

COUNTY OF SUFFOLK



OFFICE OF THE COUNTY EXECUTIVE

Steve Levy  
COUNTY EXECUTIVE

December 30, 2011

RECEIVED  
2011 DEC 30 A 9 14  
COUNTY LEGISLATURE  
SUFFOLK COUNTY, NY  
RIVERMEND

Presiding Officer William J. Lindsay and  
Members of the Suffolk County Legislature  
William H. Rogers Legislative Building  
725 Veterans Memorial Highway  
Smithtown, New York 11787

**RE: RESOLUTION 991 -2011; ADOPTING LOCAL LAW NO. -2011, A LOCAL LAW AUTHORIZING THE SALE OF THE COUNTY'S OWNERSHIP INTEREST IN THE RESIDUAL TRUST ESTABLISHED UNDER THE DECLARATION AND AGREEMENT OF TRUST BY AND BETWEEN THE WILMINGTON TRUST COMPANY AND SUFFOLK TOBACCO ASSET SECURITIZATION CORPORATION.**

Dear Presiding Officer Lindsay and Members of the Legislature:

I am returning herein **RESOLUTION NO. 991-2011; ADOPTING LOCAL LAW NO. - 2011, A LOCAL LAW AUTHORIZING THE SALE OF THE COUNTY'S OWNERSHIP INTEREST IN THE RESIDUAL TRUST ESTABLISHED UNDER THE DECLARATION AND AGREEMENT OF TRUST BY AND BETWEEN THE WILMINGTON TRUST COMPANY AND SUFFOLK TOBACCO ASSET SECURITIZATION CORPORATION;** vetoed in its entirety.

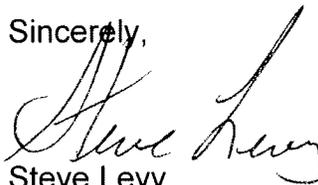
In the 2012 legislative process, the Legislature rejected the many recurring saving that the Executive Branch recommended, including closing the nursing home, and requiring employee contributions to healthcare benefits.

Instead, the Legislature chose to rely a property tax increase and increasing fees on numerous items that affect our resident's quality of life, including bus fares, park access, and taxes on gasoline. The Legislature also overly relied on one shot revenues, as is the case with this tobacco securitization resolution. This proposal was rejected by the Executive Branch because it wiped out the remaining recurring tobacco revenues. Additionally, the tobacco proposal adopted years ago had spread out the savings over 5 years, allowing for proper long term planning.

These one shot revenues and fee increases disproportionately hurt our middle and working class residents, therefore I urge the Legislature to support my veto.

I strongly urge the legislature to sustain my veto of this resolution.

Sincerely,



Steve Levy  
County Executive of Suffolk County

cc: All Suffolk County Legislators  
Tim Laube, Clerk of the Legislature  
Christine Malafi, Esq., Suffolk County Attorney  
Lynne A. Bizzarro, Esq., Chief Deputy County Attorney  
Edward Dumas, Chief Deputy County Executive  
Eric Naughton, Deputy County Executive for Finance and Management  
Ken Crannell, Deputy County Executive  
Connie Corso, Budget Director  
Eric Kopp, Assistant Deputy County Executive  
Dan Aug, Director of Communications  
Mark Smith, Deputy Director of Communications

**RESOLUTION NO. 991 -2011, ADOPTING LOCAL LAW NO. -2011, A LOCAL LAW AUTHORIZING THE SALE OF THE COUNTY'S OWNERSHIP INTEREST IN THE RESIDUAL TRUST ESTABLISHED UNDER THE DECLARATION AND AGREEMENT OF TRUST BY AND BETWEEN THE WILMINGTON TRUST COMPANY AND SUFFOLK TOBACCO ASSET SECURITIZATION CORPORATION**

**WHEREAS**, there was duly presented and introduced to this County Legislature at a regular meeting held on November 9, 2011, a proposed local law entitled, "**A LOCAL LAW AUTHORIZING THE SALE OF THE COUNTY'S OWNERSHIP INTEREST IN THE RESIDUAL TRUST ESTABLISHED UNDER THE DECLARATION AND AGREEMENT OF TRUST BY AND BETWEEN THE WILMINGTON TRUST COMPANY AND 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. -2011, SUFFOLK COUNTY, NEW YORK**

**A LOCAL LAW AUTHORIZING THE SALE OF THE COUNTY'S OWNERSHIP INTEREST IN THE RESIDUAL TRUST ESTABLISHED UNDER THE DECLARATION AND AGREEMENT OF TRUST BY AND BETWEEN THE WILMINGTON TRUST COMPANY AND 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 Local Law 3-2008 authorized the County to incorporate the Suffolk Tobacco Asset Securitization Corporation ("STASC") as a local development corporation under New York's Not-For-Profit Corporation Law for the purpose of acquiring the Tobacco Asset to carry out the securitization.

This Legislature further finds and determines that Local Law No. 29-2008 authorized and approved a Sale Agreement between the County and STASC for the sale of the Tobacco Asset, such Sale Agreement having been executed on August 18, 2008, and the sale thereof having taken place on August 21, 2008.

