

MTASC Monroe Tobacco Asset Securitization Corporation

2011 ANNUAL REPORT Dated as of March 30, 2012

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, 2011.

1. Operations and Accomplishments

- The Corporation received sufficient Tobacco Settlement Revenues (the "TSRs") to make a \$270,000 Turbo Principal Payment against its Series 2005 Bonds
- Arbitrage rebate analysis was contracted out for the Series 2000 and Series 2006 Bonds. No rebates payments were required for either series of bonds.

2. The Corporation's 2011 Financial Reports

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

3. Mission Statement and Measurements

I. 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.

II. Performance Measures

The Corporation must annually adopt performance measures that assist in the meeting its stated mission. The performance measures can also (i) quantify measure of improvement to better meets its mission, goals and values; (ii) can become more effective and efficient; and (iii) is meeting the interests of the Corporation's 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, 2011

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.

The Series 2005 Bonds are comprised of the following:

- \$91,120,000 Tobacco Settlement Asset-Backed Bonds, Series 2005A (Tax Exempt Turbo Bonds), maturity date is June 1, 2042, 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% (\$27,665,000 principal amount remains outstanding as of December 31, 2011 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, 2011 consisted of the following:

Balance - beginning of year	\$ 226,669,794
Payments of bonds	<u>(270,000)</u>
Balance - end of year	<u>\$ 226,399,794</u>
Required payments due within one year	<u>\$ -</u>

Principal and interest (including 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>
2012	\$ -	\$ 10,159,650	\$ 10,159,650
2013	-	10,159,650	10,159,650
2014	-	10,159,650	10,159,650
2015	-	10,159,650	10,159,650
2016	-	10,159,650	10,159,650
2017 - 2021	-	50,798,250	50,798,250
2022 - 2026	-	50,798,250	50,798,250
2027 - 2031	27,665,000	43,328,700	70,993,700
2032 - 2036	-	42,498,750	42,498,750
2037 - 2041	63,100,000	40,526,875	103,626,875
2042 - 2046	91,120,000	7,597,750	98,717,750
2047 - 2051	5,386,580	66,578,420	71,965,000
2052 - 2056	8,923,514	193,791,486	202,715,000
2057 - 2061	<u>30,204,700</u>	<u>1,531,395,300</u>	<u>1,561,600,000</u>
	\$ <u>226,399,794</u>	\$ <u>2,078,112,031</u>	\$ <u>2,304,511,825</u>

Required maturities for the Series 2005 Bonds, the Series 2006 Bonds and the 2010 Series 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 and includes the accreted value portion of capital appreciation bonds in the year in which they are required to be redeemed.

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, 2011.

The Corporation had liquidity reserves in the amount of \$12,850,396 and debt service reserves of \$17,700 at December 31, 2011 to fund debt service payments on its bonds.

5. The Corporation's compensation schedule

The Corporation had no compensated employees during 2011.

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

There were no persons with salaries in excess of \$100,000 during 2011.

7. Projects undertaken by the Corporation

There were no projects undertaken by the Corporation in 2011.

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

The Corporation did not own or sell any real property during 2011 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 the 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 the 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) and 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 and 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 2011.

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 2011 without competitive bidding. Exhibit G displays all services provided with a cost over \$5000 in 2011.

18. Description of material pending litigation

There was no pending litigation naming the Corporation as a defendant in 2011 or prior.

Daniel M. DeLaus, Jr.
President/CEO

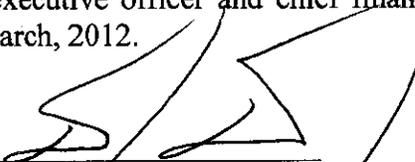
Andrew K. Bartlett
Treasurer/CFO

**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 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 30, 2012 (the "Annual Report"), 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 light of the circumstances under which the report and any such statements made therein are made. The Annual Report fairly presents in all material respects the financial condition and results of operations of the Corporation as of, and for, the periods presents in said report.

IN WITNESS WHEREOF, the undersigned chief executive officer and chief financial officer have executed this Certificate as of this 30th day of March, 2012.

