

MTASC

Monroe Tobacco Asset Securitization Corporation

2020 ANNUAL REPORT Dated as of March 29, 2021

This report has been prepared pursuant to the Public Authorities Accountability Act ("PAAA") of 2005 (Chapter 766 of the Laws of 2005), as amended by the Public Authorities Reform Act ("PARA") of 2009 (Chapter 506 of the Laws of 2009). It is not intended to be a substitute for, or to replace the Monroe Tobacco Asset Securitization Corporation's (herein referred to as the "Corporation") Financial Statements as of December 31, 2020.

1. Operations and Accomplishments

The Corporation received sufficient Tobacco Settlement Revenues (the "TSRs") to make a \$2,005,000 Turbo Principal Payment against its Series 2005 Bonds.

2. The Corporation's 2020 Financial Reports

The Corporation's audited financials and Independent Auditor's Report are included in this report as Exhibit A.

3. Mission Statement and Measurements

A. Corporation's Mission Statement

The Corporation's mission is to satisfy its obligations under Trust Indentures associated with the issued debt and from time to time assess additional MSA revenue securitization opportunities. This public purpose and mission has been accomplished by the Corporation through the issuance of debt in the years 2000, 2005 and 2006. Additionally the Corporation shall comply with applicable provisions of PAAA and PARA.

B. Performance Measures

The Corporation must annually adopt performance measures that assist in meeting its stated mission. The performance measures can also (i) quantify improvement to better meet the Corporation's mission, goals and values; (ii) assist the Corporation in becoming more effective and efficient; and (iii) assess if the Corporation is meeting the interests of its stakeholders.

The Corporation shall further undertake the following annual measures:

- Assure that all current Corporation Board members have acknowledged that they have read and understood the Mission Statement of the Corporation
- Review and affirmation of Board appointment of Management of the Corporation
- Meet any and all obligations and/or responsibilities required pursuant to applicable statutes, legal and regulatory authorities (including but not limited to the provisions of the PAAA and PARA)
- Perform all of the tasks, reporting and other requirements set forth in any and all indentures executed in connection with its debt

4. Bonds and notes of the Corporation outstanding as of December 31, 2020

The original purchase price for the County's future rights, title and interest in the TSRs was financed through the issuance of Series 2000 Bonds in the amount of \$163,400,000 with interest at rates ranging from 5.125% to 6.625%. The Series 2000 Bonds were advance refunded/defeased through the issuance of the Series 2005 Bonds. The Series 2005 Bonds are secured by a perfected security interest in, and pledge of, the Trust Estate, as defined in the Indenture, which includes, among other things, the TSRs and all investment earnings on amounts on deposit in the accounts established under the Indenture (collectively, the Collections). Among the accounts so established are the Liquidity Reserve Account and the Debt Service Account. The Corporation retains TSRs in an amount sufficient to service its debt and pay its operating expenses.

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The Series 2005 Bonds are comprised of the following:

- \$91,120,000 Tobacco Settlement Asset-Backed Bonds, Series 2005A (Tax Exempt Turbo Bonds), \$55,655,000 maturing on June 1, 2042 and \$35,465,000 maturing on June 1, 2045, interest rate of 5.00%
- \$36,665,000 Tobacco Settlement Asset-Backed Bonds, Series 2005B (Taxable Turbo Bonds), maturity date is June 1, 2027, interest rate of 6.00% (\$8,895,000 principal amount remains outstanding as of December 31, 2020 as a result of Turbo Redemption payments being made each year since 2006)
- \$5,386,580 Tobacco Settlement Asset-Backed Bonds, Series 2005D (Tax Exempt Turbo Capital Appreciation Bonds), maturity date is June 1, 2050, interest rate of 0.00% with an accreted value at maturity of \$71,965,000
- \$8,923,514 Tobacco Settlement Asset-Backed Bonds, Series 2005E (Tax Exempt Turbo Capital Appreciation Bonds), maturity date is June 1, 2055, interest rate of 0.00% with an accreted value at maturity of \$202,715,000
- \$15,625,329 Tobacco Settlement Asset-Backed Bonds, Series 2005F (Tax Exempt Turbo Capital Appreciation Bonds), maturity date is June 1, 2060, interest rate of 0.00% with an accreted value at maturity of \$608,700,000

The Corporation issued an additional series of bonds, the Series 2006 Bonds, in February 2006 which are:

- \$14,579,370 Tobacco Settlement Asset-Backed Bonds, Series 2006A (Tax Exempt Turbo Capital Appreciation Bonds), maturity date is June 1, 2061, interest rate of 0.00% with an accreted value of \$952,900,000

The Corporation retired the Series 2005C Bonds and issued in its place a series of bonds, the Series 2010A Bonds (Turbo Term Bonds), in June 2010 pursuant to a forward bond purchase contract. The Series 2010A Bonds are:

- \$63,100,000 Tobacco Settlement Asset-Backed Bonds, Series 2010A (Turbo Term Bonds), maturity date is June 1, 2041 with an interest rate of 6.25%

Long-term indebtedness for the Corporation's bonds payable as of December 31, 2020 consisted of the following:

Balance - beginning of year	\$ 209,634,794
Payments of bonds	<u>(2,005,000)</u>
Balance - end of year	\$ <u>207,629,794</u>
Required payments due within one year	\$ <u>0</u>

Principal and interest (does not include accretion on capital appreciation bonds) payments based upon the required maturities are as follows for the years ending December 31:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 9,033,450	\$ 9,033,450
2022	-	9,033,450	9,033,450
2023	-	9,033,450	9,033,450
2024	-	9,033,450	9,033,450
2025	-	9,033,450	9,033,450
2026 – 2030	8,898,000	43,299,300	52,194,300
2031 – 2035	-	42,498,750	42,498,750
2036 – 2040	-	42,498,750	42,498,750
2041 – 2045	154,220,000	14,125,625	168,345,625
2046 – 2050	5,386,580	66,578,420	71,965,000
2051 – 2055	8,923,515	193,791,486	202,715,000
2056 – 2060	15,625,329	593,074,671	608,700,000
2061	14,579,370	938,320,630	952,900,000
	\$ <u>207,629,794</u>	\$ <u>1,979,354,881</u>	\$ <u>2,186,984,675</u>

Required maturities for the Series 2005 Bonds, the Series 2006 Bonds and the Series 2010 Bonds represent the minimum amount of principal that the Corporation must pay as of the specific distribution dates in order to avoid a default. Turbo (accelerated) amortization payments are required to be made against outstanding principal providing that the Corporation receives sufficient TSRs to make the Turbo payments. The interest payment requirements shown above are based on the required principal maturity schedule.

Under the terms of the Indenture, the Corporation is required to maintain certain deposits to fund debt service payments, if needed. Such deposits are included in restricted cash and cash equivalents in the financial statements. In addition, the Corporation is subject to various debt covenants, including limitations on expenses/expenditures, and compliance with the Trustee indenture agreement requirements. The Corporation was in compliance with all covenants and indenture agreement requirements at December 31, 2020.

The Corporation had liquidity reserves in the amount of \$12,849,800 and debt service reserves of \$71,735 at December 31, 2020 to fund debt service payments on its bonds.

5. The Corporation's compensation schedule

The Corporation had no compensated employees during 2020.

6. Biographical information for persons with salaries in excess of \$100,000

There were no persons with salaries in excess of \$100,000 during 2020.

7. Projects undertaken by the Corporation

There were no projects undertaken by the Corporation in 2020.

8. Real property owned and or disposed of by the Corporation

The Corporation did not own or sell any real property during 2020 and does not currently own any real property.

9. The Corporation's code of ethics as adopted and approved by the Board of Directors at its June 20, 2006 meeting is as follows:

No director, officer, or employee of the Corporation shall (1) accept other employment which shall impair his or her independence of judgment in the exercise of his or her official duties; (2) accept employment or engage in any business or professional activity which will require him or her to disclose confidential information which he or she has gained by reason of his or her official position of authority; (3) disclose confidential information acquired by him or her in the course of his or her official duties nor use such information to further his or her personal interests; (4) use or attempt to use his or her official position to secure unwarranted privileges or exemptions for himself, herself or others; (5) engage in any transaction as a representative of the Corporation with any business entity in which he or she has a direct or indirect financial interest that might reasonably tend to conflict with proper discharge of his or her official duties; (6) by his or her conduct, give reasonable basis for the impression that any person can improperly influence him or her or unduly enjoy his or her favor in the performance of his or her official duties, or that he or she is affected by the kinship, rank, position or influence of any party or person; (7) fail to abstain from making personal investments in enterprises which he or she has reason to believe may be directly involved in decisions to be made by him or her or which will otherwise create substantial conflict between his or her duty in the public interest and his or her private interest; and (8) fail to endeavor to pursue a course of conduct which will not raise suspicion among the public that he or she is likely to be engaged in acts that are in violation of his or her trust.

10. Assessment of the effectiveness of the Corporation's internal control structure

The assessment of the effectiveness of the Corporation's internal control structure is included in this report as Exhibit D.

11. Enabling Legislation

The Corporation is a local development corporation organized pursuant to Section 805 and 1411 of the Not-For-Profit Corporation Law of the State of New York. It was created for the special purpose of the sale of tobacco assets by Monroe County and was established on May 11, 2000.

12. Description of Corporation and Board

The Corporation is comprised of a sole member who is the County Executive of Monroe County, New York, ex-officio. The Corporation is managed by its Board of Directors who are appointed by the County Executive. The Board is made up of three to five members which includes the County Executive (ex-officio), the County's Director of Finance/Chief Financial Officer (ex-officio), up to two additional directors and one independent director. The Board meets annually and special meetings are conducted on an as needed basis. Standing committees include an Audit Committee and a Governance committee. Minutes and attendance can found on the Corporation's website.

13. Organizational Documents

Copies of the Corporation's "Certificate of Incorporation" and "By-laws," along with any amendments, are included in this report as Exhibit B and Exhibit C, respectively.

14. Listing of material changes in operations and programs

The Corporation had no material changes in operations or programs during 2020.

15. Multi-year financial plan

The multi-year financial plan is included in this report as Exhibit E.

16. Board Evaluations

The Corporation's summary of results of "Evaluation of Board Performance" is included in this report as Exhibit F.

17. Description of Assets and Services bought or sold without competitive bidding

No new services or assets were purchased or sold in 2020 without competitive bidding. Exhibit G displays all services provided with a cost over \$5,000 in 2020.

18. Description of material pending litigation

There was no pending litigation naming the Corporation as a defendant in 2020 or prior.



Basil C. Barrett
President/CEO



Basil C. Barrett
Treasurer

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**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
AND THE CHIEF FINANCIAL OFFICER
OF MONROE TOBACCO ASSET SECURITIZATION CORPORATION**

The undersigned Chief Executive Officer and Chief Financial Officer of Monroe Tobacco Asset Securitization Corporation, a local development corporation organized pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York, hereby certify, pursuant to subdivision 3 of Section 2800 of the Public Authorities Law, as follows:

The financial information provided within the Annual Report of the Monroe Tobacco Asset Securitization Corporation (the "Corporation"), dated as of March 22, 2021 (the "Annual Report"), is based upon audited financial statements and to the best of our knowledge, is accurate, correct and does not contain any untrue statement of material fact. The Annual Report does not omit any material fact which, if omitted, would cause the report to be misleading in the light of the circumstances under which the report and any such statements made therein are made. The Annual Report fairly represents in all material respects the financial condition and results of operations of the Corporation as of, and for, the periods presented in said report.

IN WITNESS WHEREOF, the undersigned Chief Executive Officer and Chief Financial Officer have executed this Certificate as of this 29th day of March, 2021.