This Legislature further finds and determines STASC established a business trust under the laws of the State of Delaware ("Residual Trust") to receive all monies to become payable to the County under the MSA and the Decree in excess of the amounts necessary to pay debt service on the bonds, notes and other evidence of indebtedness issued by STASC.

This Legislature further finds and determines that under the terms of the Sale Agreement authorized by Local Law No. 29-2008, the County has an ownership interest in the Residual Trust ("Ownership Interest").

This Legislature further finds and determines that after December 31, 2012, the County's Ownership Interest in the Residual Trust is not less than twenty-five percent (25%) of the monies in excess of the amounts necessary to pay debt service, the expenses of STASC, the expenses of trustees, and any amounts necessary to maintain reserve funds.

This Legislature further finds and determines that it is in the best interest of the County to securitize the County's Ownership Interest in the Residual Trust.

Therefore, the purpose of this law is to authorize and approve a Sale Agreement of the County's Ownership Interest in the Residual Trust.

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

The sale by the County to STASC of the County's rights, title and interest in and to all of its Ownership Interest in the Residual Trust, 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 "2011 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 2011 STASC Bonds and (ii) the undivided beneficial interest in the residual trust, if any, 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 "2011 Sale Agreement").

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

The form and substance of the 2011 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 either the County Executive, or the Presiding Officer or any designee(s) of either of them of the 2011 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, or the Presiding Officer or their designee(s) may approve, and the execution and delivery of such agreement shall be conclusive evidence of the approval by the County Executive or the Presiding Officer of any such changes and of the authorization and direction thereof by this Legislature.

#### **Section 5. Further actions.**

The County Executive, or the Presiding Officer or any designee(s) of either of them are further authorized to perform, on behalf of the County, such acts including executing agreements, instruments or authorizations as may be contemplated by, or necessary or advisable to consummate or otherwise give full effect to, the 2011 Sale Agreement and this local law, and which are deemed necessary or desirable to effectuate the transactions contemplated by the 2011 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 2011 Sale Agreement or by this local law or by any agreement, instrument or authorization approved, contemplated or authorized hereby.

#### **Section 6. 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 2011 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, the Presiding Officer and/or any designee(s) of either of them 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, the Presiding Officer and/or any designee(s) of either of them 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 7. Applicability.**

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

**Section 8. 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 9. 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 10. Effective Date.**

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

DATED: December 6, 2011

APPROVED BY:  
**VETOED**

County Executive of Suffolk County

Date: **DEC 28 2011**

Intro. Res. 1963

Res. No. 997

December 6, 2011

**Motion:**

Romaine, Schneiderman, Browning, Muratore, Anker  
Eddington, Montano, Cilmi, Lindsay, Viloría-Fisher, Barraga,  
Kennedy, Nowick, Horsley, Gregory, Stern, D'Amaro, Cooper

**Co-Sponsors:**

Romaine, Schneiderman, Browning, Muratore, Anker  
Eddington, Montano, Cilmi, Lindsay, Viloría-Fisher, Barraga,  
Kennedy, Nowick, Horsley, Gregory, Stern, D'Amaro, Cooper

**Second:**

Romaine, Schneiderman, Browning, Muratore, Anker  
Eddington, Montano, Cilmi, Lindsay, Viloría-Fisher, Barraga,  
Kennedy, Nowick, Horsley, Gregory, Stern, D'Amaro, Cooper

LD	Legislator	Yes	No	Abs	NP	R	
1	Edward P. ROMAINE						
2	Jay H. SCHNEIDERMAN						
3	Kate M. BROWNING						
4	Thomas MURATORE						
6	Sarah S. ANKER						
7	Jack EDDINGTON						
9	Ricardo MONTANO					/	
10	Thomas CILMI						
11	Thomas F. BARRAGA						
12	John M. KENNEDY, JR.						
13	Lynne C. NOWICK						
14	Wayne R. HORSLEY						
15	DuWayne GREGORY						
16	Steven H. STERN						
17	Lou D'AMARO						
18	Jon COOPER						
5	Vivian VILORIA-FISHER, D.P.O.						
8	William J. LINDSAY, P.O.						
Totals		17	1	1	1	1	

**MOTION**

Approve  
 \_\_\_ Table: \_\_\_\_\_  
 \_\_\_ Send To Committee  
 \_\_\_ Table Subject To Call  
 \_\_\_ Lay On The Table  
 \_\_\_ Discharge  
 \_\_\_ Take Out of Order  
 \_\_\_ Reconsider  
 \_\_\_ Waive Rule \_\_\_  
 \_\_\_ Override Veto  
 \_\_\_ Close  
 \_\_\_ Recess

APPROVED  FAILED \_\_\_  
 No Motion \_\_\_ No Second \_\_\_

**RESOLUTION DECLARED**

ADOPTED  
 \_\_\_ NOT ADOPTED

*Tim Laube*

Roll Call \_\_\_ Voice Vote