 
Name: Daniel Delaus, Jr.
Title: President (Chief Executive Officer)

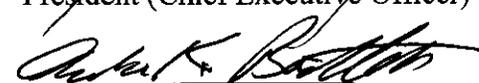

Name: Andrew K. Bartlett
Title: Treasurer (Chief Financial Officer)

EXHIBIT A

Basic Financial Statements Together With Independent Auditors' Report

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

**Basic Financial Statements
as of December 31, 2011 and 2010
Together with
Independent Auditors' 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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INDEPENDENT AUDITORS' REPORT

March 27, 2012

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

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, 2011 and 2010, which collectively comprise MTASC's basic financial statements as listed in the table of contents. These financial statements are the responsibility of MTASC's management. 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 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

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 the Monroe Tobacco Asset Securitization Corporation as of December 31, 2011 and 2010, and the respective changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2012, on our consideration of the Monroe Tobacco Asset Securitization 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

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(Continued)

INDEPENDENT AUDITORS' REPORT

(Continued)

Accounting principles generally accepted in the United States require that the management's discussion and analysis on pages 3 through 6 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, 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
DECEMBER 31, 2011 AND 2010**

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, 2011 and 2010 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 of 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:

- Statement of Net Deficit
- Statement of Activities and Changes in Net Deficit
- Governmental Fund Balance Sheet
- Statement of Governmental Fund Revenues, Expenditures, and Change in Fund Balance

The Statement of Net Deficit and the Statement of Activities and Change in Net Deficit 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 and the Statement of Governmental Fund Revenues, Expenditures and Change in Fund Balance 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.

The Statement of Net Deficit presents all of MTASC's asset and liability information, with the difference between the two reported as net assets. Fluctuations in net assets can be a useful indicator of MTASC's financial position. Restricted net assets are those that are restricted based on externally imposed conditions and consist 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 assets are considered unrestricted.

Overview of the Financial Statements (Continued)

The Statement of Activities and Change in Net Assets (Deficit) presents all of MTASC's revenues, both program and general, expenses, and transfers.

The Governmental Fund Balance Sheet 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 Statement of Governmental Fund Revenues, Expenditures, and Change in Fund Balance presents the changes in financial position of the debt service fund.

Financial Highlights

MTASC reported liabilities in excess of assets of \$220.42 million as of December 31, 2011. MTASC's net deficit increased by \$5.6 million from the prior year, caused by the increase in interest payable for the Capital Appreciation Bonds. MTASC reported liabilities in excess of assets of \$214.82 million as of December 31, 2010. This was an increase of \$4.0 million from the prior year.

MTASC made the 2011 debt service payments along with a Turbo (principal) payment towards the Series 2005B Bonds with the TSR's received. There were no new debt obligations issued in 2011.

Condensed Statement of Net Deficit (In millions)

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total assets	\$ <u>30.05</u>	\$ <u>31.47</u>	\$ <u>32.06</u>
Bonds payable	226.40	226.67	227.39
Other liabilities	<u>24.07</u>	<u>19.62</u>	<u>15.50</u>
Total liabilities	<u>250.47</u>	<u>246.29</u>	<u>242.89</u>
Net deficit	\$ <u>(220.42)</u>	\$ <u>(214.82)</u>	\$ <u>(210.83)</u>

Total Assets

The total assets decreased from 2010 to 2011 (\$31.5 million and \$30.1 million, respectively). The decrease in total assets from 2010 to 2011 was primarily due to a decrease in accounts receivable of \$1.3 million. The decrease in accounts receivable is the result of anticipated TSR's being less than those that were expected in the prior year. The decrease in bond issuance cost (\$0.1 million) from 2010 to 2011 was the result of amortization of costs incurred in connection with the issuance of the Series 2005, 2006 and 2010 Bonds. The total assets decreased from 2009 to 2010 by \$0.6 million, \$32.1 million and \$31.5 million, respectively.

