

**Chautauqua Tobacco Asset Securitization Corporation ("CTASC")**  
**Resolution of the Board of Directors**  
**December 19, 2006**

WHEREAS, the New York State Legislature has enacted the Public Authorities Accountability Act of 2005 ("the Act"), and CTASC is deemed a "local authority" under the provisions of the Act, and

WHEREAS, the Act requires local authorities such as CTASC to:

- (1) adopt a code of ethics and have directors annually file financial disclosure forms with the Chautauqua County Board of Ethics; and
- (2) establish an audit committee and a governance committee; and
- (3) adopt a defense and indemnification plan;

therefore be it

RESOLVED, that the Board of Directors of CTASC hereby approves the following actions in compliance with the Act:

- (1) designates the Chautauqua County Code of Ethics as the code of ethics for CTASC, and all directors and officers of CTASC shall annually file a financial disclosure form with the Chautauqua County Board of Ethics; and
- (2) due to the small size of the CTASC Board, designates the entire CTASC Board of Directors as a committee of the whole to act as both the CTASC Audit Committee and CTASC Governance Committee; and
- (3) adopts a defense and indemnification plan for directors and officers of CTASC that shall consist of directors and officers insurance coverage to be procured through commercial insurers as approved by the CTASC Board from time to time.