Basil C. Barrett
President/CEO



Basil C. Barrett
Treasurer/CFO

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EXHIBIT A

Basic Financial Statements Together With Independent Auditor's Report

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March 29, 2021

To the Board of Directors of the
Monroe Tobacco Asset Securitization Corporation:

We have audited the financial statements of the governmental activities and major fund of Monroe Tobacco Asset Securitization Corporation (MTASC), a blended component unit of the County of Monroe, New York, for the year ended December 31, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 5, 2020. Professional standards also require that we communicate to you the following information related to our audit.

SIGNIFICANT AUDIT FINDINGS

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by MTASC are described in Note 2 to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by MTASC during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimate affecting MTASC's financial statements was management's estimate of the Tobacco Settlement Revenue (TSR) receivable, which is based on the actual TSR revenue received in prior years. We evaluated the key factors and assumptions used to develop the TSR receivable in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

There are no particularly sensitive financial statement disclosures. The financial statement disclosures are neutral, consistent, and clear.

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Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

There were no misstatements identified during our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of our Independent Auditor's Report.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to MTASC's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as MTASC's auditors.

However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis (MD&A), which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of Board of Directors and management of MTASC and is not intended to be and should not be used by anyone other than these specified parties.

Bonadio & Co., LLP

March 10, 2021

Josette Mangieri
Monroe Tobacco Asset Securitization Corporation
400 County Office Building
39 West Main Street
Rochester, New York 14614

Dear Josette:

Public Authorities, which are authorized under the Not-for-Profit Corporation Law fall under the Public Authorities Accountability Act (PAAA) and Public Authorities Reform Act (PARA) definition if they are affiliated with, sponsored by, or created by a municipal government.

One of the specific requirements of the PAL is Section 2925, subdivision 6 that indicates:

“Each corporation shall annually prepare and approve an investment report which shall include the investment guidelines, as specified in subdivision three of this section, amendments to such guidelines since the last investment report, an explanation of the investment guidelines and amendments, the results of the annual independent audit, the investment income record of the corporation and a list of the total fees, commissions, or other charges paid to each investment banker, broker, dealer, agent, dealer and adviser rendering investment associated services to the corporation since the last investment report. Such investment report may be a part of any other annual report that the corporation is required to make.”

In discussions with the ABO, they have indicated that the annual financial statement audit does not satisfy the requirement above. Furthermore, the requirement extends to not only investments in the conventional sense, but all funds available for deposit in the organization, except for traditional checking and savings type deposits, or trustee directed investments in association with bond issuances. Certificates of deposits would qualify as investments under the regulations.

The complexity of the audit is based primarily on the nature of the organization's investments. Organizations with certificates of deposit or other non-complex investments may be able satisfy the requirements by having an agreed-upon procedures review of its investment policy performed to ensure that the organization is in compliance with said policy.

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Since the Monroe Tobacco Asset Securitization Corporation does not have investments that meet the criteria as defined above, there is no filing requirement for December 31, 2020.

We can assist you with the requirements of this legislation and provide the reports required to satisfy the objectives, going forward. As necessary, we can perform these concurrently with our annual financial statement audits at an estimated hour basis. Please contact me to discuss the specifics of your needs.

Very truly yours,



Randall Shepard, CPA

**MONROE TOBACCO ASSET
SECURITIZATION CORPORATION
(A Blended Component Unit of the
County of Monroe, New York)**

**Financial Statements as of
December 31, 2020 and 2019
Together with Independent
Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

MONROE TOBACCO ASSET SECURITIZATION CORPORATION
(A Blended Component Unit of the County of Monroe, New York)

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December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

March 10, 2021

To the Board of Directors of the
Monroe Tobacco Asset Securitization Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the Monroe Tobacco Asset Securitization Corporation, (MTASC), a blended component unit of the County of Monroe, New York, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise MTASC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of MTASC, as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2021 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Bonadio & Co., LLP

MONROE TOBACCO ASSET SECURITIZATION CORPORATION
(A Blended Component Unit of the County of Monroe, New York)

Management's Discussion and Analysis (Unaudited)
December 31, 2020 and 2019

The following Management's Discussion and Analysis (MD&A) provides a comprehensive overview of the Monroe Tobacco Asset Securitization Corporation's (MTASC) financial position as of December 31, 2020, 2019, and 2018 and its changes in financial position for the years then ended. This MD&A should be read in conjunction with the financial statements and related footnotes of MTASC, which directly follow the MD&A.

General Overview

MTASC is a special purpose, bankruptcy remote local development corporation organized under the Not-For-Profit Corporation Laws of the State of New York (the State). MTASC was established on May 11, 2000; however, there were no substantive operations until August 15, 2000. MTASC is an instrumentality of, but separate and apart from the County of Monroe, New York (the County). Pursuant to a Purchase and Sale Agreement with the County, the County sold to MTASC all of its future rights, title and interest in the Tobacco Settlement Revenues (TSRs) under the Master Settlement Agreement (MSA) and the Decree and Final Judgment (the Decree). The MSA resolved cigarette smoking related litigation between the settling states and the Participating Manufacturers (PMs), released the PMs from past and present smoking related claims, and provided for a continuing release from future smoking related claims, in exchange for certain payments to be made to the settling states, as well as certain tobacco advertising and marketing restrictions, among other things. The Decree, which was entered by the Supreme Court of the State, allocated to the County a share of the TSRs under the MSA. The future rights, title and interest of the County's share were sold to MTASC and were financed by the issuance of bonds.

Overview of the Financial Statements

The financial statements of MTASC have been prepared in accordance with accounting principles generally accepted in the United States as prescribed by the Governmental Accounting Standards Board. The financial statement presentation consists of the following four basic financial statements:

- Statements of Net Position
- Statements of Activities
- Governmental Fund Balance Sheet - Debt Service Fund
- Statement of Governmental Fund Revenues, Expenditures, and Change in Fund Balance - Debt Service Fund

The Statements of Net Position and the Statements of Activities are prepared using the economic resource measurement focus and the accrual basis of accounting. Revenues, expenses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, assets and liabilities resulting from non-exchange transactions are recognized when the amounts to be received are measurable and collection is probable. The Governmental Fund Balance Sheet – Debt Service Fund and the Statement of Governmental Fund Revenues, Expenditures and Change in Fund Balance – Debt Service Fund are presented using the current financial resources measurement focus and the modified accrual basis of accounting. These policies are more fully described in the accompanying notes to the basic financial statements.

MONROE TOBACCO ASSET SECURITIZATION CORPORATION
(A Blended Component Unit of the County of Monroe, New York)

Management's Discussion and Analysis (Unaudited)
December 31, 2020 and 2019

The Statements of Net Position present all of MTASC's asset and liability information, with the difference between the two reported as net position. Restricted net position is based on externally imposed conditions and consists of funds in the debt service and liquidity reserve accounts. These accounts were established to provide for debt service payments for at least one year in the event of insufficient revenues. All other net position is considered unrestricted.

The Statements of Activities present all of MTASC's revenues, both program and general, expenses, and transfers.

The Governmental Fund Balance Sheet – Debt Service Fund presents MTASC's assets, liabilities and fund balance. This statement uses the debt service fund, a governmental fund type, to report its financial position.

The Statements of Governmental Fund Revenues, Expenditures, and Change in Fund Balance – Debt Service Fund present the changes in financial position of the debt service fund.

Financial Highlights

Condensed
Statements of Net Position
(In Millions)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total assets	\$ 22.73	\$ 22.58	\$ 22.39
Bonds payable	286.35	280.06	272.78
Other liabilities	<u>0.75</u>	<u>0.76</u>	<u>0.77</u>
Total liabilities	<u>287.10</u>	<u>280.82</u>	<u>273.54</u>
Net position	<u>\$ (264.37)</u>	<u>\$ (258.24)</u>	<u>\$ (251.15)</u>

Total Assets

The total assets increased from 2019 to 2020 by \$156 thousand due to a \$412 thousand increase in estimated tobacco settlement receivables, offset by a decrease of \$92 thousand in cash and \$148 thousand in restricted cash. Total assets increased from 2018 to 2019 by \$185 thousand due to a \$75 thousand increase in cash and a \$114 thousand increase in estimated tobacco settlement receivables, offset by a decrease of \$6 thousand in accrued interest receivable.

MONROE TOBACCO ASSET SECURITIZATION CORPORATION
(A Blended Component Unit of the County of Monroe, New York)

Management's Discussion and Analysis (Unaudited)
December 31, 2020 and 2019

Total Liabilities

The total liabilities increased by \$6.3 million from 2019 to 2020. This increase is due to the value of the capital appreciation bonds (Series 2006 and Series 2005 D,E & F) increasing by \$8.2 million, offset by a Turbo payment of \$2 million made towards the Series 2005B bonds. The total liabilities increased by \$7.3 million from 2018 to 2019. This increase is due to the value of the capital appreciation bonds (Series 2006 and Series 2005 D,E & F) increasing by \$7.7 million, offset by a Turbo payment of \$470 thousand made towards the Series 2005B bonds.

Condensed Statements of Activities
(In Millions)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total expenses	\$ 17.50	\$ 17.03	\$ 16.56
Program revenues - tobacco settlement	<u>11.27</u>	<u>9.58</u>	<u>9.55</u>
General revenue - investment	<u>0.10</u>	<u>0.36</u>	<u>0.30</u>
Change in net position	(6.13)	(7.09)	(6.71)
Net position - beginning of year	<u>(258.24)</u>	<u>(251.15)</u>	<u>(244.44)</u>
Net position - end of year	<u>\$ (264.37)</u>	<u>\$ (258.24)</u>	<u>\$ (251.15)</u>

Expenses

Expenses incurred in 2020 were comparable to those incurred in 2019. Expenses incurred in 2019 were also comparable to those incurred in 2018.

Revenues

Total revenues increased from 2019 to 2020 by \$1.4 million and from 2018 to 2019 by \$91 thousand. The continuous increases in total revenues are primarily due to higher than actual tobacco settlement revenue received than the estimated accounts receivable from the prior year due to the unpredictable nature of this revenue stream.

MONROE TOBACCO ASSET SECURITIZATION CORPORATION
(A Blended Component Unit of the County of Monroe, New York)

Management's Discussion and Analysis (Unaudited)
December 31, 2020 and 2019

Financial Analysis of the Corporation's Fund Financial Statements

The focus of MTASC's governmental fund reporting is to provide information on near-term inflows, outflows and balances of spendable resources.

As of December 31, 2020, MTASC's debt service fund reported fund balances of \$13.08 million, a slight decrease of \$0.26 million from 2019. The decrease is due to MTASC receiving a higher cash receipt for the tobacco settlement revenue in the current year and while the expenses also increased. The increase in expense outpaced the increase in revenue, causing the overall decrease in the fund balance at year end.

As of December 31, 2019, MTASC's debt service fund reported fund balances of \$13.34 million, a slight increase of \$0.07 million from 2018. The increase is due to MTASC receiving a higher cash receipt for the tobacco settlement revenue in the current year and while the expenses also increased, the increase in revenue outpaced the increase in expense, causing the overall increase in the fund balance at year end.

Debt

Debt obligations of MTASC as of December 31, 2020 and 2019 consist of the MTASC Series 2010 Tobacco Settlement Asset-Backed Bonds (which replaced the Series 2005C as part of a forward purchase contract on June 1, 2010), the MTASC Series 2006 Tobacco Settlement Asset-Backed Bonds and the remaining balance of the MTASC Series 2005 Tobacco Settlement Asset-Backed Bonds.