Total Liabilities

The total liabilities increased by \$4.2 million from 2010 to 2011. This increase is due to accrued interest payable on outstanding bonds increasing from \$19.6 million in 2010 to \$24.1 million in 2011, offset by a decrease in bonds payable from \$226.7 million in 2010 to \$226.4 million in 2011. The increase in total liabilities from 2009 to 2010 of \$3.4 million was due to the increase in accrued interest payable on outstanding bonds (approximately \$4.1 million) and a decrease in bonds payable (approximately \$0.7 million).

**Condensed
Statement of Activities and Change in Net Deficit
(In millions)**

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Total expenses	\$ 14.83	\$ 14.66	\$ 14.66
Program revenues - tobacco settlement	<u>9.23</u>	<u>10.67</u>	<u>14.15</u>
Change in net assets	(5.60)	(3.99)	(0.51)
Net deficit - beginning of year	<u>(214.82)</u>	<u>(210.83)</u>	<u>(210.32)</u>
Net deficit - end of year	<u>\$ (220.42)</u>	<u>\$ (214.82)</u>	<u>\$ (210.83)</u>

Expenses

Expenses incurred in 2011 were virtually unchanged from those incurred in 2010 and are predominately interest costs. Expenses incurred in 2010 were identical to those incurred in 2009.

Revenues

Revenues recorded during 2011 were less than those recorded in 2010. TSR's decreased by \$1.4 million in 2011 over 2010. Revenues recorded during 2010 decreased by \$3.5 million over those recorded in 2009. The decrease was due to declining TSR's of \$3.5 million.

Financial Analysis of MTASC'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, 2011, MTASC's debt service fund reported fund balances of \$13.6 million, unchanged from the prior year. Approximately \$0.4 million of fund balance is unassigned fund balance and is available for MTASC's future needs. The remainder of fund balance is restricted to indicate that it is not available for spending because it has already been committed to pay future debt service and fund bond issuance costs.

As of December 31, 2010, MTASC's debt service fund also reported an ending fund balance of \$13.6 million, a decrease of \$0.1 million from the prior year due to a decrease in the debt service account. Approximately \$0.3 million of the fund balance was restricted with the remaining balance to be used to fund MTASC's future debt service.

Debt

Debt obligations of MTASC as of December 31, 2011 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, a portion of the proceeds which were used to advance refund/defeas the remaining outstanding Series 2000 bonds (which were originally issued to purchase the rights to the future TSRs due to the County), make a payment to the Trust, and to pay related costs of issuance of the Series 2005 bonds.

Debt (Continued)

The total amount of the Series 2010, Series 2006 bonds and Series 2005 bonds outstanding at December 31, 2011 was \$226.4 million. None of the outstanding Series 2010, Series 2006 bonds 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	BBB -	BBB
2005D	Non-rated	BBB -
2005E	Non-rated	BB
2005F	Non-rated	Non-rated
2010A	Non-rated	BBB

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 \$270,000 and \$720,000 were made in 2011 and 2010, 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 is provided in Note #4 to the financial statements.

Contacting Monroe Tobacco Asset Securitization Corporation's Management

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 DEFICIT
DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 408,517	\$ 357,266
Accrued interest receivable	100	100
Accounts receivable	10,316,438	11,659,163
Restricted cash and cash equivalents	13,198,233	13,206,430
Bond issuance costs, net	6,126,544	6,249,690
Prepaid expenses	<u>2,447</u>	<u>2,023</u>
Total assets	<u>30,052,279</u>	<u>31,474,672</u>
LIABILITIES		
Accrued interest payable	24,072,914	19,628,473
Bonds payable	<u>226,399,794</u>	<u>226,669,794</u>
Total liabilities	<u>250,472,708</u>	<u>246,298,267</u>
NET DEFICIT		
RESTRICTED FOR:		
Debt service	12,868,096	12,876,326
Other purposes	330,137	330,104
UNRESTRICTED	<u>(233,618,662)</u>	<u>(228,030,025)</u>
Total net deficit	<u>\$ (220,420,429)</u>	<u>\$ (214,823,595)</u>

The accompanying notes are an integral part of these statements.

