). It should be noted that the two enabling local laws only address the structure of the boards of directors, i.e., number of directors and appointment authority. The two local laws do not otherwise address the powers intended to be vested in the county executive. The county executive's powers, in his capacity as sole member, were created by the COI and the By-Laws. However, neither document can be amended without the consent of the sole member [county executive]. Increasing the membership to three members necessarily dilutes the power of the county executive. Likewise, eliminating members altogether affects the power of the county executive. Elimination of members may be a simple expedient for ROTAC-2, which has no outstanding securities, minimal operations, and is in the process of dissolution. Whether elimination of members will satisfy the OAG's concern about approval of the Plan of Dissolution will have to be addressed before any decision is taken. This issue affects primarily ROTAC-1, the existence of which will continue indefinitely.

D. Board Agenda Items: The Rockland Tobacco Boards need to consider a By-Law amendment(s): (1) to eliminate members, which they are entitled to do under NPCL §601(a), or (2) increase the number of members to three (or more), and if so, (3) to identify and appoint additional members. Upon decision to amend, to authorize counsel to notify the rating agencies.

8:13 PM
06/04/24
Accrual Basis

Rockland Second Tobacco Asset Securitization Corp
Cash Receipts Disbursements Sterling
As of June 30, 2024

Type	Date	Num	Name	Memo	Debit	Credit	Balance
Sterling Bank							117,477.25
Check	03/05/2024	1510	Wilmington Trust	2003 Residual Trust Fee Invoice 20231218 - 33582- A		2,500.00	114,977.25
Check	03/05/2024	1511	Leonard Forte	1Q2024 Accounting Fee		500.00	114,477.25
Check	03/05/2024	1512	Lucy Caruso	1Q2024 Paralegal/Secretary Fee		500.00	113,977.25
Check	03/05/2024	1513	C. Scott Vanderhoef	1Q2024 Director Fee		750.00	113,227.25
Check	03/05/2024	1514	Rafael Silverberg	1Q2024 Director Fee		500.00	112,727.25
Check	03/05/2024	1515	Stephen F. DeGroat	1Q2024 Director Fee		500.00	112,227.25
Check	03/05/2024	1516	Mark Rothenberg	1Q2024 Director Fee		500.00	111,727.25
Check	03/05/2024	1517	Wilbur Aldridge	1Q2024 Director Fee		500.00	111,227.25
Check	03/05/2024	1518	Edwin J. Day	1Q2024 Director Fee		500.00	110,727.25
Check	03/13/2024	1519	Law Offices of John E. Finnegan LLC	1Q2024 Legal Fee		1,250.00	109,477.25
Check	05/16/2024	1520	Drescher & Malecki LLP	2023 Audit Fee Invoice 2403046		7,250.00	102,227.25
Check	06/04/2024	1521	C. Scott Vanderhoef	2Q2024 Director Fee		500.00	101,727.25
Check	06/04/2024	1522	Rafael Silverberg	2Q2024 Director Fee		500.00	101,227.25
Check	06/04/2024	1523	Stephen F. DeGroat	2Q2024 Director Fee		500.00	100,727.25
Check	06/04/2024	1524	Mark Rothenberg	2Q2024 Director Fee		500.00	100,227.25
Check	06/04/2024	1525	Wilbur Aldridge	2Q2024 Director Fee		500.00	99,727.25
Check	06/04/2024	1526	Edwin J. Day	2Q2024 Director Fee		500.00	99,227.25
Check	06/04/2024	1527	Lucy Caruso	2Q2024 Paralegal/Secretary Fee			99,227.25
Check	06/04/2024	1528	Leonard Forte	2Q2024 Accounting Fee		500.00	98,727.25
Total Sterling Bank					0.00	18,750.00	98,727.25
TOTAL					0.00	18,750.00	98,727.25