The total amount of the Series 2010 bonds, Series 2006 and Series 2005 bonds outstanding at December 31, 2020 was \$207.63 million. None of the outstanding Series 2010, Series 2006 or Series 2005 bonds were considered current since none were due within twelve months of year-end.

The 2010 Series and 2005 Series bonds were structured to enable the New York Counties Tobacco Trust IV bonds to attain the following ratings:

<u>Bond Series</u>	<u>Standard & Poor's</u>	<u>Fitch</u>
2005A	BBB	BBB
2005B	BB+	BBB
2005D	Non-rated	BBB -
2005E	Non-rated	BB
2005F	Non-rated	Non-rated
2010A	B-	BBB

MONROE TOBACCO ASSET SECURITIZATION CORPORATION
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Management's Discussion and Analysis (Unaudited)
December 31, 2020 and 2019

The 2006 Series bonds were not rated as MTASC did not apply for, and the rating agencies have not issued, a rating for the bonds.

All of MTASC's turbo bonds are subject to prepayment from Turbo Redemption Payments. Turbo Redemption Payments are made from collections (other than partial and lump sum payments) in excess of the amount needed to pay certain operating expenses. To the extent possible, the Turbo Redemption Payments will amortize the Series 2005 bonds, Series 2006 bonds and Series 2010 bonds earlier than their maturity dates at their accreted values. Payments of \$2 million and \$.470 million were made in 2020 and 2019, respectively, against the Series 2005 bonds.

Payments on the outstanding capital appreciation bonds are based on the accreted value of the capital appreciation bonds at their stated maturity. The accretion of these capital appreciation bonds over their life results in the recognition of substantial annual costs until the capital appreciation bonds are redeemed. Reference should be made to the Bonds Payable footnote in the financial statements for a summary of the required principal and interest (which includes accretion of the capital appreciation bonds) payments.

Details on the debt outstanding are provided in Note #4 to the financial statements.

Contacting the Corporation

This financial report is designed to provide a general overview of MTASC's finances and to demonstrate MTASC's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer, Monroe Tobacco Asset Securitization Corporation, at 39 West Main Street, Room 402, Rochester, New York, 14614.

MONROE TOBACCO ASSET SECURITIZATION CORPORATION
(A Blended Component Unit of the County of Monroe, New York)

Statements of Net Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 143,899	\$ 235,788
Accrued interest receivable	616	18,191
Accounts receivable	9,652,570	9,240,073
Deposits held with trustee	12,925,310	13,073,581
Prepaid expenses	<u>10,874</u>	<u>9,918</u>
Total assets	<u>22,733,269</u>	<u>22,577,551</u>
LIABILITIES		
Accrued interest payable	752,788	762,813
Bonds payable, net of bond discount	<u>286,348,767</u>	<u>280,056,805</u>
Total liabilities	<u>287,101,555</u>	<u>280,819,618</u>
NET POSITION		
Restricted for:		
Debt service	12,925,310	13,073,581
Unrestricted	<u>(277,293,596)</u>	<u>(271,315,648)</u>
Total net position	<u>\$ (264,368,286)</u>	<u>\$ (258,242,067)</u>

The accompanying notes are an integral part of these financial statements.

MONROE TOBACCO ASSET SECURITIZATION CORPORATION
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Statements of Activities
For the years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
EXPENSES		
General government -		
Materials and services	\$ 90,932	\$ 90,300
Administrative costs	25,456	25,456
Interest and amortization	<u>17,380,537</u>	<u>16,914,092</u>
 Total expenses	 17,496,925	 17,029,848
PROGRAM REVENUE		
Tobacco settlement	<u>11,269,633</u>	<u>9,578,026</u>
 Net program expenses	 (6,227,292)	 (7,451,822)
 GENERAL REVENUES - INVESTMENT INCOME	 <u>101,073</u>	 <u>360,516</u>
 CHANGE IN NET POSITION	 (6,126,219)	 (7,091,306)
 NET POSITION - beginning of year	 <u>(258,242,067)</u>	 <u>(251,150,761)</u>
 NET POSITION - end of year	 <u>\$ (264,368,286)</u>	 <u>\$ (258,242,067)</u>

The accompanying notes are an integral part of these financial statements.

MONROE TOBACCO ASSET SECURITIZATION CORPORATION
(A Blended Component Unit of the County of Monroe, New York)

Governmental Fund Balance Sheets and Reconciliation to Statements of Net Position - Debt Service Fund
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash	\$ 143,899	\$ 235,788
Accrued interest receivable	616	18,191
Accounts receivable	9,652,570	9,240,073
Deposits held with trustee	12,925,310	13,073,581
Prepaid expenditures	<u>10,874</u>	<u>9,918</u>
Total assets	<u>\$ 22,733,269</u>	<u>\$ 22,577,551</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
DEFERRED INFLOWS OF RESOURCES -		
Tobacco settlement revenue	<u>\$ 9,652,570</u>	<u>\$ 9,240,073</u>
Total deferred inflows of resources	<u>9,652,570</u>	<u>9,240,073</u>
FUND BALANCES -		
Nonspendable	10,874	9,918
Restricted for -		
Debt service	12,925,310	13,073,581
Assigned	<u>144,515</u>	<u>253,979</u>
Total fund balances	<u>13,080,699</u>	<u>13,337,478</u>
Total deferred inflows of resources and fund balances	<u>\$ 22,733,269</u>	<u>\$ 22,577,551</u>
 Amounts reported for governmental activities in the statements of net position are different because:		
Total fund balances	\$ 13,080,699	\$ 13,337,478
Tobacco settlement revenue was not received in the current period and therefore, is not reported as revenues at the fund level	9,652,570	9,240,073
Bonds payable and accrued interest are not due and payable in the current period and therefore, are not reported at the fund level	<u>(287,101,555)</u>	<u>(280,819,618)</u>
Total net position	<u>\$ (264,368,286)</u>	<u>\$ (258,242,067)</u>

The accompanying notes are an integral part of these financial statements.

MONROE TOBACCO ASSET SECURITIZATION CORPORATION
(A Blended Component Unit of the County of Monroe, New York)

**Statements of Governmental Fund Revenues, Expenditures and Change in Fund Balance - Debt Service Fund and
Reconciliation to Statements of Activities - Debt Service Fund
For the years ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
REVENUES		
Tobacco settlement	\$ 10,857,136	\$ 9,464,063
Investment income	<u>101,073</u>	<u>360,516</u>
Total revenues	<u>10,958,209</u>	<u>9,824,579</u>
EXPENDITURES		
General and administrative	90,932	90,300
Administration costs	25,456	25,455
Debt service - principal	2,005,000	470,000
Debt service - interest	<u>9,093,600</u>	<u>9,167,850</u>
Total expenditures	<u>11,214,988</u>	<u>9,753,605</u>
CHANGE IN FUND BALANCE	(256,779)	70,974
FUND BALANCES - beginning of year	<u>13,337,478</u>	<u>13,266,504</u>
FUND BALANCES - end of year	<u>\$ 13,080,699</u>	<u>\$ 13,337,478</u>
Amounts reported for governmental activities in the statements of activities are different because:		
Net change in fund balances	\$ (256,779)	\$ 70,974
Tobacco settlement revenues reported in the statement of activities were not received in time to pay current financial obligations and therefore, have not been reported as revenue in the governmental fund	412,497	113,963
Amortization of bond discounts reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental fund	(45,839)	(45,839)
The net effect of any bond proceeds received and repayments on bonds, as well as accrued interest are activities of the governmental fund but not reported in the statement of activities	<u>(6,236,098)</u>	<u>(7,230,404)</u>
Change in net position	<u>\$ (6,126,219)</u>	<u>\$ (7,091,306)</u>

The accompanying notes are an integral part of these financial statements.

MONROE TOBACCO ASSET SECURITIZATION CORPORATION
(A Blended Component Unit of the County of Monroe, New York)

Notes to Basic Financial Statements
December 31, 2020 and 2019

1. ORGANIZATION

Monroe Tobacco Asset Securitization Corporation (MTASC) is a special purpose, bankruptcy remote local development corporation organized under the Not-For-Profit Corporation Law of the State of New York (the State). MTASC was established on May 11, 2000; however, there were no substantive operations until August 15, 2000 as discussed herein. MTASC is an instrumentality of, but separate and apart from the County of Monroe, New York (the County). MTASC will have not less than three nor more than five directors consisting of two ex-officio positions including the Executive of the County and the Director of Finance - Chief Financial Officer of the County, up to two additional directors and one independent director. Although legally separate from the County, MTASC is a component unit of the County and, accordingly, is included in the County's basic financial statements as a blended component unit.

On August 15, 2000, pursuant to a Purchase and Sale Agreement with the County, the County sold to MTASC all of its future rights, title and interest in the Tobacco Settlement Revenues (TSRs) under the Master Settlement Agreement (MSA) and the Decree and Final Judgment (the Decree). The MSA resolved cigarette smoking related litigation between the settling states and the Participating Manufacturers (PMs), released the PMs from past and present smoking related claims, and provides for a continuing release from future smoking related claims, in exchange for certain payments to be made to the settling states, as well as certain tobacco advertising and marketing restrictions, among other things. The Decree, which was entered by the Supreme Court of the State, allocated to the County a share of the TSRs under the MSA. The future rights, title and interest of the County's share were sold to MTASC.

MTASC's purchase of the County's future rights, title and interest in the TSRs was financed by the issuance of bonds. A Residual Certificate exists that represents the County's entitlement to receive all amounts required to be distributed after payment of debt service, operating expenses, and certain other costs by MTASC as set forth in the Amended and Restated Indenture (the Indenture). Payments on the Residual Certificate from TSR collections are subordinate to payments on the bonds and payment of certain other costs specified in the Indenture. Excess TSRs not required by MTASC to pay various expenses, debt service or required reserves with respect to the bonds are transferred to the Monroe Tobacco Tax Stabilization Trust (the Trust), as owner of the Residual Certificate. The County is the beneficial owner of the Trust and thus the funds received by the Trust will ultimately transfer to the County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

MTASC's financial statements are prepared in conformity with accounting principles generally accepted in the United States as prescribed by the Governmental Accounting Standards Board (GASB). MTASC's government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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MTASC's fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, MTASC considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments, are recorded only when payment is due.

The major governmental fund is the Debt Service Fund. The Debt Service Fund accounts for the resources accumulated and payments made for operations and principal debt service on long-term general obligation debt.

Net Position

Net position in government-wide financial statements is classified as net investment in capital assets, restricted and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through State statute or are otherwise unavailable for appropriation by the primary government and component units.

As of December 31, 2020 and 2019, these restrictions included:

- **Debt Service** - represents resources that have been legally restricted for debt service payments that will be made in future periods.

Unrestricted net position is net position that is not restricted, but which may be internally designated by the Board of Directors. At December 31, 2020 and 2019, the amount of unrestricted net position deficit was (\$277.3) million and (\$271.3) million, respectively.

Fund Balance

Fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable** - amounts that are not in spendable form (such as inventory and prepaid expenditures) or are legally or contractually required to be maintained intact;
- **Restricted** - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- **Committed** - amounts constrained to specific purposes by MTASC itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless MTASC takes the same highest level action to remove or change the constraint;
- **Assigned** - amounts MTASC intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

MONROE TOBACCO ASSET SECURITIZATION CORPORATION
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Notes to Basic Financial Statements
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- **Unassigned** - amounts that have not been assigned to another fund or are not restricted, committed, or assigned to specific purposes within the debt service fund.

When fund balance resources are available for a specific purpose in more than one classification, it is MTASC's practice to use the most restrictive funds first in the following order: non-spendable, restricted, committed, assigned, and unassigned as they are needed.

