

Ulster Tobacco Asset Securitization Corporation (UTASC)

The Ulster Tobacco Asset Securitization Corporation (UTASC) 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). The UTASC was established on January 12, 2001, however there were no substantive operations until February 1, 2001 as discussed herein. The UTASC is an instrumentality of, but separate and apart from the County of Ulster, New York (the County). The UTASC has a board of directors comprised of nine directors, all but one of whom shall be one or more of the following: an employee of the County, an elected official of the County or a member of the County legislature; and one director who shall be independent. Although legally separate from the County, the UTASC is a component unit of the County and, accordingly, is included in the County's financial statements as a blended component unit.

On February 1, 2001, pursuant to a Purchase and Sale Agreement with the County, the County sold to the UTASC all of its future right, title, and interest (that the market would allow) in the Tobacco Settlement Revenues (TSRs) under the Master Settlement Agreement (MSA) and the Decree and Final Judgment (the Decree). On November 29, 2005, the County participated in the New York Counties Tobacco Trust V (NYCTT V) whereby the County sold all of its future right, title and interest (that the present market would allow) in the TSRs under the MSA. 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 right, title and interest of the County's share were sold to the UTASC.

The UTASC was formed and its activities are limited to:

- Acquiring the tobacco assets from the County;
- Issuing bonds, the net proceeds of which are paid to the County for the tobacco assets; and
- Collecting receipts for the tobacco settlement and servicing its debt in connection with the issuance of those bonds; and
- Remaining in existence for the term of the bonds and providing annual reports to the bondholders.

Ulster Tobacco Asset Securitization Corporation
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