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

STATEMENTS OF ACTIVITIES AND CHANGE IN NET DEFICIT
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
EXPENSES:		
General government -		
Materials and services	\$ 67,024	\$ 68,734
Administrative costs	30,500	30,554
Interest and amortization	<u>14,735,337</u>	<u>14,571,028</u>
Total expenses	14,832,861	14,670,316
PROGRAM REVENUE:		
Tobacco settlement	<u>9,227,272</u>	<u>10,673,996</u>
Net program revenues	(5,605,589)	(3,996,320)
GENERAL REVENUES - INVESTMENT INCOME	<u>8,755</u>	<u>1,695</u>
CHANGE IN NET ASSETS	(5,596,834)	(3,994,625)
NET DEFICIT - beginning of year	<u>(214,823,595)</u>	<u>(210,828,970)</u>
NET DEFICIT - end of year	<u>\$ (220,420,429)</u>	<u>\$ (214,823,595)</u>

The accompanying notes are an integral part of these statements.

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

GOVERNMENTAL FUND BALANCE SHEETS
DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 408,517	\$ 357,266
Accrued interest receivable	100	100
Accounts receivable	10,316,438	11,659,163
Restricted cash and cash equivalents	13,198,233	13,206,430
Prepaid expenses	<u>2,447</u>	<u>2,023</u>
Total assets	<u>\$ 23,925,735</u>	<u>\$ 25,224,982</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES:		
Deferred revenue	<u>\$ 10,316,438</u>	<u>\$ 11,659,163</u>
Total liabilities	<u>10,316,438</u>	<u>11,659,163</u>
FUND BALANCES:		
Restricted for -		
Debt service	12,868,096	12,876,326
Other purposes	330,137	330,104
Unassigned	<u>411,064</u>	<u>359,389</u>
Total fund balances	<u>13,609,297</u>	<u>13,565,819</u>
Total liabilities and fund balances	<u>\$ 23,925,735</u>	<u>\$ 25,224,982</u>
Amounts reported for governmental activities in the statement of net assets (deficit) are different because:		
Total fund balances	\$ 13,609,297	\$ 13,565,819
Tobacco settlement revenue was not received in the current period and therefore, is not reported as revenues at the fund level	10,316,438	11,659,163
Bonds payable and accrued interest are not due and payable in the current period and therefore, are not reported at the fund level	(250,472,708)	(246,298,267)
Certain items, including bond issuance costs, premiums and original issue discount are fully expensed in the governmental fund statement, but amortized over a period of time in the statement of activities	<u>6,126,544</u>	<u>6,249,690</u>
Total net deficit	<u>\$ (220,420,429)</u>	<u>\$ (214,823,595)</u>

The accompanying notes are an integral part of these 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
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
REVENUES:		
Tobacco settlement	\$ 10,569,997	\$ 11,148,819
Investment income	<u>8,755</u>	<u>1,695</u>
Total revenues	<u>10,578,752</u>	<u>11,150,514</u>
EXPENDITURES:		
General and administrative	67,024	68,734
Bond issuance and administration costs	30,500	100,554
Debt service - principal	270,000	720,000
Debt service - interest	<u>10,167,750</u>	<u>10,323,650</u>
Total expenditures	<u>10,535,274</u>	<u>11,212,938</u>
NET CHANGE IN FUND BALANCES	43,478	(62,424)
FUND BALANCES - beginning of year	<u>13,565,819</u>	<u>13,628,243</u>
FUND BALANCES - end of year	<u>\$ 13,609,297</u>	<u>\$ 13,565,819</u>
Amounts reported for governmental activities in the statements of activities are different because:		
Net change in fund balances	\$ 43,478	\$ (62,424)
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	(1,342,725)	(474,823)
Certain expenses reported in the statement of activities (amortization of bond issuance costs, premiums and interest) do not require the use of current financial resources and therefore, are not reported as expenditures in the governmental fund	(123,146)	(51,800)
The net effect of bond proceeds received, repayments of the Series 2005 and 2006 bonds and interest expense are activities of the governmental fund but not reported in the statement of activities	<u>(4,174,441)</u>	<u>(3,405,578)</u>
Change in net assets (deficit)	<u>\$ (5,596,834)</u>	<u>\$ (3,994,625)</u>

The accompanying notes are an integral part of these statements.