Cash

MTASC considers bank deposit accounts and all highly liquid debt instruments with remaining maturities, when purchased, of 3 months or less to be cash equivalents and these are stated at fair value. MTASC maintains a liquidity reserve account, which was initially funded from the Series 2000 Bond proceeds and has been increased by funds from the Series 2005 Bonds. This account must be maintained at a minimum of \$12,849,750 until such time that all bonds, other than subordinated bonds, are paid. All amounts withdrawn from this account are replenished, as needed, and amounts in excess of the required amount are transferred out. This account is included in restricted cash and cash equivalents on the balance sheet.

Accounts Receivable

MTASC records a receivable for TSRs and does not accrue interest on unpaid amounts. MTASC has not recorded an allowance for doubtful accounts related to the TSRs and does not anticipate future write-offs.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Balance Sheet and Statements of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Income Taxes

MTASC is a not-for-profit corporation and is exempt from income taxes as an organization qualified under Section 501(c)(3) of the Internal Revenue Code. MTASC has also been classified by the Internal Revenue Service (IRS) as an entity that is not a private foundation. Based on a determination by the IRS, MTASC is exempt from filing a tax return.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

MONROE TOBACCO ASSET SECURITIZATION CORPORATION
(A Blended Component Unit of the County of Monroe, New York)

Notes to Basic Financial Statements
December 31, 2020 and 2019

3. DEPOSITS AND INVESTMENTS

Investment and Deposit Policy

MTASC follows an investment and deposit policy as outlined in the Indenture, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with federal, state and other legal requirements; provide sufficient liquidity of invested funds in order to meet obligations as they become due; and attainment of a market rate of return. Oversight of investment activity is the responsibility of the Treasurer of MTASC.

The Corporation categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Corporation did not have any investments that are measured using Level 2 or Level 3 inputs.

Fair value measurements of the Corporation's investments at December 31, 2020 were comprised U.S. Government Agency Bonds valued at \$12,920,347 and Money Market Funds valued at \$4,963 based on quoted market prices (Level 1 inputs). Investments at December 31, 2019 were comprised U.S. Government Agency Bonds valued at \$13,060,813 and Money Market Funds valued at \$12,768 based on quoted market prices (Level 1 inputs).

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. MTASC does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

MTASC's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. MTASC's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Obligations of the United States of America;
- Obligations guaranteed by the United States of America where payment of principal and interest are guaranteed by the United States of America;
- Obligations of the State of New York;
- Special time deposit accounts;
- Certificates of Deposit;
- Commercial Paper;

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Notes to Basic Financial Statements
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- Repurchase agreements limited to obligations of the United States of America, or obligations whose principal and interest are fully guaranteed, or insured by the United States of America. The term of each agreement shall generally not exceed 180 days. The agreement shall be confirmed in writing by the seller, and each security purchased under the agreement shall be specifically identified; segregated from the assets of the seller and delivered for safekeeping into an account designated and controlled by MTASC. Also, each seller shall enter into a master Repurchase Agreement with MTASC which shall specify the rights and obligations of MTASC and the Seller in all transactions;
- Obligations of public authorities, public housing authorities, urban renewal agencies, and industrial development agencies where the general State statutes governing such entities or whose specific enabling legislation authorizes such investments; and
- Obligations issued pursuant to New York State Local Finance Law Section 24.00 and 25.00 (with approval of the New York State Comptroller) by any municipality, school district or district corporation other than MTASC.

Custodial Credit Risk - Deposits

Custodial credit risk - deposits is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with MTASC's investment and deposit policy, all deposits of MTASC including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIA) shall be secured by a pledge of securities with an aggregate value equal to the aggregate amount of deposits. MTASC restricts the securities to the following eligible items:

- Obligations issued, or fully insured or guaranteed as to the payment of principal and interest, by the United States of America, an agency thereof or a United States government sponsored corporation;
- Obligations issued or fully guaranteed by the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, and the African Development Bank;
- Obligations partially insured or guaranteed by any agency of the United States of America;
- Obligations issued or fully insured or guaranteed by the State of New York;
- Obligations issued by a municipal corporation, school district or district corporation of New York State;
- Obligations of any public benefit corporation, which under a specific State statute may be accepted as security for deposit of public monies;
- Obligations issued by states (other than the State of New York) of the United States rated in one of the two highest rating categories by at least one Nationally Recognized Statistical Rating Organization (NRSRO);
- Obligations of Puerto Rico rated in the highest rating category by at least one NRSRO;
- Obligations of counties, cities and other governmental entities of a state other than the State of New York having the power to levy taxes that are backed by the full faith and credit of such governmental entity and rated in one of the two highest categories by at least one NRSRO;
- Obligations of domestic corporations rated in one of the two highest rating categories by at least one NRSRO; and
- Zero coupon obligations of the United States of America marketed as "treasury strips."

MONROE TOBACCO ASSET SECURITIZATION CORPORATION
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Notes to Basic Financial Statements
December 31, 2020 and 2019

Custodial Credit Risk - Investments

Custodial credit risk - investments is the risk that an entity will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party if the counterparty to the transaction fails. The Corporation's investment and deposit policy requires that all custodial investments be registered or insured in the Corporation's name and held in the custody of the bank or the bank's trust department. The Corporation requires that all repurchase agreements be limited to obligations of the United States of America or obligations whose principal and interest are fully guaranteed, or insured by the United States of America.

As of December 31, 2020 and 2019, the bank balance and carrying amount of MTASC's cash and cash equivalents was \$143,899 and \$235,788, respectively, and was fully covered by Federal Depository Insurance Corporation limits.

Concentration of Credit Risk

The Corporation places no limit on the amount that may be invested in any one issuer. For the years ended December 31, 2020 and 2019, all amounts were held by one bank.

Funds Held by Trustee

Funds held by trustee refers to cash held by a third party to satisfy the Corporation's debt service requirements. The funds held by trustee are not subject to the Corporation's Investment and Deposit Policy or collateralization requirements. As of December 31, 2020 and 2019 the amounts held with the trustee were \$12,925,310 and \$13,073,581, respectively.

The Corporation had the following reserve funds as of December 31:

	<u>2020</u>	<u>2019</u>
Liquidity reserve	\$ 12,849,800	\$ 12,844,096
Debt service reserve	71,735	217,476
Turbo redemption	3,665	4,724
Collection account	105	7,280
Bonds proceeds	<u>5</u>	<u>5</u>
Total	<u>\$ 12,925,310</u>	<u>\$ 13,073,581</u>

These amounts are restricted by law for debt service.

Total funds held by trustee by type as of December 31, are as follows:

	<u>2020</u>	<u>2019</u>
United States Treasury Obligation	\$ 12,920,347	\$ 13,060,813
Money Market funds	<u>4,963</u>	<u>12,768</u>
Total	<u>\$ 12,925,310</u>	<u>\$ 13,073,581</u>

MONROE TOBACCO ASSET SECURITIZATION CORPORATION
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Notes to Basic Financial Statements
December 31, 2020 and 2019

4. BONDS PAYABLE

The Series 2005 and Series 2010 Bonds are secured by a perfected security interest in, and pledge of, the Trust Estate, as defined in the Indenture, which includes, among other things, the TSRs and all investment earnings on amounts on deposit in the accounts established under the Indenture (collectively, the Collections). Among the accounts so established are the Liquidity Reserve Account and the Debt Service Account. MTASC retains TSRs in an amount sufficient to service its debt and pay its operating expenses. The Series 2006 Bonds are subordinate to the Series 2005 Bonds and Series 2010 Bonds.

The Series 2006 Bonds are composed of the following:

- \$14,579,370 Tobacco Settlement Asset-Backed Bonds, Series 2006A (Tax Exempt Turbo Capital Appreciation Bonds), maturity date is June 1, 2061, interest rate of 0.00%, with an accreted value at maturity of \$952,900,000.

The Series 2005 Bonds are composed of the following:

- \$91,120,000 Tobacco Settlement Asset-Backed Bonds, Series 2005A (Tax Exempt Turbo Bonds), maturity date is June 1, 2042 and June 1, 2045, interest rate of 5.00%.
- \$36,665,000 Tobacco Settlement Asset-Backed Bonds, Series 2005B (Taxable Turbo Bonds), maturity date is June 1, 2027, interest rate of 6.00% (\$8,895,000 principal amount remains outstanding as of December 31, 2020 as a result of Turbo Redemption payments which have been made since 2006).
- \$5,386,580 Tobacco Settlement Asset-Backed Bonds, Series 2005D (Tax Exempt Turbo Capital Appreciation Bonds), maturity date is June 1, 2050, interest rate of 0.00%, with an accreted value at maturity of \$71,965,000.
- \$8,923,514 Tobacco Settlement Asset-Backed Bonds, Series 2005E (Tax Exempt Turbo Capital Appreciation Bonds), maturity date is June 1, 2055, interest rate of 0.00%, with an accreted value at maturity of \$202,715,000.
- \$15,625,529 Tobacco Settlement Asset-Backed Bonds, Series 2005F (Tax Exempt Turbo Capital Appreciation Bonds), maturity date is June 1, 2060, interest rate of 0.00%, with an accreted value at maturity of \$608,700,000.

The Series 2010 Bonds are composed of the following:

- \$63,100,000 Tobacco Settlement Asset-Backed Bonds, Series 2010A (Tax Exempt Turbo Term Bonds), maturity date is June 1, 2041 with an interest rate of 6.25%.

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Notes to Basic Financial Statements
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Long-term indebtedness for MTASC's bonds payable consisted of the following:

	<u>2020</u>	<u>2019</u>
Balance - beginning of year	\$ 209,634,794	\$ 210,104,794
Repayments of bonds	<u>(2,005,000)</u>	<u>(470,000)</u>
Balance - end of year	207,629,794	209,634,794
Add: Accretion of capital appreciation bonds	80,552,531	72,301,408
Less: Bond discount	<u>(1,833,558)</u>	<u>(1,879,397)</u>
Total	<u>\$ 286,348,767</u>	<u>\$ 280,056,805</u>
Payments due within one year	<u>\$ -</u>	<u>\$ -</u>

Principal and interest payments based upon the required maturities are as follows for the years ended December 31:

	<u>Required Maturities</u>		
	<u>Principal</u>	<u>Interest/ Accretion</u>	<u>Total</u>
2021	\$ -	\$ 9,033,450	\$ 9,033,450
2022	-	9,033,450	9,033,450
2023	-	9,033,450	9,033,450
2024	-	9,033,450	9,033,450
2025	-	9,033,450	9,033,450
2026 - 2030	8,895,000	43,299,300	52,194,300
2031 - 2035	-	42,498,750	42,498,750
2036 - 2040	-	42,498,750	42,498,750
2041 - 2045	154,220,000	14,125,625	168,345,625
2046 - 2050	5,386,580	66,578,420	71,965,000
2051 - 2055	8,923,515	193,791,486	202,715,001
2056 - 2060	15,625,329	593,074,671	608,700,000
2061	<u>14,579,370</u>	<u>938,320,630</u>	<u>952,900,000</u>
	<u>\$ 207,629,794</u>	<u>\$ 1,979,354,882</u>	<u>\$ 2,186,984,676</u>

Required maturities for the Series 2005, Series 2006 and Series 2010 Bonds represent the minimum amount of principal that MTASC must pay as of the specific distribution dates in order to avoid a default. Turbo (accelerated) amortization payments are required to be made against outstanding principal providing that MTASC receives sufficient TSRs to make the Turbo payments.

