

**THIRTEENTH DAY**

**SPECIAL MEETING**

**July 31, 2008**

Minutes of the Special Meeting of the County Legislature of Suffolk County, New York, held in the Rose Y. Caracappa Legislative Auditorium, William H. Rogers Legislature Building, Hauppauge, New York, at 12:00 p.m., pursuant to notice duly given.

The meeting was called to order at 12:11 p.m. by acting Presiding Officer William Lindsay. The Clerk called the roll and the following were found present: Deputy Presiding Officer Vioria-Fisher and Legislators Romaine, Schneiderman, Browning, Beedenbender, Losquadro, Eddington, Montano, Barraga, Kennedy, Nowick, Stern, D'Amaro and Cooper.

Legislators Alden and Horsley arrived at 12:13 p.m.

Pledge of Allegiance.

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**Presiding Officer Lindsay made motion for the following resolution, seconded by Deputy Presiding Officer Vioria-Fisher. The resolution was passed 17-0-0-0-0.**

Intro. Res. No. 1644-2008

Laid on Table 6/24/2008

*Introduced by Presiding Officer, on request of the County Executive*

**RESOLUTION NO. 573 -2008, ADOPTING  
LOCAL LAW NO. 29 -2008, A LOCAL LAW  
AUTHORIZING THE SALE OF THE COUNTY OF  
SUFFOLK'S RIGHTS TO RECEIVE PAYMENTS UNDER  
THE MASTER SETTLEMENT AGREEMENT WITH  
VARIOUS TOBACCO COMPANIES AND THE RELATED  
CONSENT DECREE AND FINAL JUDGMENT TO THE  
SUFFOLK TOBACCO ASSET SECURITIZATION  
CORPORATION**

**WHEREAS**, there was duly presented and introduced to this County Legislature at a regular meeting held on June 24, 2008, a proposed local law entitled, "**A LOCAL LAW AUTHORIZING THE SALE OF THE COUNTY OF SUFFOLK'S RIGHTS TO RECEIVE PAYMENTS UNDER THE MASTER SETTLEMENT AGREEMENT WITH VARIOUS TOBACCO COMPANIES AND THE RELATED CONSENT DECREE AND FINAL JUDGMENT TO THE SUFFOLK TOBACCO ASSET SECURITIZATION CORPORATION;**" and said local law in final form is the same as when presented and introduced; now, therefore be it

**RESOLVED**, that said local law be enacted in form as follows:

**LOCAL LAW NO. 29 -2008, SUFFOLK COUNTY, NEW YORK**

**A LOCAL LAW AUTHORIZING THE SALE OF THE COUNTY OF SUFFOLK'S RIGHTS TO RECEIVE PAYMENTS UNDER THE MASTER SETTLEMENT AGREEMENT WITH VARIOUS TOBACCO COMPANIES AND THE RELATED CONSENT DECREE AND FINAL JUDGMENT TO THE SUFFOLK TOBACCO ASSET SECURITIZATION CORPORATION**

**BE IT ENACTED BY THE COUNTY LEGISLATURE OF THE COUNTY OF SUFFOLK**, as follows:

**Section 1. Legislative Intent.**

This Legislature finds and determines that the County of Suffolk is entitled to receive payments under the Master Settlement Agreement entered into on November 23, 1998 among the attorneys general of forty-six states and six other United States jurisdictions and the four largest United States tobacco manufacturers (hereinafter the "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 (hereinafter, as the same may be amended or modified, the "Decree") in the class action entitled State of New York et al. v. Philip Morris Incorporated, et al. (Index Number 400361/97).

This Legislature further finds and determines that in order to secure to present generations a portion of the benefits intended to be conferred by the MSA and the Decree, and thereby provide certain financial benefits to the County and to further certain other County purposes, it is necessary or desirable for the County to sell its rights, title and interest in and to all or part of the monies to become payable to the County under the MSA and the Decree (the "Tobacco Asset") in order to facilitate the securitization of the Tobacco Asset.

This Legislature further finds and determines that in order to provide the financing structure for such securitization and other present and future County purposes, while protecting the County's existing credit ratings, it is necessary or desirable for the County to sell such rights, title and interest to a local development corporation that has been heretofore created by the County pursuant to the New York Not-For-Profit Corporation Law (the "Suffolk Tobacco Asset Securitization Corporation" or "STASC"), with the powers to acquire such rights, title and interest, to issue bonds, notes and other evidence of indebtedness and incur other obligations, to create a business trust under the laws of the State of Delaware to be named the "Suffolk County Residual Trust" (the "Residual Trust") and assign and deliver to the Residual Trust the monies to become payable to the County under the MSA and the Decree in excess of the amounts necessary to pay debt service on such bonds, notes and other evidence of indebtedness, the expenses of STASC, the expenses of the trustee, which is a party to the indenture of trust with STASC authorizing the issuance of such bonds, notes and other evidence of indebtedness (the "Indenture"), any amounts necessary to maintain the reserve funds required by the Indenture to be maintained, and certain other ancillary pecuniary obligations, and to take all other actions as may be necessary, convenient or

desirable in furtherance of its powers, in exchange for the net proceeds of the securitization of the Tobacco Asset.