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

**NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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. The Corporation 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 of 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. ACCOUNTING AND REPORTING CHANGE

In March 2010, GASB issued GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. MTASC has adopted the provisions of this statement for the year ended December 31, 2010. The fund equity portion of governmental funds balance sheet has been classified into the appropriate fund balance categories.

3. 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.

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 Assets

Net Assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted and unrestricted. Restricted net assets represent 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, 2011 these restrictions included:

- Debt Service - represents resources that have been legally restricted for debt service payments that will be made in future periods.
- Other Purposes - represents resources that have be restricted to arbitrage rebate analysis services and bond issuing costs.

Unrestricted net assets are net assets that are not restricted, but which may be internally designated by the Board of Directors. At December 31, 2011 and 2010, the amount of unrestricted net deficit were (\$233.6) million and (\$228.0) 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 prepaids) or are legally or contractually required to be maintained intact;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (Continued)

- 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 a 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;
- 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: restricted, committed, assigned, and unassigned as they are needed.

Cash and Cash Equivalents

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.

Deferred Bond Issuance Costs, Original Issue Discount and Bond Premium

MTASC recognizes bond premium, original issue discount and issuance costs fully in the year of issuance for the governmental fund statements. These costs are amortized on the straight line basis over the term of the related bonds for the government-wide financial statements as additional interest expense.

	<u>2011</u>	<u>2010</u>
Series 2005	\$ 6,051,797	\$ 6,051,797
Series 2006	769,000	769,000
Series 2010	<u>70,000</u>	<u>70,000</u>
Subtotal	6,890,797	6,890,797
Accumulated amortization	<u>(764,253)</u>	<u>(641,107)</u>
Total	<u>\$ 6,126,544</u>	<u>\$ 6,249,690</u>

Amortization expense was \$123,146 and \$121,800 for the years ended December 31, 2011 and 2010, respectively. MTASC recognizes all interest paid as interest expenditures on the modified accrual basis for the governmental fund statements and all interest incurred as expenses on the full accrual basis for the government-wide financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Revenue

Deferred revenue represents amounts earned under the modified accrual basis of accounting used in the Debt Service Fund, but not meeting the definition of available for use.

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 as an entity that is not a private foundation.

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.

4. 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.

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;

4. DEPOSITS AND INVESTMENTS (Continued)

Credit Risk (Continued)

- 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 the Corporation'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."

4. DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk - Deposits (Continued)

As of December 31, 2011 and 2010, the carrying amount of MTASC's cash and cash equivalents was \$408,517 and \$357,266, respectively, and was exposed to custodial credit risk as follows:

	<u>2011</u>	<u>2010</u>
Federal Depository Insurance Coverage	\$ <u>408,517</u>	\$ <u>357,266</u>

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. MTASC's investment and deposit policy requires that all custodial investments be registered or insured in MTASC's name and held in the custody of the bank or the bank's trust department. MTASC 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, 2011 and 2010, MTASC's investments, with maturities of less than one year, were in compliance with the investment and deposit policy as follows:

<u>Investment Type</u>	<u>2011</u>	<u>2010</u>
Money market fund (U.S. Treasuries)	\$ <u>13,198,233</u>	\$ <u>13,206,430</u>

Concentration of Credit Risk

MTASC places no limit on the amount that may be invested in any one investment type. At December 31, 2011 and 2010, the Corporation's investments were invested in money market funds.

Restricted Cash and Cash Equivalents

MTASC had the following restricted funds as of December 31:

<u>Restricted Cash and Cash Equivalents</u>	<u>2011</u>	<u>2010</u>
Liquidity reserves	\$ 12,850,396	\$ 12,849,856
Debt service reserves	17,700	26,470
Bond issuance and rebate costs	<u>330,137</u>	<u>330,104</u>
Total	<u>\$ 13,198,233</u>	<u>\$ 13,206,430</u>

5. 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.

MTASC entered into a forward purchase contract in connection with the issuance of Tobacco Settlement Asset-Backed Bonds, Series 2010A (Tax Exempt Turbo Term Bonds) to be in an amount equal to the amount of Series 2005C Bonds outstanding on the date of issuance of the

5. BONDS PAYABLE (Continued)

Series 2010A Bonds. The Series 2005C Bonds were replaced by the Series 2010A Bonds on June 1, 2010 with a maturity date of June 1, 2041 and an interest rate of 6.25%.