MONROE TOBACCO ASSET SECURITIZATION CORPORATION
(A Blended Component Unit of the County of Monroe, New York)

Notes to Basic Financial Statements
December 31, 2020 and 2019

Under the terms of the Indenture, MTASC is required to maintain certain deposits to fund debt service payments, if needed. Such deposits are included in restricted cash and cash equivalents in the basic financial statements. In addition, MTASC is subject to various debt covenants, including limitations on expenses/expenditures, and compliance with Trustee indenture agreement requirements. MTASC was in compliance with all covenants and indenture agreement requirements at December 31, 2020 and 2019.

Principal payments in the amount of \$2,005,000 and \$470,000 were made during 2020 and 2019, respectively, in accordance with the Turbo Redemption requirements of the Series 2005B bonds.

Interest

Interest expense on bonds payable was \$17,334,698 and \$16,868,254 in 2020 and 2019, respectively. Cash paid for interest was \$9,093,600 and \$9,167,850 in 2020 and 2019, respectively.

5. TRANSACTIONS WITH MONROE COUNTY

In addition to setting forth the terms and conditions of the sale and purchase of the TSRs, the Purchase and Sale Agreement also provides for separate consideration to retain the County to act as Administrator with respect to the preparation of all reports and other instruments and documents that it is the duty of MTASC to prepare, execute, file or deliver pursuant to the Indenture and the related agreements.

The Purchase and Sale Agreement also contemplates the lease by MTASC of office space and telephone service from the County, and the sharing of overhead and operating services and expenses (including shared employees, consultants and agents and reasonable legal and auditing expenses) on the basis of actual use or value of such services, or otherwise on a basis reasonably related thereto.

The cost to MTASC for the services provided by the County was approximately \$40,000 in each of the years ended December 31, 2020 and 2019.

No residual funds, in accordance with the Amended and Restated Indenture, were transferred to the Trustee and ultimately the County in December 31, 2020 and 2019.

6. NET POSITION DEFICIT

MTASC has a deficit in net position as a result of the outstanding bonds. As these bonds are repaid, this will help to reduce the deficit, along with the future revenue streams.

7. CONTINGENCIES

Future TSRs are subject to adjustment based upon tobacco consumption, inflation and other factors. Pursuant to the Indenture, these adjustments and other events could trigger additional debt service reserve requirements.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MTASC's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

March 10, 2021

To the Board of Directors of
Monroe Tobacco Asset Securitization Corporation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and major fund of Monroe Tobacco Asset Securitization Corporation (MTASC), a blended component unit of the County of Monroe, New York, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise MTASC's basic financial statements, and have issued our report thereon dated March 10, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MTASC's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the MTASC's internal control. Accordingly, we do not express an opinion on the effectiveness of MTASC's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

EXHIBIT B

Restated Certificate of Incorporation
of
Monroe Tobacco Asset Securitization Corporation

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RESTATED CERTIFICATE OF INCORPORATION

OF

MONROE TOBACCO ASSET SECURITIZATION CORPORATION
under Section 805 of the Not-For-Profit Corporation Law

THE UNDERSIGNED, being over the age of eighteen years and the Director of Finance-Chief Financial Officer of the County of Monroe, New York, for the purpose of amending and restating the certificate of incorporation hereby certifies as follows:

1. The name of the Corporation is Monroe Tobacco Asset Securitization Corporation (the "Corporation"). The name has not been changed.

2. The certificate of incorporation of the Corporation was filed by the Department of State on May 11, 2000.

3. The certificate of incorporation of the Corporation is hereby amended and restated as follows:

a. Paragraph SIXTH, subparagraph (a) is amended to delete the words "which is described in subparagraph (e) of Paragraph THIRD above" and to add the words "subject to such uses" in the third line after the word "or" such that the subparagraph now reads:

"(a) All income and earnings of the Corporation shall be used exclusively for its corporate purposes which include, but are not limited to, the Corporation's responsibilities under the Obligations and the Residual Certificate or, subject to such uses, accrue and be paid to the New York Job Development Authority."

*Adopted
7/20/00*

d. Paragraph NINTH, subparagraph (g) is amended to add the words "including regular members' and directors' meetings at least annually;" in the third line after the word "action"; and is further amended to add the words "maintaining a separate telephone line, using the Corporation's own letterhead and business forms" in the fourth line after the word "taken"; and is further amended to delete the words "Regular members' and directors' meetings shall be held at least annually" in the last line after the word "accounts" such that the subparagraph now reads:

"EIGHTH: In the event of the dissolution of the Corporation or the winding up of its affairs, the Board of Directors shall, after paying or making provision for the payment of all debts and liabilities of the Corporation of whatsoever kind or nature (which shall include, but not be limited to the Corporation's responsibilities under the Residual Certificate), distribute all of the remaining assets and property of the Corporation to the County for furtherance of the purposes set forth in paragraph (a) of Section 1411 of the Not-For-Profit Corporation Law. Any of such assets not so disposed of shall be disposed of by order of the Supreme Court of the State of New York pursuant to Section 1008 of the Not-For-Profit Corporation Law."

c. Paragraph EIGHTH is amended to delete the words "THIRD above" and to add in place thereof the words "(a) of Section 1411 of the Not-For-Profit Corporation Law" such that the paragraph now reads:

"(b) The property of the Corporation is irrevocably dedicated to charitable purposes. No part of the income or earnings of the Corporation shall inure to the benefit or profit of, nor shall any distribution of its property or assets be made to, any member, director or officer of the Corporation, or private person, corporate or individual, or to any other private interest, except that the Corporation may repay loans made to it and may repay contributions (other than dues) made to it but only if and to the extent that any such contribution may not be allowable as a deduction in computing taxable income under the Internal Revenue Code of 1986, as amended."

b. Paragraph SIXTH, subparagraph (b) is amended to add the words "but only if and" in the fifth line after the word "it" such that the subparagraph now reads:

"(g) observe all necessary, appropriate and customary corporate formalities, including, but not limited to, holding all regular and special members' and directors' meetings appropriate to authorize all corporate action, including regular members' and directors' meetings at least annually, keeping separate and accurate minutes of such meetings, passing all resolutions or consents necessary to authorize actions taken or to be taken, maintaining a separate telephone line, using the Corporation's own letterhead and business forms, and maintaining accurate and separate books, records, and accounts, including, but not limited to, intercompany transaction accounts;"

e. Paragraph ELEVENTH is amended to delete the words "prior to the first meeting of the Board of Directors requiring the vote of the Independent Director (as hereinafter defined) and at all times thereafter (except as noted hereafter in the event of death, incapacity, resignation or removal)," in the fourth line after the word "and" such that the paragraph now reads:

"ELEVENTH: The Corporation shall be managed by a Board of Directors consisting of three to five Directors, consisting of two ex officio positions including the County Executive of the County and the Director of Finance-Chief Financial Officer of the County (the "Ex Officio Directors"), up to two additional Directors selected by the Member of the Corporation (the "Appointed Directors") and one Independent Director (as hereinafter defined) selected by the Member of the Corporation (the "Independent Director").

The Independent Director must be a person who is not, and has not been for a period of five years prior to his or her appointment as the Independent Director (i) a creditor, customer, supplier, advisor or other person who derives any of its revenues from its activities with the County or its affiliated entities (the County and its affiliated entities other than the Corporation being referred to in this Certificate of Incorporation as the "County Group"); (ii) an official, member, stockholder, director, officer, employee, agent or affiliate of the County Group (the "Principal"); (iii) a person related to any person referred to in clause (i) or (ii); or (iv) any person who receives compensation for administrative, legal, accounting or other professional services from the County Group or a Principal; or (v) a trustee, conservator or receiver for any member of the County Group. In the event of the death, incapacity, resignation or removal of the Independent Director, the Member promptly shall appoint a replacement Independent

Director. The Board of Directors shall not vote on any matter requiring the vote of the Independent Director under this Certificate of Incorporation unless and until the Independent Director is serving on the Board. The Independent Director shall serve for the term of office provided in the By-laws of the Corporation and may be removed by the Member with cause."

f. Paragraph SIXTEENTH is amended to delete the words "a majority of Directors of the Corporation which shall include the affirmative vote of at least three ex officio Directors" and to add in place thereof the words "the affirmative vote of a majority of the entire Board of Directors of the Corporation (unless the provisions thereof to be adopted, amended or repealed expressly refer to the Independent Director, in which case the vote must be the affirmative vote of the entire Board of Directors of the Corporation, including the Independent Director) and the affirmative vote of all the Members of the Corporation" in the first line after the word "by", such that the paragraph now reads:

"SIXTEENTH: The By-laws of the Corporation may be adopted, amended or repealed by the affirmative vote of a majority of the entire Board of Directors of the Corporation (unless the provisions thereof to be adopted, amended or repealed expressly refer to the Independent Director, in which case the vote must be the affirmative vote of the entire Board of Directors of the Corporation, including the Independent Director) and the affirmative vote of all the Members of the Corporation."

g. Paragraph TWELFTH, concerning the initial directors, is deleted because it is not required in a restated certificate of incorporation.

h. Paragraph SEVENTEENTH is amended to add the words "THIRD ABOVE or subparagraph (e) of Paragraph" in the second line after the word "Paragraph"; and is further amended to add the words "to the extent not paid from proceeds of Obligations" in the third line after the word "deemed" such that the paragraph now reads:

"SEVENTEENTH: Any fees and expenses of the Corporation incurred to engage the services described in subparagraph (d) of Paragraph THIRD above or subparagraph (e) of Paragraph NINTH above, and any indemnification payments pursuant to Paragraph FOURTEENTH above shall be

deemed, to the extent not paid from proceeds of Obligations, "operating expenses" as defined in the Indenture pursuant to which any Obligations shall be issued and shall be subject to the conditions applicable to "operating expenses" set forth therein."

i. Paragraph EIGHTEENTH is amended to delete the words "in any manner now or hereafter provided herein or by statute" and to add the words "by affirmative vote of the Members and a majority of the entire Board of Directors" in the second line after the word "Incorporation"; and is further amended to add the word "ELEVENTH" and delete the word "SEVENTEENTH" in the fourth line after the word "NINTH" such that the paragraph now reads:

"EIGHTEENTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation by affirmative vote of the Members and a majority of the entire Board of Directors; provided, however, that so long as any Obligations remain outstanding, the Corporation shall not amend, alter, change or repeal any provision of paragraphs THIRD, FIFTH, NINTH, ELEVENTH AND EIGHTEENTH of this Certificate of Incorporation (the "Restricted Articles") without the affirmative vote of all of the members of the Board of Directors of the Corporation (which must include the affirmative vote of the duly appointed Independent Director) and the holders of 100% of each class of the Corporation's Membership interests, and provided, further, that the Corporation shall not amend or change any provision of any Article other than the Restricted Articles so as to be inconsistent with the Restricted Articles. No amendment to this Certificate of Incorporation or to the By-laws of the Corporation shall be made without prior written notice to rating agencies which have rated indebtedness of the Corporation which is outstanding at the time of the amendment."

The text of the certificate of incorporation of the Corporation is hereby amended and restated as follows:

RESTATED CERTIFICATE OF INCORPORATION

OF

MONROE TOBACCO ASSET SECURITIZATION CORPORATION

THE UNDERSIGNED, being over the age of eighteen years and the Director of Finance - Chief Financial Officer of the County of Monroe, New York, for the purpose of forming a not-for-profit local development corporation pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York, hereby certifies as follows:

FIRST: The name of the corporation shall be Monroe Tobacco Asset Securitization Corporation (hereinafter referred to as the "Corporation").

