

MINUTES

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

MEETING – June 10, 2024, at 5:00 P.M.

The Meetings will be held at the County Executive's Conference Room, Allison-Parris County Office Building, 11 New Hempstead Road, New City, New York.

1. Meeting of the Sole Member

In Attendance: Edwin J. Day, Sole Member

Others in Attendance: Stephen DeGroat, Director
Howard T. Phillips, Jr., Director
Rabbi Hersh Horowitz, Director
C. Scott Vanderhoef, Director
Dorothy Filoramo, Independent 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 for filing the Minutes of the Meeting of the Sole Member held on March 14, 2024.
- Transaction of other business at the Meeting:
 - No other Business
- Public Comment:
 - __No Public Comment _____
- Mr. Day closes the Meeting of the Sole Member.

1. Meeting of the Audit Committee

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

Others in Attendance: Edwin J. Day, Sole Member
Rabbi Hersh Horowitz, Director
Dorothy Filoramo, Independent Director
John Finnegan, Esq., Counsel
Lucia Caruso, Secretary

- Chairman Phillips 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 of the Committee.
- The Committee reviews and accepts for filing the Minutes of the Committee Meeting held on March 14, 2024. Motion by Director Member Stephen DeGroat; Seconded by Member Scott Vanderhoef; 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 transactions
- Public Comment:
 - No public comment
- Motion to close the Meeting of the Committee. Motion by Director Member Stephen DeGroat; Seconded by Member Scott Vanderhoef; All in Favor; Motion Carried.

2. Meeting of the Governance Committee

Committee: Howard T. Phillips, Jr., Chairman
Rabbi Hersh Horowitz, Member
Dorothy C. Filoramo, Member, and Independent Director

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

- Chairman Phillips opens the meeting of Committee.
- 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 Member Rabbi Hersh Horowitz; Seconded by Member Dorothy C. Filoramo; All in Favor; Motion Carried.
- Transaction of other business at the Meeting:
 - No other transactions
 - Public Comment:
 - No public comment
- Motion to close the Meeting of the Committee. Motion by Member Dorothy C. Filoramo; Seconded by Member Rabbi Hersh Horowitz; All in Favor; Motion Carried.

3. Meeting of the Board of Directors

In attendance: Howard T. Phillips, Jr., Chairman and Director
Stephen DeGroat, Treasurer and Director
Rabbi Hersh Horowitz, Director
C. Scott Vanderhoef, Director
Dorothy C. Filoramo, Independent Director

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

- Chairman Phillips opens the meeting of the Board.
- Secretary Caruso 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 March 14, 2024. Motion by Director Scott Vanderhoef; Seconded by Independent Director Dorothy C. Filoramo; All in Favor; Motion Carried.
- Report of the Treasurer. Treasurer DeGroat distributed a Schedule of Revenue and Expenses as of June 30, 2024. Treasurer DeGroat explained.
The opening balance was \$ 439,148.53, annual operating funds \$168,194.23. the expenses paid out this quarter were BLX Group LLC 25,000.00, Dresher & Malecki LLP \$12,340.00 and the directors, accounting and legal fees in the amount of \$5,500.00 leaving a balance of \$ 564,502.76.

Motion to accept the Treasurer's Report. Motion by Director Rabbi Hersh Horowitz;
Seconded by Director Scott Vanderhoef; All in Favor; Motion Carried.

- Ratify, confirm, and approve all corporate actions previously taken by the Board of Directors and Officers. Motion by Independent Director Dorothy C. Filoramo;
Seconded by Director Rabbi Hersh Horowitz; 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 Director Scott Vanderhoef;
Seconded by Director Stephen DeGroat; All in Favor; Motion Carried

- Transaction of other business at the Meeting:

- John has an item for discussion in RTASC-1 regarding a change in Not-for-profit Corp law section 601(a) that will impact RTASC-1

“see memo for detail.”

The Board of Rockland Tobacco Asset Securitization Corporation (“RTASC-1”) 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 Asset entities.

The membership structure of RTASC-1 is set forth in its Certificate of Incorporation (not its By-Laws). The RTASC-1 Certificate of Incorporation provides that there shall be a sole member, namely the Rockland County Executive. Accordingly, in order to implement the change in the number of members required by NPCL §601, the Certificate of Incorporation will require amendment. An amendment to the Certificate of Incorporation will require approval of the New York Secretary of State, and possibly the Attorney General of NY.