Therefore, the purpose of this law is to approve a sale agreement of the Tobacco Asset by the County to STASC.

### **Section 2. Sale of Tobacco Asset.**

The sale by the County to the STASC of the County's rights, title and interest in and to all the Tobacco Asset, without recourse, is hereby authorized in exchange for the delivery, to or upon the order of the County, of (i) the net proceeds of the initial issuance of bonds by STASC in conjunction with such sale (the "STASC bonds") after (a) payment of all costs, fees, credit and liquidity enhancements, costs of issuance, and other expenses of STASC and (b) the funding of all reserve funds, debt service accounts for the payment of capitalized interest, and other pledged funds which may be necessary or desirable in connection with the issuance of the STASC bonds and (ii) the undivided beneficial interest in the residual trust, and upon such other terms and conditions as are set forth in the proposed purchase and sale agreement between STASC, as purchaser, and the County, as seller, in substantially the form presented to the Legislature (the "Sale Agreement").

### **Section 3. Approval of Sale Agreement.**

The form and substance of the Sale Agreement, substantially in the form presented to the members of the Legislature at this meeting, is hereby approved.

### **Section 4. Execution and delivery of Sale Agreement.**

The execution and delivery on behalf of and in the name of the County by the County Executive and/or his designee(s) of the Sale Agreement, substantially in the form presented to the members of the Legislature at this meeting, is hereby authorized and directed, with such ministerial and non-substantive changes therein as the County Executive and/or his designee(s) may approve, and the execution and delivery of such agreement shall be conclusive evidence of his approval of any such changes and of the authorization and direction thereof by this Legislature.

### **Section 5. Approval of MSA and Decree.**

The County hereby approves the terms and conditions of the "MSA" and the "Decree."

### **Section 6. Further actions.**

The County Executive and/or his designee(s) are further authorized to execute and deliver, on behalf of the County, such acts including agreements, instruments or authorizations as may be contemplated by, or necessary or advisable to consummate or otherwise give full effect to, the Sale Agreement and this local law, and which are deemed necessary or desirable to effectuate the transactions contemplated by the Sale Agreement and this local law, and to perform all acts and do all things required or contemplated to be performed or done by the Sale Agreement or by this local law or by

any agreement, instrument or authorization approved, contemplated or authorized hereby.

### **Section 7. County pledge.**

The County hereby pledges to and agrees with STASC and the holders of any bonds, notes and other obligations of STASC (hereinafter the "Obligations"), including, without limitation, the STASC bonds, that the County will not alter, limit or impair the rights of STASC to fulfill the terms of its agreements with such holders, or in any way impair the rights and remedies of such holders or the security for the Obligations, until the Obligations, together with the interest thereon, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged and such agreements are fully performed on the part of STASC. The Legislature hereby further delegates to the County Executive and/or his designee(s) the power to make, ratify and confirm such pledge to, and agreement with, STASC and the holders of its obligations and to take any and all actions necessary or desirable to cause such pledge to, and agreement with, STASC and the holders of the Obligations to be made or enforced. STASC is hereby authorized to include in any agreement with or for the benefit of the holders of the Obligations the pledges and agreements made by the Legislature and by the County Executive and/or his designee(s) on behalf of the County pursuant to this section. The County agrees that, as a member of the class of releasing parties under the Decree, it is bound by the terms and conditions of the MSA and the Decree and will not take any action inconsistent therewith.

### **Section 8. Applicability.**

This law shall apply to all actions occurring on or after the effective date of this law.

### **Section 9. Severability.**

If any clause, sentence, paragraph, subdivision, section, or part of this law or the application thereof to any person, individual, corporation, firm, partnership, entity, or circumstance shall be adjudged by any court of competent jurisdiction to be invalid or unconstitutional, such order or judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, section, or part of this law, or in its application to the person, individual, corporation, firm, partnership, entity, or circumstance directly involved in the controversy in which such order or judgment shall be rendered.

### **Section 10. SEQRA Determination.**

This Legislature, being the State Environmental Quality Review Act (SEQRA) lead agency, hereby finds and determines that this law constitutes a Type II action pursuant to Section 617.5(c)(20), (21), and/or (27) of Title 6 of the NEW YORK CODE OF RULES AND REGULATIONS (6 NYCRR) and within the meaning of Section 8-0109(2) of the NEW YORK ENVIRONMENTAL CONSERVATION LAW as a promulgation of regulations, rules, policies, procedures, and legislative decisions in connection with continuing agency administration, management and information collection. The Suffolk County Council on Environmental Quality (CEQ) is hereby

directed to circulate any appropriate SEQRA notices of determination of non-applicability or non-significance in accordance with this law.

**Section 11. Effective Date.**

This law shall take effect immediately upon filing in the Office of the Secretary of State.

DATED: July 31, 2008

APPROVED BY:

/s/ Steve Levy  
County Executive of Suffolk County

Date: August 11, 2008

After a public hearing duly held on August 11, 2008  
Filed with the Secretary of State on August 14, 2008

**MEETING ADJOURNED 1:39PM  
TIM LAUBE, CLERK OF THE LEGISLATURE**