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, 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% (\$27,665,000 principal amount remains outstanding as of December 31, 2011 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.
- \$15,625,329 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 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%.

Long-term indebtedness for the Corporation's bonds payable consisted of the following:

	<u>2011</u>	<u>2010</u>
Balance - beginning of year	\$ 226,669,794	\$ 227,389,794
Repayments of bonds	<u>(270,000)</u>	<u>(720,000)</u>
Balance - end of year	<u>\$ 226,399,794</u>	<u>\$ 226,669,794</u>
Payments due within one year	<u>\$ -</u>	<u>\$ -</u>

5. BONDS PAYABLE (Continued)

Principal and interest payments (including accretion on capital appreciation bonds) based upon the required maturities are as follows for the years ended December 31:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ -	\$ 10,159,650	\$ 10,159,650
2013	-	10,159,650	10,159,650
2014	-	10,159,650	10,159,650
2015	-	10,159,650	10,159,650
2016	-	10,159,650	10,159,650
2017 - 2021	-	50,798,250	50,798,250
2022 - 2026	-	50,798,250	50,798,250
2027 - 2031	27,665,000	43,328,700	70,993,700
2032 - 2036	-	42,498,750	42,498,750
2037 - 2041	63,100,000	40,526,875	103,626,875
2042 - 2046	91,120,000	7,597,750	98,717,750
2047 - 2051	5,386,580	66,578,420	71,965,000
2052 - 2056	8,923,514	193,791,486	202,715,000
2057 - 2061	<u>30,204,700</u>	<u>1,531,395,300</u>	<u>1,561,600,000</u>
	<u>\$ 226,399,794</u>	<u>\$ 2,078,112,031</u>	<u>\$ 2,304,511,825</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. The interest payment requirements shown are based on the required principal maturity schedule and include the accreted value portion of capital appreciation bonds in the year in which they are required to be redeemed.

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, 2011 and 2010.

Principal payments in the amount of \$270,000 and \$720,000 were made during 2011 and 2010, respectively, in accordance with the Turbo Redemption requirements of the Series 2005B bonds.

Interest

Interest expense on bonds payable was \$14,612,191 and \$14,449,229 in 2011 and 2010, respectively. In 2011 and 2010, cash paid for interest was \$10,167,750 and \$10,323,650 respectively.

Advance Refunding/Defeasance

On June 1, 2010 the outstanding Series 2000 Tobacco Settlement Asset-Backed Bonds in the amount of \$143,475,000 were redeemed and paid with funds generated by the Series 2005 Bonds. The Series 2000 Bonds were deemed to have been advance refunded and defeased since the issuance of the Series 2005 Bonds.

6. 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 \$30,000 in each of the years ended December 31, 2011 and 2010.

No residual funds, in accordance with the Amended and Restated Indenture, were transferred to the Trustee and ultimately the County in 2011 or 2010.

7. NET ASSET DEFICIT

The Corporation has a deficit in net assets 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.

8. 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.

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 27, 2012

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) as of and for the year ended December 31, 2011, which collectively comprise MTASC's basic financial statements and have issued our report thereon dated March 27, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Corporation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audits, we considered MTASC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MTASC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of MTASC's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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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*

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MTASC's financial statements are free of 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 determination of financial statement amounts. 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*.

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

EXHIBIT B

Restated Certificate of Incorporation
of
Monroe Tobacco Asset Securitization Corporation

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*

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:

"(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."

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:

"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."

