

Ulster Tobacco Asset Securitization Corporation

2016 Investment Report

The Corporation invests in authorized investments as described in the bond resolution, including: commercial or finance company paper rated "P-1" by Moody's; special time deposit accounts; certificates of deposit; obligations of the United States of America; obligations guaranteed by agencies of the United States of America; obligations of the State of New York; obligations issued pursuant to LFL Sect. 24.00 or 25.00 (with approval of the State Comptroller) by any municipality, school district or district corporation other than the County of Ulster; 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 repurchase agreements limited to obligations of the United States of America and obligations guaranteed by agencies of the United States of America.

All deposits of the Corporation, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act are secured.

At December 31, 2016, total restricted cash and cash equivalents of \$2,394,091.12 consist primarily of short-term U.S. Government guaranteed securities held by the Corporation's agent in the Corporation's name. At year end the carrying amount of restricted cash and cash equivalents for the Corporation was \$2,394,091.12 million and the bank balance was \$2,394,091.12.

The Corporation reported cash with escrow agent of \$965,891.50 to be used to pay the future debt service of the Series 2001 Tobacco Settlement Bonds.