SECOND: The Corporation will be a corporation as defined in subparagraph (a)(5) of Section 102 of the Not-For-Profit Corporation Law of the State of New York and, as provided in Section 1411 of the Not-For-Profit Corporation Law, will be a Type C Corporation as defined in Section 201 of the Not-For-Profit Corporation Law. The Corporation shall be a public instrumentality of, but separate and apart from the County of Monroe, New York (the "County").

THIRD: The purpose for which the Corporation is to be formed and operated, exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, is to lessen the burdens of government by engaging solely in the following activities:

(a) To acquire from the County all or any portion of the rights of the County under and pursuant to the Master Settlement Agreement ("MSA") and the Consent Decree and Final Judgment of the Supreme Court of the State of New York, County of New York dated December 23, 1998, as the same may be amended or modified, in the class action entitled *State of New York et. al. v. Philip Morris Incorporated et. al.* (Index No. 400361/97) including, without limitation, all or any portion of rights of the County to receive the moneys due to it thereunder (the "Tobacco Assets");

(b) To purchase, acquire, own, hold, sell, assign, pledge and otherwise deal with the Tobacco Assets, any collateral securing the Tobacco Assets and any proceeds or further rights associated with the Tobacco Assets;

(c) To issue and sell one or more series or classes of bonds, notes and other obligations (the "Obligations") through public letting, private placement, or negotiated underwriting to finance the acquisition referred to in subparagraph (a) above, secured or collateralized by the Tobacco Assets (or any part thereof). No Obligations shall be issued without the affirmative majority vote of the Directors of the Corporation;

(d) To engage the services of one or more underwriters, placement agents, consultants, attorneys, financial advisors and other persons whose services shall be necessary or desirable in connection with the acquisition and financing referred to above;

laws and any provision of law, so long as any Obligations remain outstanding, the Corporation shall not do any of the following;

(a) engage in any business or activity other than as set forth in paragraph

THIRD above;

(b) without the affirmative vote of all of the members of the Board of Directors of the Corporation (which must include the affirmative vote of the duly appointed Independent Director (as defined in paragraph ELEVENTH below)) and all of the Corporation's members, (i) dissolve or liquidate, in whole or in part, or institute proceedings to be adjudicated bankrupt or insolvent, (ii) consent to the institution of bankruptcy or insolvency proceedings against it, (iii) file a petition seeking or consenting to reorganization or relief under any applicable federal or state law relating to bankruptcy or insolvency, (iv) consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Corporation or a substantial part of its property, (v) make a general assignment for the benefit of creditors, (vi) admit in writing its inability to pay its debts generally as they become due or (vii) take any corporate action in furtherance of the actions set forth in clauses (i) through (vi) of this paragraph;

(c) merge or consolidate with any other corporation, company or entity or, except to the extent contemplated by paragraph THIRD hereof, sell all or substantially all of its assets or acquire all or substantially all of the assets or capital stock or other ownership interest of any other corporation, company or entity; or

(b) The property of the Corporation is irrevocably dedicated to charitable purposes. No part of the income or earnings of the Corporation shall inure to the benefit or profit of, nor

(a) All income and earnings of the Corporation shall be used exclusively for its corporate purposes which include, but are not limited to, the Corporation's responsibilities under the Obligations and the Residual Certificate or, subject to such uses, accrue and be paid to the New York Job Development Authority.

SIXTH: Pursuant to the requirements of Section 1411(e) of the Not-For-Profit Corporation Law:

When voting on whether the Corporation will take any action described in paragraph (b) above, each Director shall owe his or her primary fiduciary duty or other obligation to the Corporation (including, without limitation, the Corporation's creditors) and not to the members of the Corporation (except as may specifically be required by the Not-For-Profit Corporation Law). Every member of the Corporation shall be deemed to have consented to the foregoing by virtue of such member's appointment as member of the Corporation.

(d) incur or assume any indebtedness for borrowed money other than as set forth in paragraph THIRD hereof or except as expressly permitted in the Indenture or Indentures pursuant to which Obligations shall be issued.

shall any distribution of its property or assets be made to, any member, director or officer of the Corporation, or private person, corporate or individual, or to any other private interest, except that the Corporation may repay loans made to it and may repay contributions (other than dues) made to it but only if and to the extent that any such contribution may not be allowable as a deduction in computing taxable income under the Internal Revenue Code of 1986, as amended.

(c) If the Corporation accepts a mortgage loan or loans from the New York Job Development Authority, the Corporation shall be dissolved in accordance with the provisions of paragraph (g) of Section 1411 of the Not-For-Profit Corporation Law upon the repayment or other discharge in full by the Corporation of all such loans. The Corporation shall not accept a mortgage loan or loans from the New York Job Development Authority.

SEVENTH: (a) The Corporation shall not attempt to influence legislation by propaganda or otherwise, or participate in or intervene, directly or indirectly, in any political campaign on behalf of or in opposition to any candidate for public office.

(b) The Corporation shall not engage in any activities not permitted to be carried on by an organization exempt from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

EIGHTH: In the event of the dissolution of the Corporation or the winding up of its affairs, the Board of Directors shall, after paying or making provision for the payment of all debts and liabilities

of the Corporation of whatsoever kind or nature (which shall include, but not be limited to the Corporation's responsibilities under the Obligations and the Residual Certificate), distribute all of the remaining assets and property of the Corporation to the County for furtherance of the purposes set forth in paragraph (a) of Section 1411 of the Not-For-Profit Corporation Law. Any of such assets not so disposed of shall be disposed of by order of the Supreme Court of the State of New York pursuant to Section 1008 of the Not-For-Profit Corporation Law.

NINTH: The principal office of the Corporation shall be located in the County of Monroe in the State of New York and such office shall be functionally separate from those of any member of the County Group (as defined in paragraph ELEVENTH below) (although such office may be in a facility leased from a member of the County Group on arms-length terms). The Corporation at all times shall:

(a) maintain separate accounting records and other corporate records from those of each member of the County Group;

(b) not divert the Corporation's funds to any other person or for other than the use of the Corporation and not commingle any of the Corporation's assets with those of any member of the County Group;

(c) pay any employee, consultant or agent of the Corporation, or any other operating expense incurred by the Corporation, from the assets of the Corporation and not from the assets of any member of the County Group;

(d) maintain its own deposit account or accounts, separate from those of any member of the County Group, with commercial banking institutions and/or trust companies;

(e) to the extent that the Corporation contracts or does business with vendors or service providers where the goods and services provided are partially for the benefit of any other person, the costs incurred in so doing shall be fairly allocated to or among the Corporation and such persons for whose benefit the goods and services are provided, and the Corporation and each such person shall bear its fair share of such costs;

(f) conduct its business in its own name and conduct all material transactions between the Corporation and any member of the County Group (as defined in paragraph ELEVENTH) only on an arm's-length basis;

(g) observe all necessary, appropriate and customary corporate formalities, including, but not limited to, holding all regular and special members' and directors' meetings appropriate to authorize all corporate action, including regular members' and directors' meetings at least annually, keeping separate and accurate minutes of such meetings, passing all resolutions or consents necessary to authorize actions taken or to be taken, maintaining a separate telephone line, using the Corporation's own letterhead and business forms, and maintaining accurate and separate books, records, and accounts, including, but not limited to, intercompany transaction accounts;

(h) ensure that decisions with respect to its business and daily operations shall be independently made by the Corporation (although the officer making any particular decision also may be an employee, officer or director of a member of the County Group);

(i) act solely in its own corporate name and through its own authorized officers and agents, and use its own stationery;

(j) ensure that no member of the County Group will supply funds to, or guarantee debts of, the Corporation;

(k) other than as expressly provided herein, pay all expenses, indebtedness and other obligations incurred by it;

(l) not enter into any guaranty, or otherwise become liable, with respect to any obligation of any member of the County Group;

(m) cause any financial reports required of the Corporation to be prepared in accordance with generally accepted accounting principles and be audited annually and be issued separately from, although they may be consolidated with, any reports prepared for any member of the County Group; and

(n) ensure that at all times it is adequately capitalized to engage in the transactions contemplated herein.

TENTH: The types or classes of Membership in the Corporation and the number of Members of the Corporation shall be described in the By-laws. The Member of the Corporation shall be identified in the By-laws.

ELEVENTH: The Corporation shall be managed by a Board of Directors consisting of three to five Directors, consisting of two ex officio positions including the County Executive of the County and the Director of Finance-Chief Financial Officer of the County (the "Ex Officio Directors"), up to two additional Directors selected by the Member of the Corporation (the "Appointed Directors") and one Independent Director (as hereinafter defined) selected by the Member of the Corporation (the "Independent Director").

The Independent Director must be a person who is not, and has not been for a period of five years prior to his or her appointment as the Independent Director (i) a creditor, customer, supplier, advisor or other person who derives any of its revenues from its activities with the County or its affiliated entities (the County and its affiliated entities other than the Corporation being referred to in this Certificate of Incorporation as the "County Group"); (ii) an official, member, stockholder, director, officer, employee, agent or affiliate of the County Group (the "Principal"); (iii) a person related to any person referred to in clause (i) or (ii); or (iv) any person who receives compensation for administrative, legal, accounting or other professional services from the County Group or a Principal; or (v) a trustee, conservator or

receiver for any member of the County Group. In the event of the death, incapacity, resignation or removal of the Independent Director, the Member promptly shall appoint a replacement Independent Director. The Board of Directors shall not vote on any matter requiring the vote of the Independent Director under this Certificate of Incorporation unless and until the Independent Director is serving on the Board. The Independent Director shall serve for the term of office provided in the By-laws of the Corporation and may be removed by the Member with cause.

TWELFTH: Intentionally Omitted

THIRTEENTH: The duration of the Corporation shall be perpetual.

FOURTEENTH: The Corporation shall indemnify each member, each Director, each officer, and, to the extent authorized by the Board of Directors, each other person authorized to act for the Corporation or on its behalf, to the full extent to which indemnification is permitted under the Not-For-Profit Corporation Law.

FIFTEENTH: The Secretary of New York State is designated as agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process against the Corporation served upon him is as follows: Monroe Tobacco Asset Securitization Corporation, c/o Finance Department, 400 County Office Building, 39 West Main Street, Rochester, New York 14614.

SIXTEENTH: The By-laws of the Corporation may be adopted, amended or repealed by the affirmative vote of a majority of the entire Board of Directors of the Corporation (unless the provisions thereof to be adopted, amended or repealed expressly refer to the Independent Director, in which case the vote must be the affirmative vote of the entire Board of Directors of the Corporation, including the Independent Director) and the affirmative vote of all the Members of the Corporation.


SEVENTEENTH: Any fees and expenses of the Corporation incurred to engage the services described in subparagraph (d) of Paragraph THIRD above or subparagraph (e) of Paragraph NINTH above, and any indemnification payments pursuant to Paragraph FOURTEENTH above shall be deemed, to the extent not paid from proceeds of Obligations, "operating expenses" as defined in the Indenture pursuant to which any Obligations shall be issued and shall be subject to the conditions applicable to "operating expenses" set forth therein.

EIGHTEENTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation by affirmative vote of the Members and a majority of the entire Board of Directors; provided, however, that so long as any Obligations remain outstanding, the Corporation shall not amend, alter, change or repeal any provision of paragraphs THIRD, FIFTH, NINTH, ELEVENTH AND EIGHTEENTH of this Certificate of Incorporation (the "Restricted Articles") without the affirmative vote of all of the members of the Board of Directors of the Corporation (which must include the affirmative vote of the duly appointed Independent Director) and the holders of 100% of each class of the Corporation's Membership interests, and provided, further, that the Corporation shall not amend or change any provision of any Article other than the Restricted Articles so as to be

inconsistent with the Restricted Articles. No amendment to this Certificate of Incorporation or to the By-laws of the Corporation shall be made without prior written notice to rating agencies which have rated indebtedness of the Corporation which is outstanding at the time of the amendment.