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 member's and directors' meetings shall be held at least annually" in the last line after the word "accounts" 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;

(e) To act as depositor, settlor or transferor of a trust (the "Trust") and to deposit, transfer or convey to such Trust a residual certificate issued by the Corporation, subordinate to all Obligations issued by the Corporation, under which all payments of Tobacco Assets, earnings on investments by the Corporation and net proceeds of borrowings by the Corporation (other than refundings) after its initial borrowing, in excess of those necessary to meet the Corporation's expenses and its responsibilities with respect to its Obligations, will be paid to the holder of the Certificate (the "Residual Certificate") and to transfer, sell and assign to the County the Corporation's beneficial ownership of the Trust (the "Beneficial Ownership Interest"); and

(f) In general, to perform any and all acts and things, and exercise any and all powers which may now or hereafter be lawful for the Corporation to do or exercise under and pursuant to the laws of the State of New York for the purpose of accomplishing any of the foregoing purposes of the Corporation.

FOURTH: The acquisition referred to in subparagraph (a) of paragraph THIRD above and the payment or transfer of moneys and the Beneficial Ownership Interest to the County in consideration therefor will achieve the lawful public purpose of lessening the burdens of government, the carrying out of such purposes and the exercise of the powers conferred on the Corporation being the performance of an essential governmental function.

FIFTH: The operations of the Corporation will be principally conducted within the territory of the County. Notwithstanding any other provision of this Certificate of Incorporation, the By-

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

(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.

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.

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

(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.

(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.

(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

EXHIBIT C

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

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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BY-LAWS
OF
MONROE TOBACCO ASSET SECURITIZATION CORPORATION

ARTICLE I - THE CORPORATION

SECTION 1. NAME.

The Corporation shall be known as "MONROE TOBACCO ASSET SECURITIZATION CORPORATION".

SECTION 2. OFFICES.

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

SECTION 3. PURPOSES.

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

ARTICLE II - MEMBERSHIP

SECTION 1 COMPOSITION OF MEMBERSHIP.

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 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 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, 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.

SECTION 11. ACTION BY THE BOARD OF DIRECTORS.

Any corporate action to be taken by the Board of Directors means action at a meeting of the Board. Each Director shall have one vote regarding any corporate action to be taken by the Board. Except as otherwise provided by law, the Certificate of Incorporation, or these By-laws, the vote of a majority of the Directors present at the time of the vote at a duly convened meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 12. ORGANIZATION.

At each meeting of the Board of Directors, the President, or, in his or her absence, a chairman chosen by a majority of the Directors, present shall preside. The Secretary, or, in his or her absence, a person chosen by a majority of the Directors present, shall keep complete and accurate minutes of the meeting.

SECTION 13. ATTENDANCE AT MEETINGS.

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

SECTION 14. COMPENSATION.

The Ex-Officio Directors and Appointed Directors shall serve without compensation. All Directors may be reimbursed for reasonable expenses incurred in the performance of corporate duties. The Independent Director may be compensated for his or her services as Independent Director in an amount fixed from time to time by majority vote of the Board of Directors other than the Independent Director.

SECTION 15. PROPERTY RIGHTS.

No Director of the corporation shall, by reason of that position, have any rights to or interest in the property or assets of the Corporation.

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.

SECTION 4. DEPOSITS.

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 5. INVESTMENTS.

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.

ARTICLE VI - GENERAL

SECTION 1. SEAL.

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 2. BOOKS AND RECORDS.

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-laws.

SECTION 3. INDEMNIFICATION.

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.

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

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.

SECTION 2. GOVERNANCE COMMITTEE.

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.

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 ended December 31, 2011. 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.

