

LIVINGSTON TOBACCO ASSET SECURITIZATION CORPORATION
TRAVEL AND DISCRETIONARY FUNDS POLICY

Section 1. Purpose and Applicability

This policy shall apply to every member of the Livingston Tobacco Asset Securitization Corporation (the “Corporation”) and all officers and employees thereof. The purpose of this policy is to protect against the use of discretionary funds for purposes that do not advance the Corporation’s mission and purpose. This policy is adopted in accordance with Public Authorities Law §2824(1)(b), which requires the Corporation to adopt a policy governing travel, and the Authorities Budget Office Recommended Governance Practice encouraging all state and local authorities to adopt a policy on the proper use of discretionary funds that incorporates the legal principals set forth in Opinion No. 2007-F4 of the Office of the Attorney General.

Section 2. Use of Discretionary Funds

The expenditure of Corporation funds must relate to an enumerated power, duty or purpose of the Corporation. Corporation funds may not be spent in a manner that supports the private or personal interests of any member, officer or employee or benefits any member, officer or employee individually.

Section 3. Prior Approval

Any expenditure of discretionary funds in excess of \$100.00 and all official travel for which a reimbursement will be sought shall be approved by the Corporation’s Board of Directors prior to such expenditure and shall fall within the Corporation’s current budget allocations. Provided, however, in the instance where the Corporation’s Board of Directors seeks an expenditure of discretionary funds, such expenditure must be pre-authorized by the Chairman. The Corporation’s Board of Directors or the Chairman, as the case may be, shall review the proposed expenditure and approve such expenditure only if it (i) primarily benefits the Corporation as opposed to an individual member, officer or employee; (ii) advances a power, duty or purpose of the Corporation; and (iii) is reasonable and necessary.

Section 4. Travel

Payment of Travel – The Corporation will reimburse all reasonable expenses related to meals, travel and lodging that were incurred by any director, officer or employee as a result of the performance of their official duties. All official travel shall be properly authorized, reported and reimbursed. Under no circumstances shall expenses for personal travel be charged to, or

temporarily funded by, the Corporation. It is the traveler's responsibility to report his or her travel expenses in a responsible and ethical manner, in accordance with this policy.

Travel Expenses – Travelers may use their private vehicle for business purposes if it is less expensive than renting a car, taking a taxi or using alternative transportation. The traveler will be reimbursed at a standard mileage reimbursement rate as set by the Internal Revenue Service. Travelers will use diligence to obtain the lowest cost for travel expenses.

Documentation

- a) *Travel Expense Voucher* – A travel expense voucher reporting all expenses pertaining to a particular approved trip must be submitted to the Corporation's Board of Directors within 45 days of the end of the trip. The travel expense voucher should include:
 - i. Date and time of departure from and return to the office of the Corporation or traveler's residence;
 - ii. Purpose of the travel or the nature of the business benefit derived as a result of the travel;
 - iii. Whether or not the expenses incurred during the travel were pre-approved; and
 - iv. The amount of each expenditure, listed by date and location.
- b) *Receipts* – The original of the following receipts must be submitted along with the travel expense voucher:
 - i. All travel tickets (i.e. airline tickets, train tickets, rental car agreement);
 - ii. All meal receipts (i.e. signed credit card slips or payment stubs); and
 - iii. All lodging receipts (i.e. hotel, motel receipts)
- c) *Final Approval* – The Corporation's Board of Directors shall review each travel expense voucher in order to ensure that the traveler has provided adequate substantiation and to determine whether the expenses listed therein are reasonable. The Corporation Board of Directors may require a traveler to submit additional substantiation and, if the Corporation Board of Directors finds a particular expense to be unreasonable (either as to amount or purpose), the Corporation Board of Directors may deny reimbursement of the expense or reduce the amount of the reimbursement for such expense. In instances where a member of the Board of Directors seeks approval for his or her own travel expense, the Chairman of the Board of Directors shall review the travel expense voucher and make the determinations set forth in this subsection (c).

Section 5. Appropriate Expenditure Guidance

Membership Dues – Membership dues paid by the Corporation to belong to a professional peer organization are generally permissible use of Corporation funds. However, individual membership costs for board members, officers and employees to belong to a professional, social, or fraternal organization is an impermissible use of Corporation funds.

Charitable Contributions and Sponsorships – The appropriateness of any sponsorship or charitable contribution will depend on whether it relates to the powers, duties and purposes of the Corporation and whether such expenditure will advance the Corporation’s core mission and public purposes.

Food and Beverages – With the exception of food and beverage purchases during business travel as provided for in this policy, purchases of food and beverages for the personal consumption of members, officers or employees shall not be considered an appropriate use of Corporation discretionary funds. However, expenditures for food and beverages purchased for or during the conduct of Corporation meetings or during the conduct of business with persons that do, or may do, business with the Corporation may be an appropriate expenditure of Corporation discretionary funds, provided the expense is reasonable in light of the circumstances surrounding the Corporation activity and is approved as set forth herein.

Professional Training and Conferences – Paying the costs to attend training or professional conferences may be an appropriate expenditure of Corporation discretionary funds, provided it is approved as set forth herein.

Marketing – Paying costs incurred in the course of marketing the Corporation’s properties to potential buyers and maintaining relations with existing industries, businesses and supporting partners in furtherance of the Corporation’s mission is an appropriate expenditure of Corporation discretionary funds, provided it is approved as set forth herein.

Section 6. Improper Uses of Discretionary Funds

Corporation discretionary funds shall not be used for any expense intended to personally benefit a member, employee or officer. Examples of improper uses of discretionary funds include the following: (i) purchases of alcohol or tobacco products; (ii) renewal of professional licenses for Corporation employees; (iii) purchases of flowers, gifts, or cards for Corporation members, officers or employees; (iv) celebrations for special occasions that do not directly relate to a public purpose of the Corporation; and (v) personal use of Corporation vehicles, unless properly documented for tax purposes.

Adopted: June 11, 2020