Further, RTASC-1’s Certificate of Incorporation and its By-Law provide that any proposed change to either document 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. Bond counsel (Orrick Herrington & Sutcliff) are being consulted regarding this issue. After the rating agencies’ positions on this required change are determined, appropriate amendments to the Certificate of Incorporation and By-Laws of RTASC-1 will be proposed to the Board and the Sole Member for your approval and submission to the Secretary of State.

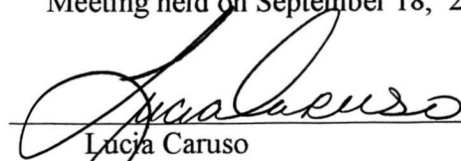
- Public Comment:

- No Public Comment

- Tentative date for the next meeting of the Corporation: September 18th 2024 at 5:00pm

- Motion to close the Meeting of the Committee. Motion by Director Rabbi Hersh Horowitz; Seconded by Director Stephen DeGroat; 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 -1 regarding change in Not-for-profit Corp Law

7:18 PM
 06/04/24
 Accrual Basis

Rockland County Tobacco Asset Securitization Corporation
 Cash Receipts Disbursements Connect One
 As of June 30, 2024

Type	Date	Num	Name	Memo	Clr	Split	Debit	Credit	Balance
Checking Connect One Bank									451,898.53
Check	01/29/2024	1352	Hersch Horowitz	4Q2023 Director Fee	X	Directors' Fees		500.00	451,398.53
Check	03/05/2024	1353	Wilmington Trust	invoice 20231231-68729-A 1/1/2024-12/31/2024	X	Wilmington Trust Fees		4,000.00	447,398.53
Check	03/05/2024	1354	Wilmington Trust	invoice 20231231-33602-A 12/21/2023-12/20/2024	X	Wilmington Trust Fees		4,000.00	443,398.53
Check	03/05/2024	1355	Leonard Forte	1Q2024 Accounting Fee	X	Accounting Fees		500.00	442,898.53
Check	03/05/2024	1356	Lucy Caruso	1Q2024 Paralegal/Secretary Fee		Legal Fees		500.00	442,398.53
Check	03/05/2024	1357	Howard Phillips	1Q2024 Director Fee	X	Directors' Fees		750.00	441,648.53
Check	03/05/2024	1358	Hersch Horowitz	1Q2024 Director Fee	X	Directors' Fees		500.00	441,148.53
Check	03/05/2024	1359	Edwin J. Day	1Q2024 Director Fee	X	Directors' Fees		500.00	440,648.53
Check	03/05/2024	1360	Dorothy C. Filoramo	1Q2024 Director Fee	X	Directors' Fees		500.00	440,148.53
Check	03/05/2024	1361	Stephen F. DeGroat	1Q2024 Director Fee	X	Directors' Fees		500.00	439,648.53
Check	03/05/2024	1362	C. Scott Vanderhoef	1Q2024 Director Fee	X	Directors' Fees		500.00	439,148.53
Check	03/13/2024	1363	Law Offices of John E. Finnegan...	1Q2024 Legal Fees	X	Legal Fees		1,250.00	437,898.53
Depo...	04/25/2024		Annual Operating Funds	Deposit	X	Collection 10000292	168,194.23		606,092.76
Check	05/16/2024	1364	BLX Group LLC	invoice 42601-92/040924		Legal Fees		25,000.00	581,092.76
Check	05/16/2024	1365	Droscher & Malecki LLP	2023 AUDIT INVOICE 2403045		Accounting Fees		12,340.00	568,752.76
Check	06/04/2024	1366	Howard Phillippe	2Q2024 Director Fee		Directors' Fees		750.00	568,002.76
Check	06/04/2024	1367	Hersch Horowitz	2Q2024 Director Fee		Directors' Fees		500.00	567,502.76
Check	06/04/2024	1368	Edwin J. Day	2Q2024 Director Fee		Directors' Fees		500.00	567,002.76
Check	06/04/2024	1369	Dorothy C. Filoramo	2Q2024 Director Fee		Directors' Fees		500.00	566,502.76
Check	06/04/2024	1370	Stephen F. DeGroat	2Q2024 Director Fee		Directors' Fees		500.00	566,002.76
Check	06/04/2024	1371	C. Scott Vanderhoef	2Q2024 Director Fee		Directors' Fees		500.00	565,502.76
Check	06/04/2024	1372	Lucy Caruso	2Q2024 Paralegal/Secretary Fee		Legal Fees		500.00	565,002.76
Check	06/04/2024	1373	Leonard Forte	2Q2024 Accounting Fee		Accounting Fees		500.00	564,502.76
Total Checking Connect One Bank							168,194.23	55,590.00	564,502.76
TOTAL							168,194.23	55,590.00	564,502.76

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.

JEF