

**MINUTES OF
THE BOARD OF DIRECTORS
OF
ONTARIO TOBACCO ASSET SECURITIZATION CORPORATION**

May 17, 2007

After due notice, a meeting of the Board of Directors of the Ontario Tobacco Asset Securitization Corporation, (the "Corporation") was called to order at 20 Ontario Street, Canandaigua, New York, at 10:00 a.m., on May 17, 2007. Present were Justin S. Miller, Esq. of Harris Beach PLLC, and the following directors:

Geoffrey C. Astles
Catherine S. Bentzoni
William Eddinger
Charles R. Peters
Stephen Cole

Upon motion duly made and seconded, the following resolutions were approved.

RESOLVED, that the Minutes relating to the 2006 Annual Meeting and any subsequent minutes of the Board of Directors adopted in 2006, attached hereto, are hereby approved.

RESOLVED, that pursuant to subdivision 3 of Section 2824 of the Public Authorities Law (the "PAL"), no Board member, including the Chairperson, shall serve as the Corporation's chief executive officer, executive director, chief financial officer, comptroller, or hold any other equivalent position while also serving as a member of the Board; and

FURTHER, RESOLVED, that the following persons are elected to serve in the offices set forth next to their names until their respective successors are elected and shall qualify or until their earlier resignations:

| <u>NAME:</u> | <u>TITLE:</u> |
|-------------------|------------------------|
| Darlys McDonough | President ¹ |
| Lorrie Scarrott | Treasurer ² |
| Charles R. Peters | Secretary |

FURTHER RESOLVED, that each of the officers shall enter upon the discharge of their duties as provided in the By-laws of the Corporation.

¹ The President being deemed to be the chief executive officer of the Corporation.

² The Treasurer being deemed to be the chief financial officer/comptroller of the Corporation.

RESOLVED, that the audit report prepared by Raymond F. Wager, C.P.A. in the form presented at the meeting, is hereby approved and that no objections to the Administrative Agent Report are noted.

RESOLVED, that the Annual Report, dated on or before March 31, 2007 and as certified by the Chief Executive Officer and the Chief Financial Officer is hereby approved as presented.

RESOLVED, that the proper officers of the Corporation distribute to the County, within 60 days of commencement of the Corporation's fiscal year, those amounts held in the Corporation's operating account that are in excess of twice the then current budget as calculated on the first day of each fiscal year.

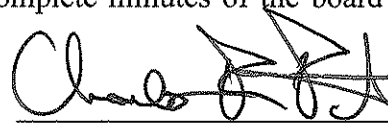
RESOLVED, that the 2007 budget and proposed 2008 budget, attached hereto, are hereby approved and the Board ratifies the actions of the officers and directors consistent with each such budget and any payments made thereunder prior to the date of this meeting; and the Board hereby further approves any expenditures made in 2008, so long as the expenditure is consistent with previous years budget amounts; and

FURTHER RESOLVED, that pursuant to subdivision 2 of Section 2801 of PAL, on or before November 1, 2007, the Corporation will submit to the chief executive officer and the chief financial officer of the County, the chairperson of the legislative body of the County, and the New York State Authority Budget Office, the Corporation's budget for fiscal year ending December 31, 2008.

RESOLVED, that the proper officers of the Corporation are hereby authorized, empowered and directed to do all things, and acts and to execute all documents as may be necessary, or advisable and proper, to carry on the business of the Corporation, for and on behalf of the Corporation.

RESOLVED, that all acts and transactions (if any) of any director or the persons named herein as officers of the Corporation that were taken or made from the date of creation of the Corporation to the date of this resolution are ratified and approved.

The undersigned, being the Secretary of the Corporation, hereby acknowledges and certifies that these are the true, correct and complete minutes of the board meeting held on May 17, 2007.



Charles R. Peters, Secretary

** confirmed annual allocation*

ONTARIO TOBACCO ASSET SECURITIZATION CORPORATION

OPERATING BUDGET FOR 2007 & 2008

| | 2006 Actual | 2007 Budget | 2008 Budget |
|----------------------------------|---------------|---------------|---------------|
| <u>OPERATING RECEIPTS</u> | | | |
| Annual Allocation | 35,062 | 36,000 | 37,000 |
| Interest Earned | 1,034 | 2,000 | 2,500 |
| | <u>36,097</u> | <u>38,000</u> | <u>39,500</u> |

| | | | |
|---|---------------|---------------|----------------|
| <u>OPERATING EXPENDITURES</u> | | | |
| Accounting | 2,500 | 3,000 | 3,500 |
| Insurances | 5,823 | 6,400 | 6,400 |
| Legal | 4,500 | 4,500 | 4,775 |
| Wilmington Trust (trustee) | 2,810 | 2,810 | 3,000 |
| Rent and Administrative Services | 7,550 | 10,000 | 12,000 |
| Office Supplies and Equipment (paper, phone, etc.) | 0 | 250 | 250 |
| Travel | 0 | 250 | 250 |
| Banking/Risk Services | 101 | 500 | 500 |
| PAAA Director Training | 0 | 2,000 | 2,000 |
| Miscellaneous, Other | 0 | 8,290 | <u>8,825</u> ✓ |
| | <u>23,284</u> | <u>38,000</u> | <u>41,500</u> |

USE OF FUND BALANCE 2,000

| | | | |
|--------------|--------|---|---|
| TOTAL | 12,812 | 0 | 0 |
|--------------|--------|---|---|



Treasurer's Report
as of April 30, 2007

| | | |
|--------------------------------|--------|-----------|
| Beginning Balance: | | \$ 74,862 |
| Deposits (4): | | |
| Interest Earned | \$ 348 | |
| Total Deposits: | | \$ 348 |
| Expenses: | | |
| | \$ - | |
| Total Expenses: | | \$ - |
| Ending Account Balance: | | \$ 75,210 |

The annual audit was completed on March 21, 2007 and the audited financial statements were presented to the Board on March 26, 2007.

Pursuant to the new PAAA mandate, the OTASC compiled and submitted an Annual Report to the NYS Authority Budget Office, Geoff Astles, Catherine Bentzoni and Ted Fafinski for the fiscal year 2006 on April 2, 2007.

Also under PAAA, the mandated legal, fiduciary, financial and ethical training for Directors will be held on June 8, 2007. The training will be conducted by Maureen C. Duggan Consulting.

Final 2007 and Proposed 2008 Operating Budgets have been prepared for presentation at the Annual Meeting on May 17th, 2007.

The Annual Allocation is expected to be received in June 2007.