4. The amendments contained herein and the restatement contained herein were approved by the affirmative vote of the sole Member and the affirmative vote of the entire Board of Directors.

IN WITNESS WHEREOF, this Restated Certificate has been subscribed this 20th day of July,
2000 by undersigned.



Gerald J. Mecca
Director of Finance, Chief Financial Officer
County of Monroe Finance Department
400 County Office Building
39 West Main Street
Rochester, New York 14614

RESTATED CERTIFICATE OF INCORPORATION
OF
MONROE TOBACCO ASSET SECURITIZATION CORPORATION

(Under Section 1411 of the Not-For-Profit Corporation Law of the State of New York)

Filed by:
Gerald J. Mecca
Director of Finance - Chief Financial Officer
County of Monroe
400 County Office Building
39 West Main Street
Rochester, New York 14614

MACROPSVJAFMFKORROBTTOBACCOOLDJCMCZ.W9D
2/15/00 3:44 pm

EXHIBIT C

Amended and Restated By-Laws
of
Monroe Tobacco Asset Securitization Corporation

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AMENDED AND RESTATED

BY-LAWS

OF

**MONROE TOBACCO ASSET SECURITIZATION
CORPORATION**

AS

ADOPTED AND APPROVED

BY

THE BOARD OF DIRECTORS

AND

THE MEMBER

Adopted by the initial Board of Directors on May 12, 2000;
As amended on July 20, 2000; As amended on June 20, 2006;
As amended on March 22, 2010

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The sole member of the Corporation shall be the County Executive of Monroe 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.

SECTION 1 COMPOSITION OF MEMBERSHIP.

ARTICLE II - MEMBERSHIP

The Corporation shall have such purposes as are now or hereafter set forth in its Certificate of Incorporation.

SECTION 3. PURPOSES.

require.
the Board of Directors may from time to time determine or the activities of the Corporation may York. The Corporation may also have offices at such other places within the State of New York as The principal office of the Corporation shall be located in Monroe County, New

SECTION 2. OFFICES.

SECURITIZATION CORPORATION".

The Corporation shall be known as "MONROE TOBACCO ASSET

SECTION 1. NAME.

ARTICLE I - THE CORPORATION

MONROE TOBACCO ASSET SECURITIZATION CORPORATION

OF

BY-LAWS

SECTION 2. RIGHTS AND POWERS OF MEMBER.

The Member shall have and exercise all the rights and powers of corporate membership created by the laws of the State of New York, the Certificate of Incorporation or the By-laws of the Corporation. The Member shall preside at all meetings of the Board of Directors and act as Chairperson.

SECTION 3. ANNUAL MEETING OF THE CORPORATION.

The Member shall hold an annual meeting of the Corporation within six months after the end of each fiscal year at a convenient time and place designated by the Member. At the annual meeting, the Member shall appoint the Independent Director and those Directors not serving ex officio if the term of the said Directors has expired, receive the annual report and transact such other business as may properly come before the meeting.

SECTION 4. ANNUAL REPORT TO MEMBER.

At the annual meeting of the Corporation, the President and the Treasurer of the Corporation shall present an annual report showing in appropriate detail the following information:

- (a) A complete verified or audited financial statement of the Corporation for the fiscal year immediately preceding the date of the report showing the assets and liabilities, principal changes in assets and liabilities, revenue, receipts, expenses and disbursements of the Corporation; and
- (b) A summary of the activities of the Corporation during the preceding year.

The annual report shall be filed with the minutes of the annual meeting.

ARTICLE III - BOARD OF DIRECTORS

SECTION 1. POWER OF BOARD OF DIRECTORS.

The Corporation shall be managed by its Board of Directors, which shall establish all general policies governing its operations.

SECTION 2. NUMBER, ELECTION AND TERM OF DIRECTORS.

(a) As used in the Certificate of Incorporation and these By-laws, "the entire Board of Directors" means the total number of Directors which the Corporation would have if there were no vacancies on the Board. The Corporation shall be managed by a Board of Directors consisting of three to five Directors, consisting of two ex officio positions including the County Executive of the County and the Director of Finance-Chief Financial Officer of the County (the "Ex Officio Directors"), up to two additional Directors selected by the Member of the Corporation (the "Appointed Directors") and one Independent Director (as hereinafter defined) selected by the Member of the Corporation (the "Independent Director"). The Independent Director must be a person who is not, and has not been for a period of five years prior to his or her appointment as the Independent Director (i) a creditor, customer, supplier, advisor or other person who derives any of its revenues from its activities with the County or its affiliated entities (the County and its affiliated entities other than the Corporation being referred to in this Certificate of Incorporation as the "County Group"); (ii) an official, member, stockholder, director, officer, employee, agent or affiliate of the County (the "Principal"); (iii) a person related to any person referred to in clause (i) or (ii); or (iv) any person who receives compensation for administrative, legal, accounting or other professional services from the County Group or a Principal; or (v) a trustee, conservator or receiver for any member of the County Group. In the event of the death, incapacity, resignation or removal of the Independent Director, the Member promptly shall appoint a replacement Independent Director, and, except in the case of death, the Independent Director shall serve until a successor is appointed and qualified. The Board of Directors shall not vote on any matter requiring the vote of the Independent Director under this Certificate of Incorporation unless and until the Independent

Director is serving on the Board. The Independent Director shall serve for the term of office provided in the By-laws of the Corporation and may be removed by the Member with cause.

(b) The Ex-Officio Directors shall serve during the tenure of their respective offices described in the Certificate of Incorporation. The Appointed Directors shall serve at the pleasure of the Member.

(c) The Independent Director shall be appointed by the Member at the annual meeting of the Corporation described in Article II, Section 3 above, or sooner as necessary or as the Member shall elect and serve for a 2 year term. Thereafter, the Independent Director shall be designated every two years by the Member at the annual meeting; provided, however, if the Member fails to expressly designate a new Independent Director within thirty months of the prior election, the incumbent Independent Director shall be deemed re-elected as Independent Director for the next succeeding two year period. The Appointed Directors shall serve for 1 year terms or until the next annual meeting of the Corporation, if such meeting occurs one year or more after commencement of the Appointed Director's then current term, or until any condition of serving is no longer satisfied and in any event until their successors have been duly appointed and qualified. At least one of the two Appointed Directors must be an employee of the County government or hold an elected position in the County legislature. If, at any time, there is only one Appointed Director, he or she shall be such an employee or hold such elected position. Of the two Appointed Directors, if at any time neither holds the requisite office, the last of the two to fail to hold office shall be deemed disqualified and the resignation shall be deemed tendered at the time of the disqualifying event.

(d) Directors shall be eligible to serve an unlimited number of consecutive terms.

SECTION 3. RESIGNATIONS AND REMOVAL OF DIRECTORS.

(a) Any Director of the Corporation may resign at any time by giving written notice to the President or the Secretary. Such resignation shall take effect at the time specified therein or, if no time is specified, then on delivery, provided that the Independent Director's

resignation shall be effective when a replacement Independent Director takes office. Acceptance of the resignation shall not be necessary to make it effective.

(b) Any Appointed Director may be removed from the Board with or without cause by the Member. The Independent Director may be removed from the Board only with cause by the Member; provided however, the Independent Director shall serve when so removed until a successor is elected.

SECTION 4. NEWLY CREATED DIRECTORSHIPS AND VACANCIES.

Newly created directorships resulting from an increase in the number of Directors and vacancies occurring for any reason shall be filled by the Member, subject to the conditions for Directors set forth in the Corporation's Certificate of Incorporation or these By-Laws. A Director elected to fill a vacancy caused by resignation, death, disability, ceasing to hold the requisite office or removal shall hold office for the unexpired term of his or her predecessor in office and until a successor is elected and qualified.

SECTION 5. ANNUAL MEETING.

The annual meeting of the Board of Directors shall be held after the annual meeting of the Corporation described in Article II, Section 3 above at a convenient time and location designated by the Board. Written notice of the annual meeting shall be mailed or delivered to each Director of the Corporation prior to the meeting.

SECTION 6. ANNUAL REPORT.

The President and the Treasurer shall present at the annual meeting of the Board of Directors a copy of the annual report described in Article II, Section 4 above.

SECTION 7. SPECIAL MEETINGS.

Special meetings of the Board of Directors may be called at any time by the President and shall be called by the Secretary if requested in writing by two-fifths of the entire Board of the Corporation. Written notice shall be mailed or delivered to each Director of the Corporation prior to the meeting. Said notice shall state the purposes, time and place of the special meeting and that no business other than that specified in the notice may be transacted.

SECTION 8. WAIVERS OF NOTICE.

Notice of a meeting need not be given to any Director who submits a signed waiver of notice whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to him or her.

SECTION 9. PLACE OF MEETINGS.

The Board of Directors may hold its meetings at such place or places within or outside the State of New York as the Board of Directors may from time to time by resolution determine. To the extent applicable, meetings shall be held in compliance with the Open Meetings Law.

SECTION 10. QUORUM AND ADJOURNED MEETINGS.

(a) A majority of the entire Board of Directors shall constitute a quorum for the transaction of business at meetings of the Board. When a quorum is once present to organize a meeting, it shall not be broken by the subsequent withdrawal of any Director(s).

(b) A majority of the Directors present, whether or not a quorum is present, may adjourn any Board meeting to another time and place. If a quorum is present at the adjourned meeting, any business may be transacted that might have been transacted on the original date of the meeting.

interest in the property or assets of the Corporation.

No Director of the corporation shall, by reason of that position, have any rights to or

SECTION 15. PROPERTY RIGHTS.

the Independent Director.

Director in an amount fixed from time to time by majority vote of the Board of Directors other than

duties. The Independent Director may be compensated for his or her services as Independent

All Directors may be reimbursed for reasonable expenses incurred in the performance of corporate

The Ex-Officio Directors and Appointed Directors shall serve without compensation.

SECTION 14. COMPENSATION.

minutes thereof.

Attendance at each meeting of the Board shall be recorded by the Secretary in the

SECTION 13. ATTENDANCE AT MEETINGS.

minutes of the meeting.

absence, a person chosen by a majority of the Directors present, shall keep complete and accurate

chairman chosen by a majority of the Directors, present shall preside. The Secretary, or, in his or her

At each meeting of the Board of Directors, the President, or, in his or her absence, a

SECTION 12. ORGANIZATION.

which a quorum is present shall be the act of the Board of Directors.

vote of a majority of the Directors present at the time of the vote at a duly convened meeting at

Board. Except as otherwise provided by law, the Certificate of Incorporation, or these By-laws, the

of the Board. Each Director shall have one vote regarding any corporate action to be taken by the

Any corporate action to be taken by the Board of Directors means action at a meeting

SECTION 11. ACTION BY THE BOARD OF DIRECTORS.

ARTICLE IV - OFFICERS

SECTION 1. NUMBER AND SALARY.

The officers of the Corporation shall be a President/CEO, a Vice President, a Secretary and a Treasurer/CFO. Any two or more offices may be held by the same person, except the offices of President and Secretary. The officers shall serve without salary at the pleasure of the Board, but may be reimbursed for reasonable expenses incurred in the performance of corporate duties.

SECTION 2. TERMS OF OFFICERS.

The officers shall be elected by the Board of Directors at the annual meeting of the Board. Officers shall serve at the pleasure of the Board. Unless a shorter term is provided in the resolution of the Board electing such officer, the term of office of each officer shall extend for one year after his or her election and until a successor is elected or appointed and qualified. Officers shall be eligible to serve an unlimited number of consecutive terms.