Daniel M. DeLaus, Jr.
President/CEO

Andrew K. Bartlett
Treasurer/CFO

EXHIBIT E

Multi Year Financial Plan 2012-2016

MTASC Multi-Year Financial Plan

2012-2016

<i>Item</i>	<i>Budget 2012</i>	<i>Proposed 2013</i>	<i>Proposed 2014</i>	<i>Proposed 2015</i>	<i>Proposed 2016</i>
Resources:					
Annual Operating Revenue from Tobacco Settlement Revenue	\$153,675	\$158,285	\$163,034	\$167,925	\$172,963
	<u>\$153,675</u>	<u>\$158,285</u>	<u>\$163,034</u>	<u>\$167,925</u>	<u>\$172,963</u>
Appropriations:					
Administrative and Rent					
Administrator	\$32,000	\$32,000	\$32,000	\$32,000	\$32,000
Rent, Phone, Info Svcs, Supplies, Subsc	10,000	10,000	10,000	10,000	10,000
Total, Administrative and Rent	42,000	42,000	42,000	42,000	42,000
Professional Services					
Rating Agencies Fees	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000
Trustee Fees	15,300	15,300	15,300	15,300	15,300
Administrator Fees	20,000	20,000	20,000	20,000	20,000
Corporation Counsel	10,000	10,000	12,000	12,000	12,000
Independent Auditor	10,000	11,000	12,000	13,000	13,000
Consultants / Advisors	8,500	8,500	8,500	8,500	8,500
Total, Professional Services	78,800	79,800	82,800	83,800	83,800
Insurance, Miscellaneous & Contingency					
Directors & Officers Liability Insurance	\$28,000	\$28,000	\$28,000	\$28,000	\$28,000
Commercial / Umbrella Policies	2,000	2,000	2,200	2,200	2,200
Miscellaneous & Contingency	2,875	6,485	8,034	11,925	16,963
Total, Ins., Misc. & Contingency	32,875	36,485	38,234	42,125	47,163
Total, Appropriations	<u>\$153,675</u>	<u>\$158,285</u>	<u>\$163,034</u>	<u>\$167,925</u>	<u>\$172,963</u>

EXHIBIT F

Evaluation of Board Performance

Summary Results of Confidential Evaluation of Board Performance

Criteria	Agree	Somewhat Agree	Somewhat Disagree	Disagree
	#	#	#	#
Board members have a shared understanding of the mission and purpose of the Authority.	5			
The policies, practices and decisions of the Board are always consistent with this mission.	5			
Board members comprehend their role and fiduciary responsibilities and hold themselves and each other to these principles.	4	1		
The Board has adopted policies, by-laws, and practices for the effective governance, management and operations of the Authority and reviews these annually.	4	1		
The Board sets clear and measurable performance goals for the Authority that contribute to accomplishing its mission.	5			
The decisions made by Board members are arrived at through independent judgment and deliberation, free of political influence or self-interest.	5			
Individual Board members communicate effectively with executive staff so as to be well informed on the status of all important issues.	3	2		
Board members are knowledgeable about the Authority's programs, financial statements, reporting requirements, and other transactions.	5			
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.	5			
The Board knows the statutory obligations of the Authority and if the Authority is in compliance with state law.	4	1		
Board and committee meetings facilitate open, deliberate and thorough discussion, and the active participation of members.	4	1		
Board members have sufficient opportunity to research, discuss, question and prepare before decisions are made and votes taken.	4	1		
Individual Board members feel empowered to delay votes, defer agenda items, or table actions if they feel additional information or discussion is required.	3	2		
The Board exercises appropriate oversight of the CEO and other executive staff, including setting performance expectations and reviewing performance annually.	3	2		
The Board has identified the areas of most risk to the Authority and works with management to implement risk mitigation strategies before problems occur.	3	2		
Board members demonstrate leadership and vision and work respectfully with each other.	4	1		

Name of Authority: Monroe Tobacco Asset Securitization Corporation

Date Completed: 3/29/12

EXHIBIT G

**MONROE TOBACCO ASSET SECURITIZATION CORPORATION
SUMMARY PROCUREMENT REPORT 2011
(PURCHASES OVER \$5,000)**

Vendor Name	Procurement Description	Award Process	Award Date	End Date	Amount FY 2011
Bank of NY Mellon	Trustee Services	Competitive Bid	8/11/2000		\$5,000
Brown & Brown of NY	D&O Insurance	Non-Competitive Bid	5/11/2011	5/11/2012	\$5,874
County of Monroe	Administrative Services	Non-Competitive Bid	8/1/2000		\$30,000
Harris Beach LLP	Legal Services	Non-Competitive Bid	8/1/2000		\$7,000
Bonadio Group	Audit Services	Competitive Bid	1/25/2010	1/25/2015	\$9,130
NY Counties Tobacco Trust IV	Admin / Rating / Trustee	Non-Competitive Bid	8/25/2005		\$30,500
BLX Group	Arbitrage Service	Competitive Bid	5/10/2011	12/22/2011	\$5,500
				-----	\$93,004