SECTION 3. ADDITIONAL OFFICERS.

Additional officers may be elected for such period, have such authority and perform such duties, either in an administrative or subordinate capacity, as the Board of Directors may from time to time determine.

SECTION 4. REMOVAL OF OFFICERS.

Any officer may be removed with or without cause, at any time, by the affirmative vote of a majority of the entire Board of Directors of the Corporation.

SECTION 5. RESIGNATION.

Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Any such resignation shall take effect at the time specified therein, or,

if no time is specified, then on delivery. Acceptance of the resignation shall not be necessary to make it effective.

SECTION 6. VACANCIES.

A vacancy in any office of the Corporation shall be filled by the Board of Directors.

SECTION 7. PRESIDENT/CEO.

The President shall be the chief executive officer of the Corporation and shall generally supervise all its affairs. The President shall perform such duties as may be assigned to him or her from time to time by the Board.

SECTION 8. VICE PRESIDENT.

A Vice President shall be elected from time to time by the Board. The Vice President shall perform the duties of the President in the absence of the President and such other duties as may be assigned to him or her from time to time by the Board or the President. The Vice President shall not be a member of the Corporation's Board of Directors.

SECTION 9. SECRETARY.

It shall be the duty of the Secretary to supervise the preparation of minutes of all meetings of the Board of Directors and its committees, the giving of all notices required to be given by the Corporation, and the keeping of a current list of the Corporation's Directors and officers and their residence addresses. The Secretary shall be responsible for supervising the preparation and maintenance of the books and records of the Corporation. The Secretary shall attend to such correspondence as may be assigned to him or her and perform all the duties customarily incidental to that office and such other duties as may be assigned to him or her by the Board of Directors or the President.

SECTION 10. TREASURER/CFO.

The Treasurer shall be the chief financial officer of the Corporation. It shall be the duty of the Treasurer to oversee the financial affairs of the Corporation, report at each regular meeting of the Board of Directors, and participate in preparing the annual report of the Corporation and the filing of all required tax returns and other regulatory reports. The Treasurer shall perform such other duties as may be assigned to him or her by the Board of Directors or the President.

ARTICLE V - CONTRACTS, CHECKS, DRAFTS AND BANK ACCOUNTS

SECTION 1. EXECUTION OF CONTRACTS.

The Board of Directors, except as these By-laws otherwise provide, may authorize any officer or officers, agent or agents, employee or employees, in the name of and on behalf of the Corporation, to enter into any contract or execute and deliver any instrument, and such authority may be general or confined to specific instances; but, unless so authorized by the Board of Directors, or expressly authorized by these By-laws, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable pecuniarily in any amount for any purpose.

SECTION 2. LOANS.

No loans shall be contracted on behalf of the Corporation unless specifically authorized by the Board of Directors.

SECTION 3. CHECKS, DRAFTS, ETC.

All checks, drafts and other orders for the payment of money out of the funds of the Corporation, and all notes or other evidences of indebtedness of the Corporation, may be signed on behalf of the Corporation by any officer.

The Corporation shall indemnify each member, each Director, each officer, and, to the extent authorized by the Board of Directors, each other person authorized to act for the

SECTION 3. INDEMNIFICATION.

laws.

There shall be kept by the Corporation (1) correct and complete books and records of account, (2) statements of written action by the Member, (3) minutes of the proceedings of the Board of Directors and its committees, (4) a current list of the Directors and Officers of the Corporation and their residence addresses, (5) a copy of the Certificate of Incorporation, and (6) a copy of these By-

SECTION 2. BOOKS AND RECORDS.

The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization, and the words "Corporate Seal, New York." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or otherwise reproduced.

SECTION 1. SEAL.

ARTICLE VI - GENERAL

The Board of Directors may authorize the Corporation to contract with an investment advisor and custodian to manage its investments and may adopt an investment policy. If an investment policy has been adopted, the investment advisor and/or custodian will be required to comply with said policy.

SECTION 5. INVESTMENTS.

All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Treasurer may recommend and the Board of Directors approves.

SECTION 4. DEPOSITS.

Corporation or on its behalf, to the full extent to which indemnification is permitted under the Not-For-Profit Corporation Law.

SECTION 4. INTERESTED DIRECTORS AND OFFICERS.

The Board of Directors may adopt a policy regarding conflicts of interest which shall apply to all Directors and officers.

ARTICLE VII - FISCAL YEAR

The fiscal year of the Corporation shall commence on the first day of January of each calendar year and end on the last day of December.

ARTICLE VIII - RULES OF ORDER AND BY-LAW CHANGES

SECTION 1. RULES OF ORDER.

Meetings of the Board of Directors and its committees shall be governed by Robert's Rules of Order, except in cases otherwise provided for by these By-laws.

SECTION 2. BY-LAW CHANGES.

These By-laws may be adopted, amended or repealed by a majority of the entire Board of Directors of the Corporation, (unless the provision hereof to be adopted, amended or repealed expressly refers to the Independent Director, in which case the vote must be the affirmative vote of the entire Board of Directors of the Corporation, including the Independent Director), and the affirmative vote of all Members of the Corporation.

ARTICLE IX - COMMITTEES

SECTION 1. AUDIT AND FINANCE COMMITTEE.

Pursuant to subdivision 4 of Section 2824 of PAL, an Audit Committee is hereby formed, being comprised of one or more members who qualify under PAL as an independent member for the purpose of recommending to the Board the hiring of a certified independent

Pursuant to subdivision 7 of Section 2824 of PAL, a Governance Committee is hereby formed, being comprised of one or more members who qualify under PAL as an independent member for the purpose of keeping the Board informed of current best governance practices, to review corporate governance trends; and to update the Corporation's corporate governance principles. In addition, pursuant to the Public Authorities Reform Act of 2009 ("PARA"), the Governance Committee shall examine ethical and conflicts of interest, perform board self-evaluations, and recommend by-laws which include rules and procedures for the conduct of board business as required by PARA.

SECTION 2. GOVERNANCE COMMITTEE.

accounting firm, establishing the compensation to be paid to the accounting firm and providing direct oversight of the performance of the independent audit to be performed on or after fiscal year ending on December 31, 2007 by the accounting firm hired for such purposes. In addition, pursuant to the Public Authorities Reform Act of 2009 ("PARA"), the Audit and Finance Committee shall review proposals for the issuance of debt by the Corporation and make recommendations regarding such.

EXHIBIT D

Monroe Tobacco Asset Securitization Corporation Assessment of the Effectiveness of Internal Control Structure and Procedures

This statement certifies that the internal control structure and procedures of Monroe Tobacco Asset Securitization Corporation have been documented and assessed for the year ending December 31, 2020. This assessment found the Corporation's internal controls to be adequate, and to the extent that deficiencies were identified, the Corporation has developed corrective action plans to reduce any corresponding risk.



Basil C. Barrett
Treasurer/CFO

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EXHIBIT E

Multi Year Financial Plan 2021-2025

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2021 Adopted and 2022-2025 Proposed Administrative Budgets

	Adopted 2021	Proposed 2022	Proposed 2023	Proposed 2024	Proposed 2025
Resources:					
Annual Tobacco Settlement Revenue*	\$150,500	\$150,500	\$151,700	\$151,700	\$151,700
Total Resources	\$150,500	\$150,500	\$151,700	\$151,700	\$151,700
Appropriations:					
Administrative and Rent					
Administrative	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
Rent, Technical, Supplies, etc.	10,000	10,000	10,000	10,000	10,000
Total Administrative and Rent	40,000	40,000	40,000	40,000	40,000
Professional Services					
Rating Agencies Fees	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000
Trustee Fees	13,000	13,000	13,000	13,000	13,000
Administrator Fees	19,000	19,000	19,000	19,000	19,000
Corporation Counsel	13,000	13,000	13,500	13,500	13,500
Independent Auditor	12,000	12,000	14,000	14,000	14,000
Consultants/Advisors	2,000	2,000	2,000	2,000	2,000
Total Professional Services	67,000	67,000	69,500	69,500	69,500
Insurance, Miscellaneous & Contingency					
Directors & Officers Liability Insurance	\$20,500	\$20,500	\$20,500	\$20,500	\$20,500
Commercial/Umbrella Policies	2,000	2,000	2,200	2,200	2,200
Public Authorities Law Expenses	0	0	0	0	0
Miscellaneous & Contingency	21,000	21,000	19,500	19,500	19,500
Total Insurance, Miscellaneous & Contingency	43,500	43,500	42,200	42,200	42,200
Total Appropriations	\$150,500	\$150,500	\$151,700	\$151,700	\$151,700

* Funding from annual tobacco settlement revenue may be suspended and surplus funds from previous years' revenue will be utilized to support MTASC's administrative budget.

EXHIBIT F

Evaluation of Board Performance

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Confidential Evaluation of Board Performance for Year Ended 2020

Criteria	Agree	Somewhat Agree	Somewhat Disagree	Disagree
Board members have a shared understanding of the mission and purpose of the Authority.	4			
The policies, practices and decisions of the Board are always consistent with this mission.	4			
Board members comprehend their role and fiduciary responsibilities and hold themselves and each other to these principles.	4			
The Board has adopted policies, by-laws, and practices for the effective governance, management and operations of the Authority and reviews these annually.	4			
The Board sets clear and measurable performance goals for the Authority that contribute to accomplishing its mission.	4			
The decisions made by Board members are arrived at through independent judgment and deliberation, free of political influence, pressure or self-interest.	4			
Individual Board members communicate effectively with executive staff so as to be well informed on the status of all important issues.	4			
Board members are knowledgeable about the Authority's programs, financial statements, reporting requirements, and other transactions.	4			
The Board meets to review and approve all documents and reports prior to public release and is confident that the information being presented is accurate and complete.	4			
The Board knows the statutory obligations of the Authority and if the Authority is in compliance with state law.	4			
Board and committee meetings facilitate open, deliberate and thorough discussion, and the active participation of members.	4			
Board members have sufficient opportunity to research, discuss, question and prepare before decisions are made and votes taken.	4			
Individual Board members feel empowered to delay votes, defer agenda items, or table actions if they feel additional information or discussion is required.	4			
The Board exercises appropriate oversight of the CEO and other executive staff, including setting performance expectations and reviewing performance annually.	4			
The Board has identified the areas of most risk to the Authority and works with management to implement risk mitigation strategies before problems occur.	4			
Board members demonstrate leadership and vision and work respectfully with each other.	4			

Monroe Tobacco Asset Securitization Corporation
 Date Completed: 3/30/21

EXHIBIT G

Summary Procurement Report 2020

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MONROE TOBACCO ASSET SECURITIZATION CORPORATION
SUMMARY PROCUREMENT REPORT 2020
(PURCHASES OVER \$5,000)

Vendor Name	Procurement Description	Award Process	Award Date	End Date	Amount FY 2020
Bank of NY Mellon	Trustee Services	Competitive Bid	8/11/2000		\$5,000
Bonadio Group	Audit Services	Competitive Bid	1/1/2020	12/31/2022	11,000
Brown & Brown of NY	D&O Insurance	Non-Competitive Bid	7/10/2020	7/10/2021	19,941
County of Monroe	Administrative Services	Non-Competitive Bid	8/1/2000		40,000
Harris Beach LLP	Legal Services	Non-Competitive Bid	8/1/2000		11,220
NY Counties Tobacco Trust IV	Admin / Rating / Trustee	Non-Competitive Bid	8/25/2005		<u>25,456</u>
					\$112,617

